

# [Coca cola bonite bottlers moshi](https://assignbuster.com/coca-cola-bonite-bottlers-moshi/)

Bonite Bottling Limited (BBL) is Franchise Company operates under lances of Coca Cola Company in USA it deals with bottles and distributes twelve (12) Coca Cola brands of drinks. A subsidiary of the IPP Group of companies, Bonite’s main plant is located in Moshi in the Kilimanjaro region of northern Tanzania. BBL also bottles its own brand of bottled water: Kilimanjaro Drinking Water. The company operates in 4 major regions of Northern Tanzania – Kilimanjaro, Arusha, Manyara and Singida. BBL has over 450 permanent employees, most of them men with only 18 women. Over 300 of the employees are based at the main plant. BBL also employs casual employees, some of whom are employed for periods of up to 6 months. In the peak season (August to Jan/February), there are approximately 400 casual employees and in the low season the number declines to about 200.

## COCA COLA BRANDS

Varieties of Coca Cola brands produced by BBL company such as Fanta Orange, Fanta Passion, Spaleta Pinute, Spaleta Citrus, Stoney Tangawizi, Coca cola, Light Coke, Sprite, Bitter Lemon, Seven Up, Fanta Black Currant, Kilimanjaro Drinking Water, Crystal, Club soda, Ginger ale, Tonic.

## BBL REQUIREMENT

### Strategy

Global partners but supplying locally, including local content market Considering BBL as a preferred customers when giving access to innovation. Transparency in terms of cost and strategy

### Develop

Complete system supplier where it adds value. Technical skills / innovation skills. Residential chemist when required

## Referenced definitions of supplier development (or customer development or SC development)

A supplier development should function at establishing suppliers network performance, not browbeating them into charging less or simply auditing and rewarding them. Instead, supplier development is all about on condition that suppliers with what they need to be successful in the supply chain. There some of the most important functions of a supplier development program should be aimed at achieving as following:

Lower supply chain total cost

A firm might be able to reduce total cost to serve a customer as a result of spending more for faster, dependable transportation because the overall cost of inventory associated with the process may be reduced by an amount greater than that being spent for premium transportation

Increased profitability for all supply chain participants

Increase the profit is the main objective of supply chain management the firm should focus on how can earn much profit by supply their product in the location / place where there is advantage competition.

This will come out when the management will consider distributing the product in the place where it seems that demand are always increase regards to the influenced factors of that area/ place. Therefore when demand of that product having a tendency of grow up, the firm should distribute the products at a large amount to ensure the supply are always mach with demand this will lead to generate and increase profit when the supplier will sell their product at surplus cost compare general cost of the product

Increased product quality

Increase production quality are normally considered as strong point can support supply development because supply develop it may happen depend on the responsiveness of the consumer behavior, any consumer make consideration on the quality of the product when he/she thinking on buying product. The consumer will always motivated to buy product seems having desirable quality without fear how much expensive cost it is.

Therefore for the case of firm to develop supply of their product should consider increasing quality in product or services compare to other competitors in the market.

Near-perfect on-time-delivery at each point in the supply chain

The presence of the product or services once its needed on time within a market it always make consumer having confidence of utilize that product and after being common to them it became very hard for another product to replace the uses of this product among consumers.

The supply development also influenced with the behavior of delivery product/services into the market,

Providing information about products, expected sales growth, etc.

Presence of communication about product/ services is one of the biggest factor influenced developed of the supply chain network. Lack of information translates into additional costs (usually in the form of just-in-case inventory). Suppliers need to become extensions of their customers.

Training in the application of lean and quality tools.

Asking suppliers to drop their price without giving them the know-how to lower their costs through lean implementation is not sustainable long-term. In other words, this will drive suppliers out of business, which goes against the purpose of supplier development

## SUPPLY CHAIN

According to John, J. J et al (2009) Efficient and Effective supply chain can free up valuable resources and improve customer fulfillment system so as to increase return on investment or assets and improve shareholder value.

The performance of supply chain must be measured in team of overall corporate goal for success. Supply chain need to focus on the customer at the end of the supply chain and be flexible and responsive. Supply chain can be determined with capital consumption since they impact working capital, Inventory level, and other assets such as warehouse

## The foundations needed for successful development

Dignified process for selecting items for supplier integration

Supply management should focus on determine the kinds of the services and material used for the implementation and successful of the new product. Supply management should make estimation of the total costs of the materials and services which will help on making right decision either to implement and authorized in the new product develop process.

Supply management should also control and monitor all actions that will be involved in the supply market to prepare and fixed cost of the product in the market. Also supply management has responsibility of examine and invite new technology innovation that could help to increase supply development.

Use of cross-function team for supplier evaluation and selection

Evaluation and selection by using cross-function team to formulate supplier team contribute much on the how supply chain could be developed, supply management has responsibility on evaluate and select a team which could uses to achieving the target objectives. These teams must building by selecting those suppliers who are creative and innovator who can be able to survive on the market.

Early supplier selection for both design work and full volume production

The early supplier selection helping on formulating team which will be used to eliminate obstacles could being faced supply management by putting effort and consideration in the following:

Targets, This will involved in ensure that the supply can achieve on target regarding quality of the product, cost and other performance criteria.

Timing, the supplier should be able to deliver their products/ services on time and before deadline.

Innovation & Technical: The supplier should acquire expertise and physical factor to develop an adequate output and solve the problem when they occur.

Supplier membership and participation on the buying company’s project team.

The membership and association of the supplier members with the buying product company’s team should increase availability of efficient of the services agreement between them.

Direct cross-function intercompany communication during the project

Co-location of buyer and supplier company personnel.

Formal business unit trust development efforts

Sharing of technology between buyer and supplier companies.

The ability of sharing technology between buyer and supplier increase assurance of supply development when the buyer explain to the suppliers how could they being satisfied when the new technology will be involved on making and increase quality on the products.

Joint education/training effort between buyer and supplier companies.

The training and education about product supplied should be implemented between buyer and suppliers, this well helping on increase supply development when the buyer will be aware of about product quality and improvement which could

## What it seeks to achieve (its objectives): The Objectives for BBL Company

The target of BBL objectives of supply chain is about to maximize the overall value generated. The value a supply chain generates is the difference between what the final product is worth to the customers and the cost of supply chain incurs in fillings the customer’s request.

Supply chain value: difference between what the final products is worth to the customer and the effort the supply chain expends in filling the customer’s request

Value is correlated to supply chain profitability (difference between revenue generated from the customer and the overall cost across the supply chain)

To improve technology is the among of the objective for supply chain management of the BBL that should always examined to ensure the goal of attaining profit has implemented

To control and promote total quality supply management, this is also objective of the Suppliers chain strategic of BBL, they are focus on arrange and prepare guides which will be suitable for the whole process of controlling supply and ensure the acquire profit.

Logistics (just time practice) this is another objective of the BBL supply development to ensure that the material and all items needed for the making product to be available prepare on time. The assurance of availability of material once it needed it will help on making products at on time there therefore it reduce tendency of delay in the market.

Another objective is to determined and establishing pricing policy of the products, this will be done after the market researcher make analysis and survey in the all place where targeted for supply process for product, The pricing will involved the general cost for product include the cost for supply and targeted profit which will also totalized and forming product price for the last consumer

Sources of supply chain revenue:

Source of supply chain revenue is also considered by BBL as objective for supply development. This objective are conducted by the supplier team to ensure they achieved on generate revenue at resulted on implementation of the

Sources of supply chain cost: flows of information, products, or funds between stages of the supply chain

## The reason and driving forces for suppliers (or customer or SC) development actually to take place

According to Chopra, S. and Meindl, (2007) The strategic fit requires that a company supply chain achieves the balance between responsiveness and efficiency that best meets the needs of the company’s competitive strategy, this involves drivers of supply chain performance.

Facilities: physical location in the supply chain network where products is stored, assembly or fabricated. Facilities are categorized into two parts which is production sites and storage sites.

Inventory: raw materials, work in process and finished goods within a supply chain

Transportation: is the means of moving inventory from point to point in supply chain..

Information: is potentially the biggest driver of supply chain performance because it directly affects each of the other drives.

Data and analysis concerning facilities, inventory, transportation, costs, price, and customer throughout the supply chain responsive and more efficient.

Pricing: This determines how much a firm will charge for goods and services that it makes available in the supply chain. It affects the behavior of the buyer of the goods or services, thus affects supply chain performance.

Sourcing: Is the choice of who will perfume a particular supply chain activity such as production, storage, transportation or the management of information.

## What supplier (or customer or SC) development actually is in real life.

Supply development has been examined by the real life example of the company which used her has case study. The survey has been taken which could help to develop suppliers together with the problems to successes of the suppliers’ development strategic of the company.

The benchmarking survey has been focused on the critical strategic of the supply chain management and procurement.

The results of the response rate for the supplier development from BBL include the following indication: Industry product (78%), Service (7%), Consumer non-durable products (13%), capital goods (2%), Consumer durable product (5%)

The survey of this indications help to study targets areas after make research and interviews with purchasing executive, quality managers and operation market managers in the BBL company. It help on making comparison of the other competitors of the same products manufacture

## The different types (or categories) of cross-company improvement initiatives that take place (eg. Manufacturing quality/cost/delivery, process, design, communication, knowledge sharing and learning, infrastructure improvement etc

The, Company purchases sweeteners, carbon dioxide, plastic bottles, cans, closures, other containers and other packaging materials as well as equipment for the production, distribution and marketing of soft drinks. Except for sweeteners, cans, carbon dioxide and plastic bottles, the Company purchases its raw materials from multiple suppliers.

Cross Company is the situation where by the manufactured company complete the whole procedure of manufacture product by intermediate with other company which supplied the initial materials which will be assembled together and forming products from origin company.

Cross company involve the presence of other manufactured products which will combined together from different company and manufacture the product, this working as interlinking between companies where the communication are made and agreement established

## Who is involved in making it happen?

Supplier relationship at BBL happened when involves the different level and types of intellectual persons who will evaluate and control the whole process of supply in order to achieve the targeted result.

Any supplier who wishes to be BBL supplier needed to understand and accept BBL core values.

Evaluation: BBL evaluates the request application for supplier membership in order to select the potential suppliers who can perform well in their position.

Selection: After evaluation complete, source committees decide on the suppliers to be awarded as their requesting

The supply chain management for BBL company has categories their distribution process at different levels as indicated from above cycle view, the cycle view of supply chains gives detail on how distribution taking place and the stage where products should passed and reached to consumer

The first phase Supplier- manufacture: In this phase the process of procurement has been involved, suppliers are distribute materials and other facilities which are used to produce and manufacture product, Company purchases sweeteners, carbon dioxide, plastic bottles, cans, closures, other containers and other packaging materials as well as equipment for the production, distribution and marketing of soft drinks. Except for sweeteners, cans, carbon dioxide and plastic bottles, the Company purchases its raw materials from multiple suppliers.

As describe by Coca-Cola Bottling Co. Consolidated(2006) The Company purchases substantially all of its plastic bottles (20-ounce, half liter, 390 ml and 2 liter sizes) from manufacturing plants which are owned and operated by two cooperatives of Coca-Cola bottlers, including the Company.

None of the materials or supplies used by the Company are in short supply, although the supply of specific materials (including plastic bottles, which are formulated using petroleum-based products) could be adversely affected by strikes, weather conditions, governmental controls or national emergency conditions.

Second phase, Manufacture-Distributer, After manufactured products by BBL company then it taking by the distribute/ supplier team who are arranged on how to conduct the all process of distributing in the place where having a duties to supply softness drinking, this distributors located and having distribution centre known as depot which is in each region where the company deal with. This involve the process of manufacture cycle where until manufacture process of the products will be completed, then the movement of products to the distributer will follower, the department of supply management take responsibility of known to whom, when and how the distribution will take place just in time without delay for update and motivate supply development.

Third phase, Distributer- Retailer: the BBL company also introduces this system of supply where the retailers are invited to working together as agent for BBL company, after agreement between company, they will operate as agent and will be given discount when they buying products which will help them to survive in the market

Fourth phase, Retailer – Consumer: this is last stage where the products come to the hand of last consumer where BBL company intended to produce and manufacturing product to became consumed by the last consumer and the BBL supply management has read estimate the price where should paying by consumer to generate profit of suppliers. According to Ramsey ( 2001) Unique purchasing activities that are strategically oriented toward accomplishing firm’s goal, help the firm to sustain its competitive advantage

As describe by Carr and Pearson (2002) The purchasing function’s capabilities indicate that the activities performed by purchasing as well as the other functional areas, contribute to a firm’s total capabilities.

## How is it achieved (e. g. the various approaches that are used) using real life examples where possible.

To establishing and maintaining to achieve Supply Development for BBL company considered the different aspect related with supply chain management

There various approaches have been used to achieve Supply Development for BBL company the real life examples as also being involved. How its achieved has indicated by three stage where have been involved to make positive result of supply development. These three stages as following:

## PART 1. ANALYSIS

* The role of purchasing and supply chain
* Industrial buying behavior (Decision – making in purchasing)
* Purchasing management process
* Purchasing and facilities management
* Buying business services
* Public procurement
* Market structure and supply market research

## PART 2. STRATEGY AND PLANNING

* Outsourcing and Risk management
* Purchasing and business strategy
* Category sourcing: Getting better result from supplier
* Purchasing, innovation and quality control
* Purchasing and supply chain management
* Getting organized for purchasing
* Purchasing Performance Management

## PART 3 PRACTISES

* Supplier assessment and supplier Development
* Supplies/ Buying for retailer company
* Purchasing, social responsibilities and ethics

## The risks, costs and benefits to each party, and if/how they are measured.

## Risk

According to Bowerson, D. J ed al (2010) Risks that have substantial supply chain include:

Production Complexity refers to the number of the product design variation that the firm decides to offer and corresponding support. The required activities include all actions related to product development, sourcing, manufacture, delivery, and aftermarket support. Complexity management is the collective set of decisions, supporting process, value systems and initiative pertaining to the most effective product portfolio such as the mix of product variants, features sets, and component choices

* Benefits for Production Complexity:
* Better product development
* Improved product quality and reliability
* Improved demand/ forecasting/ Customer Services
* Lower sales support cost/ resource
* Increased flexibility and reduce lead time

## Regulatory

Supply chain management involve many interactions with external parties such as consumer, supplier, government, and competitors, As a result, supply chain management is increasingly subject to regulation protecting individual, commerce, and the environment.

A promotional law may proved financial or tax advantages for completing supply chain activity in a specific country or region.

National, regional, and local taxes can impact supply chain design in multiple ways including property, Income and value – added taxes (VAT)

## Resource Availability

While global supply chain operations can significantly increase firm opportunities in term of resource availability, technology, and market access, they also substantially increase dependence on critical resources including expertise and transport capability. Significant changes in the availability or cost of these resource can dramatically change supply chain design and operations.

The main part considered when discussed on resource availability as following:

Supply chain expertise

Most important, Supply Chain Management professional should have experience in multiple supply chain functions and must be able to lead or direct the design, implementation, and management of cross-functional supply chain solutions

Dischinger et al. have suggested that a true supply chain management executive must have skills and capabilities in five areas (1) Functional Skills (2) Technical Skill (3) Leadership Skills (4) Global Management (5) Experience and Credibility

Transport capability

The result of dramatic fluctuation in fuel and resulting transportation cost is that supply chain must be regularly reassessed to determine what network structure and strategy are best for a firm

Outsourcing

Another means that firms are using to manage risk is the use of logistics and supply chain outsourcing to third- party logistic (3PL) firms or Logistics intergrators.

## Security

### Cost

The cost which has been involved in the supply chain of the products including the costs of acquired warehouse, transport, capital for storage.

The supply developed will be sustain and continues if the warehouse will be allocated in the place where its targeted as point for develop supply chain network. Where by lease or by building new warehouse but in any way the cost will be involved

Transport cost also are the cost which are always involved in the process of the supply development, this cost normally involved in the cost of the product when suppliers or supply management estimate on the price of the products.

### Benefits

10. What targets and measures are used to justify undertaking the development activity.

To produce a large volume of BBL products and develop its internal and external market share through distribution and supply a large and wider range of products.

To promote ability of the manufacture PET performs will also need for the presence of strategic for supply chain management this will help to measure and justify the development activities which has been undertaking by the BBL company.

The way of communication between suppliers and buyer will also provide in which extent the development activities has been achieved. This may result for the

The collection of performance measures, characteristics, and information describing the current supply environment is called the situation analysis. There some of the topics frequently covered during an internal review. The purpose of the internal review is not detailed data collection but rather a diagnostic look at current logistic processes and procedures as well as probe to determine what type of data are available.

The market assessment is review of the trend and service demands required by customers. The market assessment objective is to document and formalized customers perceptions and desires with regard to potential changes in the firm’s supply capabilities.

## Any lessons learnt or mistake made.

### There are Common Supply Chain Problems Do BBL Face Regardless of the Economic Situation?

The BBL company has been always working on establishing the performance of the supply chain network but there some mistakes has been done which remain has hindrance of achieving some of the objectives.

For example, they know that they can’t tread water on developing their people, while their competitors maintain focus. They know the time will never be better to address the strategic issues they face:

The mistakes which have being involved that should be addressed and finding for solutions are:

Too Much Slow-Moving and Obsolete Inventory

Companies struggle with stepping up to the problem of disposing of obsolete product in a timely manner. There is always the resistance to reduce price. Unfortunately, this product never gets more valuable. It sits there month after month consuming cash, and incurring inventory holding costs until it is finally scrapped or sold at a steep discount, sometimes literally years afterward. It’s a classic case of pay me now…. or pay me more later.

Supply Chain Considerations Not Part of the Product Design Process

When product design engineers develop a new product, they rarely consider inventory, transportation, or warehousing issues. Sometimes small changes in a product configuration can yield big logistics savings. This applies to retailers as well as manufacturers. Retailers should not ignore the new product development process in their suppliers.

No Supply Chain Strategy

It is surprising that few firms have a documented supply chain strategy. Such a strategy starts with assessing the future needs of their customers. The strategy development process then determines the new supply chain capabilities the company will need in the future to meet its customer’s needs. Eventually specific initiatives need to be chartered to deliver these capabilities. Unfortunately most supply chain organizations are so consumed with the daily battles of cutting cost, managing inventory, and delivering good customer service that that they don’t plan properly for the future, sometimes with disastrous results.

Ineffective Matching of Supply with Demand

This problem stems from the classic struggle among functional silos in most companies. On an overly simplistic basis, Sales is driven by revenue generation, while Operations strives to cut cost. Often these goals conflict with each other. Leading firms address this issue by establishing a Sales and Operations Planning process to align the various corporate functions around a plan that matches supply capabilities with demand requirements. Most firms attempt to do this, but most would acknowledge that they still have a long way to go.

Physical Network Problems

Where should warehouses be placed in this era of incredibly volatile transportation costs? This question is a very prominent topic today. Just a few months ago it seems, transportation cost were being driven up rapidly driven by the cost of fuel, driver shortages and other factors. Now everyone expects that situation to return, but who knows when? Logisticians are confused to say the least; and the old answers don’t work anymore. One thing is certain however. All firms should question their physical network configuration under a wide range of future fuel prices.

Global Issues and Outsourcing Problems

The global arena offers an even more confusing picture. Many firms are re-thinking the mad rush to outsource outside the United States. The long supply lines, incredibly volatile fuel costs, exchange rates, the geopolitical risks have all come home to roust.

Yet few firms consider the total cost of an outsourcing decision, and even fewer incorporate the additional risk of a global source in their analysis.

## Conclusion

Since almost all companies face some combination of these seven issues, a rich database of best practices exists that can be transferred across highly diverse industries. It is critical that all firms engage in outreach activities such as forum participation and benchmarking to make sure they understand these best practices. Once they see how other companies address these issues; they need to develop an urgent action plan to implement the essential changes. Supply chain is the frontier of competition. Only by aggressively addressing challenges like those listed above can firms effectively compete in the increasingly intense global environment of the future

Future trends in this subject area.

## Designing Distribution Networks

The Role of Distribution in the Supply Chain of the BBL’s products

Distribution: the steps taken to move and store a product from the manufacture/supplier stage to the customer stage in a supply chain.

Distribution done by BBL’s product conducted in two different ways, first way by one to one door and secondly by distributers directly affects cost and the customer experience and therefore drives profitability

Choice of distribution network can achieve supply chain objectives from low cost to high responsiveness

Factors Influencing Distribution Network Design

Design Options for a Distribution Network

BBL manage the warehouse depots as distributer centre for their products at Arusha, Kilimanjaro Singida and Manyara the plant warehouse currently has total of 150, 000 tons

The following is the estimation of BBL distribution cost for 2011

Region

Quantity demand

(Create)

Transportation cost per create

Tsh

Kilimanjaro

470, 000

200

Arusha

600, 000

300

Manyara

450, 000

350

Singida

500, 000

350

The cost of a warehousing solution is a function of or the total cost of transport cost, holding (inventory) cost, and warehousing (leasing) cost.

For this year 2011 , the constraint from the 4 regions is given as (470, 000, 600, 000, 450, 000, 500, 000). Thus, the total demand is 2, 120, 000 creates which is less than the 2, 000, 000 time limit of one small warehouse. For one warehouse the lease expense is 500, 000; the total inventory expense is = 70, 110, 125.

The Transport expense for the year 2011 is calculated as follows:

(320, 000\*200+200, 000\*300+160, 000\*350+220, 000\*350) =

Total distribution costs are 505, 000+710, 125+4432500-4275000= 1372625.

According to Cousins, P en al (2008) supplier Collaboration module will help to ensure that future supplier capacity requirement will be in place to meet future demand requirement for new products and services. In effect, this linked system would enable a single view of the entire supply chain. Managers could analyses the factors and the supply chain simultaneously and synchronize demand and supply. Distribution centre would act as a s