

Barilla spa's sales case study

Business



SPA, the world's biggest pasta manufacturer, has continuously experienced problems with increased costs and inefficiencies in their operation. The fluctuations in demand have caused Barilla SPA's manufacturing costs, inventory costs, and distribution costs to go up. Issues that influenced the demand fluctuations are the discounts Barilla SPA offers on both price and transportation, the compensations for sales representatives that is based on the volume of goods they sell to the distributors, and long lead times between time of order and time of delivery - Just to name a few.

The idea of CITED is to allow sales and inventory data to be shared along the supply chain. By doing so, Barilla SPA can use that data from its distributors to better understand the demand of its products and perform better forecasting. The results would be lower transportation costs due to better shipment planning, increase manufacturing efficiency, reduce inventory costs, and less stock outs for its distributors.

This will benefit both Barilla SPA and its distributors, but resistance from the distributors and Barilla SPA's internal opposition makes it difficult to implement such strategy. Barilla SPA's sales representatives were afraid of losing their jobs because they felt with the CITED in place; they will no longer be needed.

Also, it would essentially eliminate the current compensation system, meaning they would make less money. As for the distributors, the idea of providing sales data to others was unheard of at the time. Do you already know where case studies are sold at affordable prices?

The distributors did not trust Barilla SPA with their private information, and felt that they would lose control of their own operations if they had agreed with Barilla SPA. Despite of all the internal and external resistances and doubts, I still think CITED is seeable for Barilla SPA, and they should continue to try and implement it due to the large savings and increased efficiency that CITED will bring to both Barilla SPA and its distributors.

In order to succeed, Barilla SPA must convince its distributors that the TIT strategy will work, and that it is also beneficial to everyone. Fore trying to convince the distributors, I believe Barilla SPA must convince its sales representatives first because they are the ones the distributors talk to the most, and can have an influence in a distributor's decision. An example of that is the Macaroni D in the case, where its sales representative had some influence on Macaroni's decision. Barilla SPA must communicate to its sale representatives that even with TIT in place, they will still be needed. Their responsibilities will be changed from trying to sell high volumes to selling the CITED idea and to maintain a good relationship Ninth the distributors.

The sales representatives will be the first ones to help solve any problems that the distributors has, and they will be involved in other logistic responsibilities that the CITED will require.

Also, convince them that the more money he company saves, the more the company will profit; therefore a higher bonus can be given to employees.

This may change Barilla SPA's sales representatives' perception to Pro-CITED. As for the distributors, there are a few ways that will help Barilla SPA convince them that CITED will be beneficial for everyone.

Instead of trying to convince the distributors just by talking to them and telling them about CITED, Barilla SPA should develop some kind of an analysis that they can show the distributors just how it can benefit them. Show them the high costs and cons of the current strategy, and compare it to the cost savings that CITED will bring across the supply chain. Next, Barilla should implement CITED in a number of the Barilla-owned regional Morehouse first.

Since they own the warehouses, they will be able to test CITED with them. Click and read about Human Resource Management case study now.

After a period of time, Barilla can use the information gathered to show the distributors (only if it was successful), that the implementation of CITED is a good thing. Showing the distributors the improved efficiency and cost savings that resulted from it may help win them over.

One other thing that Barilla SPA can do to gain its distributors' confidence to agree to the CITED program is signing some kind of a contract. It will be an agreement between Barilla SPA and its distributors that Barilla SPA will basically guarantee the positive results of the CITED program.

If the CITED does not work, and in turn cause the distributors to lose money due to increased costs incurred by the distributors or increased stock outs (which leads to lost of sales), then Barilla SPA will be responsible to pay them that amount. This will show the distributors that Barilla SPA is confident that this CITED program will benefit the distributors, and will help convince the distributors to sign up for CITED. The CITED strategy will result in less

fluctuation in demand, and allow Barilla SPA to reduce costs and become more efficient.

It will also benefit others in the supply chain as well and not just Barilla SPA.

Barilla SPA must be able to convince both its internal sales representatives as well as the distributors. Once CITED is implemented, it will improve communication, cooperation, and relationship between Barilla SPA and its distributors. It will allow Barilla SPA to become more competitive and grow bigger than it already is, and its growth will benefit the distributors that trusted Barilla SPA and agreed to the CITED.