

Chemtech inc case case study

[Business](#), [Company](#)



1. What problems are faced by Chemtech in the following areas: logistics and supply, chain management, purchasing, and marketing?

It is apparently clear from the case study that Chemtech is facing a number of problems with regard to logistics and supply, chain management, purchasing, and marketing of its products. With regard to logistics, it is identifiable that the company has no clear framework that ensures that there is proper flow of goods from Canada to its stores. This extends the existing supply problem where its main supplier is not somewhat serious with the current relationship. The main problem that is associated with its supply chain is late delivery of goods and even delivery of unordered goods. This has made the company to experience a number of backorders. What is worse about the supply problem is that there has been an inherent behavior by the company where it periodically changes its suppliers. This creates the weak relationship that lacks commitment (Bloomberg 588).

With regard to purchasing, the company has problems with inventory management where goods being delivered have order fulfillment problems. The goods when purchased from Canada take unnecessarily long hence resulting in loss of customers. The overall chain management of the company has a score of problems especially those related to inventory management. This has created other problems and the company is almost uncertain of receiving goods it has order through its main suppliers, Potash. The problems aforementioned have hindered the ability of the company to market its goods because of insufficient stock to serve its customers.

2. What needs to be done at Chemtech to improve the functioning of its order fulfillment activities?

The most appropriate solution to enhance the functioning of order fulfillment activities with Chemtech lies with proper inventory management. This is possible by enhancing and creating a more ambient working relationship between it and Potash. Further to this, the company should focus on enhancing the delivery of its goods from three months to even two weeks. Inventory management can be enhanced by creating a mutual relationship coupled with proper record keeping. The company should also focus much on trying to create and enhance long-term customer relationships. This will ensure that the company has a constant market for its goods, and this will act as a driving force for its growth (Bloomberg 588).

3. What do you think a supplier such as Potash should seek from its customers?

Potash as a main supplier to Chemtech should identify a number of factors that would enhance its working relationship. Some of the factors include focusing on customer preferences that would ensure a proper working relationship. By doing this, the company would be able to improve its supply chain. Additionally, the company should also identify the financial capability of its customers in order to ensure it makes wise investment decisions. By doing this, the company will focus much on investing and doing business with customers who promise high profits from the relationship. The company should also focus on identifying parameters that would enable it to build long-term customer relationships. The company will therefore, make a meaningful business and relationship with its customers. The company should also focus on developing a customer complaints department where their views about the betterment of its services will be highly focused. The

company will therefore, be able to identify the grey areas to correct.

4. How can customers of Chemtech become better customers? What can Chemtech do to become a better supplier to its customers?

Customers can be better to Chemtech if they identify areas that can create a close relationship between them. This will ensure that they share their preferences to the company on the goods that they would like to receive.

Further to this, customers can also share their demand statistics to the company hence providing an avenue for the company is aware of the amount of goods to be ordered. Customers can also become better by furnishing the company with any information about the possibility of their change in demand. Chemtech on the other hand, can become a better supplier by creating an avenue to collect where it can collect customer complaints and look for ways of addressing them. Additionally, the company should also focus in availing the order goods in time and this will act as an encouragement to customers to develop meaningful working relationship. The company should also compensate its customers in case any inconveniences arise from transactions carried out (Bloomberg 588).

5. What options are available to Potash in the short-term and the long-term? Could an alliance between Chemtech and Potash help solve some of the current problems between Chemtech and its supplier?

In the short term, Potash has the option of working with Chemtech in the purchase and supply of goods from Canada. Apparently, this relationship may not work well because of the aforementioned problems facing the relationship. The company also has the option of focusing on diversifying on other customers in addition to Chemtech. This will enable it to diversify the

risks and limit the possibility of facing losses. In the long run, the company has the option of breaking the relationship with Potash and focusing with other customers who may be having proper inventory management systems. This will ensure that the company does not encounter any possibilities of backorders and losing goods within the market for its goods and business in general. This option however, requires serious considerations to be undertaken.

6. Which steps in the strategic sourcing methodology discussed in this chapter are in the greatest need of improvement at Chemtech?

Out of the seven steps in the strategic sourcing methodology, there are those that are of considerable importance to Chemtech as it seeks to rise from the tatters. First, the company should spend a great deal of its time in identifying strategies and tactics that can enable it to operate profitably in the market. By so doing, the company will use the challenges it has initially experienced in drawing a framework that will see it operate successfully in the market. The other essential step is scanning the environment and selecting serious suppliers who can keep the business vibrant. This will ensure that businesses operate optimally by minimizing the chance of collaborating with lazy suppliers. The other significant step for the company after scanning the environment is by developing the best strategies to implement what has been laid down with regard to the tactics. Finally, the company should develop a framework for monitoring its supplier performance and setting benchmarks within which to operate in the market. This will ensure that there is effectiveness in the relationship that exists between it and the suppliers.

Reference

Bloomberg, David, LeMay Stephen and Joe Hanna. Logistics. Upper Saddle River, NJ, Prentice Hall Publishing, 2002.