

# Case study: michelin's supply chain strategy

Business



From the annual report in 2006, there are 3 fields of strategies need to be implement, that including “ \_Differentiation through innovation and expansion in emerging Mounties to stimulate growth\_.” Martin Christopher (2005) discusses that, in today’s marketplace where customers seek individuality and where segments are getting smaller, a major source of competitive advantage can be gained by linking production flexibility to customer need for variety.

It’s agreed that provides a diversity of products might grab the market share in the emerging market. Moreover, Michelin establishes more plants in different areas can be fulfilling the sharp increases in demand.

To achieve the major strategic productivity gains, Michelin concentration on industrial capacity and specialization of plants.

Michelin expect to through “ \_The Michelin Manufacturing Way \_ (MM) ” to increase their productivity, which is a management tool shared by all Group plants and able to reduce their purchasing costs Besides, owing to cater for specific and unique local demands, Michelin adopted specialized/focused factories strategy as so to fulfill various customer needs and achieve local customization .

Martin Christopher (2005) points out that, Focus Factories means “ Limiting ten range Ana ml AT products nutcracker In a single action the company can achieve considerable economies of scale. ” It allows Michelin to enjoy lower operation cost because the significant scale economics can be achieved in manufacturing if greater volumes are produced on fewer sites and it allow each factory on a specific product range. As a global company, Michelin

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adopting a different strategy in various markets and fulfill the customer needs at full steam.

Through achieve a products differentiation to capture the new customer in the emerging market; also, they have its strong local presence to adapt to the specific features of the world markets. In addition, further evolve the technical products which depend on their ability to offer a high-quality and innovative products and services can be maintaining a sustainable competitive advantage in the global market.