

# Kkkkkk essay example

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



Today, the Kellogg company is the world's largest manufacturer of cereal. Two brothers, the Kelloggs, started the company in a sanitarium they worked in while trying to find the most nutritious way to cook cereal.

(businesscasestudies.co.uk) The two eventually left the medical field to start the Kellogg cereal company, which has since grown into the giant it is today. But, how, exactly, is their product produced? Where do their supplies come from? What are the steps in the supply chain that brings it from farm to table?

Kellogg is essentially a second-sector business. It does not produce the goods it needs for its products itself, but rather buys supplies such as wheat, corn, rice, cocoa, and sugar (plus packaging materials) from suppliers.

(businesscasestudies.co.uk) These materials come from a wide variety of places around the world. Corn, for instance, is primarily grown in the United States, China, or Argentina. Rice, by contrast, mostly comes from Asian countries. However, this has not impacted the company's choice of manufacturing location so much as other parts of the supply chain.

Since the primary supplies for Kellogg's products come from such wide variety of locations, it would not be advantageous for them to attempt production close to their suppliers. Instead, Kellogg consults with their logistics team and tries to locate their manufacturing close to storage and transportation hubs. In the UK, Kelloggs built a new storage center closer to its main production facility in Trafford Park rather than continue to use its former one, which was 15 miles away. (businesscasestudies.co.uk) This not only allowed for expedient storage of goods, it also cut down on the company's emissions and carbon footprint- a strategy that not only saves

money, but also helps gain public goodwill.

After examining kellogg. com, it appears that the company has carefully chosen exactly what types of work are done at each of its locations.

Employees in wealthier countries, such as the United States and Canada, seem to have more supervisory and organizational jobs than those locations in countries in South America or Asia. For instance, the company's corporate headquarters is located in Battle Creek Michigan. Their other offices in Michigan specialize in human resources, internet technology, legal, research and supply-chain management. While the company website does say that some manufacturing is done in Canada and the United States, it does not cite the exact locations. Presumably, however, there must be at least one manufacturing location in the US since Kellogg often promotes the fact that they've been in business here for over 100 years. Also, if their products were only manufactured in other countries, it would greatly add to their shipping costs in the US. Other sites in North America specialize in transportation, and stock management. (kelloggcareers. com)

In Europe there are similar types of Kellogg offices; jobs there also revolve around HR, IT, legal, research and supply procurement. However, there are also at least a handful of manufacturing facilities. Interestingly, the majority of the manufacturing sites listed on the company website are in Eastern Europe.

Kellogg's facilities in New Zealand are a great example of choosing a location that allows for quick and convenient transportation of goods. There, Kellogg has a corporate center as well as a manufacturing center and they are only 5 minutes apart. (kelloggcareers. com) This is advantageous because it allows

for conservation of both time and resources when traveling from one place to the other. It also allows the company to stay more “ green.”

When examining their locations in other countries, many more manufacturing locations can be found, and many of those are located very close to transportation hubs. (kelloggcareers. com) The company we page states “ Our Korea Headquarter office was established in 2000 and is located in Teheran-ro, GangNam area, near many transport facilities and amenities.” They then go on to mention their manufacturing factuality, which is “ two hours away.” (kelloggcareers. com) While two hours is a somewhat surprising distance, in the grand scheme it’s still relatively close to the transportation facilities mentioned earlier. Perhaps there are also other transportation options closer to the manufacturing plant itself.

It is not too surprising that the manufacturing would be done in countries with cheaper labor, such as asian countries. In 2011, the average monthly wage in the United States was \$4, 531, the highest in the world. China, and most asian countries, don’t even appear in the top 40. Workers in Tajikistan, the country with the 40th highest monthly wages, saw just \$247 a month.

So, we know that whatever production is being done in China, for instance, costs significantly less than the labor done in western countries. (wikipedia)

Kellogg even has its hand in the tertiary sector of the supply chain.

Throughout the world, Kellogg has distribution centers, and “ merchandisers” who either deliver their products to the stores, or tend to the displays of the products in stores. Currently the company has the most job openings in the United States for part-time merchandisers. The primary job description for this position says that employees will be “ Organizing, rotating and stocking

shelves during each store visit – the platform for providing excellent customer service. This includes transferring cases of product from the backroom to the store's sales floor,” and “ ensuring the Kellogg's product is on display and shelves are looking their best by properly rotating product and removing all stale or damaged packages.” (kelloggcareers. com)

What this tells us, is that a large number of Kellogg employs are delivering the product to stores, as well as tending to the displays. This is interesting, because we often don't think of cereal companies as moving beyond the manufacturing phase, however, Kellogg at least, has a significant number of workers whose sole job it is to stock shelves and make sure the product looks appealing in stores. This shows that while Kellogg may not be a producer of the primary goods, it does have a significant hand in nearly every part of the supply chain.

Having control of the supply chain means also having control over quality and costs, and having more ability to implement quality public relations. By controlling the product from A-Z, Kellogg is able to make sure the quality stays high, that they can negotiate for the best prices from suppliers and logistics companies, and they can tout their green innovations (such as keeping manufacturing close to shipping) to improve public relations.

One aspect of production that I have not touched on is packaging. Of course, the company also needs to have access to wood pulp, plastics, paperboard, etc in order to complete the manufacturing of the product and to ship it.

Kellogg does not disclose these suppliers on their website as they do their suppliers for food ingredients. However, it is reasonable to assume that, just like with their ingredients, Kellogg has suppliers all over the world, and likely

close to their manufacturing and distribution centers. This would allow them to save transportation costs, and to keep production and materials centralized.

Kellogg's supply chain is truly an international entity. Most of their corporate work, including legal, human resources, research, logistics, etc is handled in wealthier countries, while their production and primary resources come from poor countries. This allows them to cut costs, and have more control over their product. Similarly, the fact that the company has their hands in the supply chain from farm to store also allows them to have a great degree of control over exactly what product they put out there for consumers.

Kellogg's supply chain management has clearly been integral to their success.

## **Bibliography**

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