

Hardware manufacturing company

Business



As per the customer survey, less than 5percent of the customers have asked for delivery within a period of 4days. In this case, we will try to satisfy 95percent of the customers by developing a transportation strategy through which delivery can be made within 4days. On daily basis, Houston, Minneapolis, and Little Rock are the locations where less than 20units are procured on daily basis. In other locations, the average demand is more than 40units; therefore we would give Houston, Minneapolis, and Little Rock relatively lower priority.

We are ignoring Little Rock and Minneapolis for daily shipment; therefore KKC will not post its cargo through to these locations directly through the airline. KKC is advised to post its units from Houston to Denver, Little Rock, and Minneapolis through trucks.

Justification

Expenses of air-shipment from LA to Houston = \$38 for up-to 2, 400lbs – for each 100lbs unit

Expenses of air-shipment from LA to Atlanta = \$40 for up-to 2, 400lbs – for each 100lbs unit

From Houston to Little Rock and Minneapolis, it will take trucks less than five days to ship the units.

It will cost \$10 and \$16 for transportation of 100lbs unit from Houston through trucks to Little Rock and Minneapolis.

From the given figures, it is evident that transportation from Houston and Atlanta shall be a feasible option for the company. Houston and Atlanta shall be the focal points from San Francisco and Los Angeles. From these two primary locations, further shipment shall be carried through trucks.

The trucks on an average take less than five days from these focal points,

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and therefore the satisfaction of the customer can be achieved.

Conclusion

The company is advised to adhere to safety policy related to the inventory count, and the storage of units at private depots shall never be considered a safe option. The count of units is not high enough to advise the company for expansion of its business unit at this stage, however, the company is advised to focus on the marketing side to capture shares.