

# [Success strategy of cost company](https://assignbuster.com/success-strategy-of-cost-company/)

Cost is flexible in hosing the kind of product to sell in different country, so that those products can meet the right demand of the customers from that particular country. Going global is a big decision, so Cost must take close observations into many different countries and those markets before deciding the best country operate its business. Location is considered as one of the crucial factors that lead to a business's success. The business should consider any tangible or intangible costs, political or climate risks, and the proximity to suppliers.

There are four methods to choose a location: factor rating, location break- even analysis, center of gravity, and transportation model. In this case, I feel like Cost has applied the center of gravity method, which means finding a location of the single distribution center serving several destinations. Cost is operating as a warehouse or retailer, so it definitely wants to find the location that is near to households and other types of businesses. In that way, it can act as the main source of distribution to other businesses.

Besides carrying variety kinds of products, Cost also has great services in different areas. Some of them are auto program, healthand dental plans, payroll services, boat and REV loans, mortgage purchase and refinancing, etc. These services are very benefiting for customers' daily life. With the hope of keep growing and improving, Cost really value customers' feedback on any kind of service that they provided. Cost always wants to bring the best services and high quality products to its customers.

Cost truly value quality because it always wants to bring the best things its customers. Every product that is delivered to Cost warehouses needs to go through a quality checking yester. Everything includes groceries, appliances, automotive supplies, tires, toys, hardware, jewelry, electronics, books, clothes, health and beauty aids, tobacco, wines, furniture. Cost is known for carrying top quality national and regional brands, with a hundred percent satisfaction guaranteed, at prices consistently below traditional wholesale or retail outlets.

When having quality as the top thing in the list, Cost must ensure that it has an efficient inventory management system. Managing inventory is important because it keeps track of the number of inventory need of everyday, reduce the shrinkage, and avoid out of stock situation. Just-in-time (IT) is a Japanese term that describes the method of inventory control to help increase efficiency and reduce costs by receiving goods only as needed. The method requires the producers must be able to accurately forecast the demand. Cost is applying this very well.

The inventory is well managed; out- of-stock and shrinkage has never a problem to Cost, because it acts as a store and also a warehouse; therefore it can hold the goods for long. Some businesses also choose Cost as their supplier, so they will buy in bulk at the rower price. Cost is not only good at managing inventory, but it also has a great supply chain management strategy. What Cost does is sharing detailed inventory and sales data with its brand suppliers. These suppliers, in turn, are responsible for stocking the product on Cost's shelves.

This helps to eliminate the potential for a bullwhip to develop as suppliers can make accurate orders to refill the stock. Cost is incentive to provide timely, accurate data to its suppliers and suppliers are persuaded to reorder appropriate quantities of Cost. Additionally, both companies benefit by avian a more reliable system to keep products on shelves for consumers. Every business needs an appropriate process design so that it can meet the customers' requirements within the cost constraints.

Among the five transformational systems - job shop, flow shop, product focused, main customization, and project focused, Cost belongs to the product focused system. This means there are more standardized products, with high volumes, but it should keep a consistent quality, and emphasizes on low cost. Products and services play an important role in an organization, but we just never forget the workforce is also an essential factor. Human resources department (HER) is where the business recruiting and training its employees.

In 2006, Cost had 71 , OHO full-time employees and 56, 000 part-time employees; andI believethese numbers have increased a lot since then. When hiring new employees, Cost should give some sort of job specialization to everyone, which describes the requirements of certain position that Cost is offering, and a little information on the salary. From that, the people who find he/she is fitting in certain qualifications will apply or the position. Cost is one of a few retailers that pay and treat well to its employees.

According to Jim Senegal, " having a well-compensated workforce was very important to executing Cost's strategy successfully. " By providing many benefits to the employees, it also brings Cost a significant advantage, because everyone knows that Cost pay the highest wage, and also a retailer that treats employees nicely and fairly. Besides paying high wages, Cost also provide many sources ofmotivationto its employees, such as awards ND bonuses; in order to make the job becomes more interesting, Cost should change its motivation regularly.