

Supply chain management definition

[Business](#), [Management](#)



Kinley is one of the leading manufacturers in peripherals and connectivity solutions for users of computers and consumer electronics in the world. Since its establishment, Kinley has become the market leader across its production line. Nowadays, with a single European distribution centre in United Kingdom, where it was largest market in Europe and meets market demands for 2. 000 to 3. 000 ships to send to Europe. However, as one of the fastest growing companies in the world, Kinley Management's forecast of market demands will be higher in the future.

In order to response market needs, Kinley would anticipate future growth in Europe continent by expanding its existing strategy and cost budgeting. Acting as consultant, we propose most effective and efficient way of doing this. The purpose of this proposal is therefore to explain the process of management consulting activities by A ; A consultant. Finally, this proposal gives the views and input to Kinley to obtain an appropriate solution in answering the challenges in the future.

DISTRIBUTION CENTER LOCATION Since first and main costumer is in European region and facing future development in the business, an additional distribution centre should be located in European country and keep the existing one in United Kingdom which covers the demand in UK. The additional one will cover all demand for Europe. Looking through the geographical position of Europe, the distribution centre should be located in the heart of Europe, low cost and able to reach end user within 2 days of lead time.

We come to 3 (three) potential location whether located one more DC in UK or in Slovakia or in Germany. 2. 1 United Kingdom This country is still a good option due to largest customer of Kinley to be served. Infrastructure and transportation mode are very convenient here. Even though sometimes labour is unavailable but labour cost is good enough for investor and quite easy to adjust employee numbers to the volatile marketplace. Some important issues to invest in UK are taxes and real estate also how to deal with congestion for road, seaport or airport.

Slovakia Slovakia has a lot of homework to manage and stabilize economic growth and social political issues as a new country. Therefore, local government puts a smooth regulation for taxes to attract foreign investment and it works. Some of main player in business start to deal with Slovakia. Unfortunately a land lock country like Slovakia will absorb more budget in transportation and distribution. In the other hand this country offers a low labour and real estate cost.

Located in the central of Europe is a benefit for Germany, and it can be reached by all means of transportation either for inbound or outbound. Just like other European settled country, infrastructure will not be a big problem here. Economic growth shows a good trend line every year, social political is very friendly to investor. Potential location is Duisburg and Dortmund. To determine where the distribution centre located, we are looking through from three different aspects : All figures directed to Germany, lower cost and higher performance indicator.

Considering trade off among those three potential locations we ended to one conclusion to put distribution centre in Germany. 3. MAKE OR BUY ANALYSIS Decision for make or buy is very sensitive due to related to cost and brand image of the company. We will analyze the possibility through different point of view for your consideration. 3. 1 Capacity and Knowledge As understood, your good company, Kinley, invests heavily in research and development and you have loyal engineering expertises to design innovative product and one step ahead of your competitor.

Even Kinley has a good relationship with distributor whole over the world, still for European region, instead of UK, will be a big issue to deal with warehouse business. Your company is independent on knowledge but dependent on capacity. 3. 2 Product Kinley's product is a diverse product mix of electronics integration, seems that all component stands independently for further composition (modular). For modular products, capturing knowledge is important, whereas having the production capacity in-source is less critical.

Since your company still dependent on capacity therefore outsourcing this business is an opportunity. 3. 3 Cost Perspective In case of in-sourcing, it will take 250. 000 to be invested in the other hand outsourcing will also cost management fee to the partner. Looking through warehouse budget in potential location indicated that outsourcing the warehouse operation will keep the company cash flow on the good track. Cost reduction in real estate and labour due to less manpower needed for outsourcing.