

Supply chain management



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SUPPLY CHAIN MANAGEMENT By and Unilever is an international company with over 206, 000 operating in more than 150 countries globally. It has more than 300 production sites which produces a diverse portfolio of brands. Interestingly, one of the success factors that have sold the company's brand is its supply chain management (Unilever, 2015). Consequently, Unilever has been named one of the best firms having a sustainable supply chain across Europe that has demonstrated a continuous and competitive leadership and excellence. Interestingly, Unilever's supply chain management has brought together a wide range of best practices with downstream and upstream partners, collaborative practices, innovations in demand forecasting, and integrated business planning, as well as research based operation techniques (Green, 2013).

Unilever's Supply Chain Management Structure

Unilever's supply chain management can be termed to be a collaborative one. The collaborative supply chain management is effective in the management activities ranging from supplier selection, environmental scanning, monitoring, and auditing and supplier development (partnerships) (Brammer et al. 2012). Both supply and demand repository stages depend on forecasting as the main source of data that determines by the products in demand and availability from the stores. The production stage adopts push technique that is based on aggregate customer demand forecasts to reduce the uncertainty of stock-outs, safety, and effective resource use and cost minimization (Brammer et al. 2012). Consequently, distribution relies on pull technique for all replenishments required by its distributors through the use of customer relationship management. On the other hand, inventory optimization techniques are adopted in the planning and scheduling to

determine the quantity and the time frame for production (Nardone & Monahan, 2007).

Partnership in the SCM of Unilever and their role

Unilever believes that partnerships in its supply chain management are essential practices because it is a powerful technique to deliver customer experience and value proposition (Unilever, 2012). The main partners include Barry Callebaut a main partner in cocoa, Givaudan, The Dow Chemical Company, Metsa Board Corporation, WRI, LEAF, ALPLA, CCL Label, SAP & Accenture and Linfox Logistics. These partners help in business development, world class business support, capacity development, sustainability and business innovation in Unilever (Unilever, 2012). Unilever also aimed to increase its transparency of essential commodity supply chains that is aimed at helping terminate tropical deforestation through its partnership with World Resource Institute (Press Release, 2014). It, therefore, has a benefit to Unilever because it reduces risks to supply chain disruption.

These partners help Unilever in the distribution process and creating new customer networks (Unilever, 2015). For instance, Unilever has partnered with LEAF to find new networks with farmers across UK who are sustainably growing their crops. Such an effort is aimed at sourcing its agricultural materials for its products sustainably. This explains why Unilever was interested in sourcing sustainable rapeseed oil. Additionally, the partnership also aimed at educating Unilever's consumers of the natural aspect of its products (Knowels, 2014). Knowels (2014) explained that Unilever has also been working with Archer Daniels Midland firm to source its agricultural ingredients for its products.

The partners help reducing stock risks, management of control costs, warehousing costs, continuous flow of products to ensure improved customer experience. It, therefore, indicates that the main goal of Unilever's supplier partnerships exclusively entails consistent value delivery based on time, on-time delivery services, products, quality and returns management (Unilever, 2012). Interestingly, Unilever launched the " Partner to Win Initiative" that focuses on positioning its supply chain to a global competitive scale via a creating a stronger Unilever brand name, generating new sources of funds, managing Unilever's risks and cutting production and supply costs. This program has included Solidaridad (NGO) as its supply partner to create a socially, ecologically, profitable and a sound supply chain regarding its agricultural products (Degun, 2014)

Logistics of Unilever

Unilever's logistics network cover more than 1. 5 billion Km per year to enhance its regional and global distribution of its diverse products and operational efficiency. Transport largely depend on fossil oil as the energy source where the largely depend mode of transport is through roads, rail, water and air. The firm has its own logistics network where it uses its vehicles and warehouses, as well as, stores to distribute its products (Hutahaeen, 2013). For the overseas countries where Unilever has not established production sites it uses DHL and Kuehne+Nagel as the third party logistics provider to deliver and compete with the existing brands in those regions (Unilever Inc. 2015).

The firm uses an approach that aims in emitting the lowest levels of carbon by-products during its transport and warehousing activities. Unilever has adopted its own Ultra-Logistic platform that manages its product movement

from production sites to the customer destinations (Unilever, 2015). The platform concentrates on packaging, handling and movement of the raw products, as well as, finished goods. Lastly, Kuehne University and Unilever jointly, conducts logistics research to enhance the firm's service delivery globally (Gilmore, 2014).

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