

Good johnson skin care products case study case study example

[Business](#)



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Flow Diagram depicting all possible supply chain flows

There are four type of supply chain flows, namely product/service value flow, market accommodation flow, Information flow, and cash flow.

Product/service value flow or physical flow generally flows from a manufacturing plant to customer end, but a reverse flow is also possible in case of returns and recalls. The present case study does not have a reverse flow associated.

Informational flows include the exchange of data about transactions, inventory status, POS data, and so on and it would be in both directions.

Figure 1: Flow diagram of all possible supply chain flows

Market accommodation flow is about product feedback, planning, consumption details and so on. The current case study does not have this data (Donald J. Bowersox, 2002, p. 174).

Cash flow is normally in the reverse direction to the product/service flow or physical flow but some activities like promotions and expenditure to facilitate operations cause the flow to be reversed so the cash flow is also bidirectional (Donald J. Bowersox, 2002, p. 174).

What supply chain would you recommend Bob Basset

I would recommend an integrated make-to-stock model. This is a type of integrated logistics model, which is not response-based but demand-based.

It, however, makes use of tightly integrated information system, usually an enterprise-wide software similar to an ERP software, to achieve this integration. The goal is to get real-time information or as close to real-time information as possible for customer demand. This information can be used to plan the production capacities and schedules. The demand forecast is shared in real time with the entire upstream so that they can adjust their supplies, which are inputs to the manufacturing. An accurate forecast will help in an efficient make-to-stock model as it would reduce the cost of opportunity lost and at the same time reduce the chance of bullwhip effect. By using Quick Response (QR) or Continuous Replenishment Program (CRP) or some similar techniques to move small-batch quantities instead of large batches would help with cash-flow management and increase product flow. The product portfolio of Johnson Skin Care is well suited for implementing make-to-stock model as they are off the shelf and products are from a range that is well-defined. They are high-volume, low-cost products with little variations as there are only three products and they do not vary. The marketplace is customer driven, and it is important to be able to deliver to the customers with short lead times so that inventory costs can be minimized. The current supply chain structure of distribution centers is well suited for this type of model as the stock can be delivered from the distribution centers directly, thus reducing the lead times. The customers are also well segmented, in this case can be exploited.

If you could change the current supply chain strategy, what would you change and why?

Lag is introduced into a supply chain system due to various factors. Some of these are unavoidable and some are managerial. The time taken to deliver goods and the time taken for manufacturing them are unavoidable. As the number of echelons increase, the number of decision makers increase and they may inject more delays. If a supply system has four echelons and each of them order on a bi-weekly basis, then the forecast that the manufacturer, at the first stage, will be six weeks old. This leads to mismatched supply and demand. Each stage exaggerates the demand and the safety stock levels and bullwhip effect ensues. This could also lead to either exaggerated or reduced forecasts leading to poor customer satisfaction and revenue loss. This could be mitigated by reducing the number of echelons if possible. The other option is using an integrated supply chain management. The information system should be upgraded so that, at the POS when a sale is made, the information reaches all the echelons including the manufacturer. This will eliminate the phantom demand problem and the bullwhip effect. The current supply chain system is a forecast-based or anticipatory system. This can be changed to response-based or time-based system. If a response-based or time-based system is adopted, then it would necessarily remove unnecessary inventories and hence some echelons can be removed, which is the desired outcome.

The case study does not mention if there is a constraint in using only one contractor to manufacture all the three products. If we can eliminate one manufacturer, then a few staging warehouses or distribution centers can be eliminated, as the response-based system will allow the manufactured goods

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to be shipped directly to the retailers. These shipping quantities will not be consolidated, but they will be small quantities shipped often so that enhances customer satisfaction. They can also quickly react to any changes in customer preferences.

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