

Contemporary logistics



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The objective of this article to read the case study given and then answers given at the end of the case study in the form of essay. In order to solve this case study, I would like to first of all discuss about the topic on which this case study is based on. Later on, the conclusion and recommendation on the basis of interpretation of the case is given.

Introduction:

The case, which is given, belongs to a very important subject is today's business environment. Not only companies like Axial facing the problem on which case is throwing light, but they are many big names, which have faced similar type of situation. The case is talking about the Supply Chain issues regarding a sports manufacturing company, named Axial, facing problems in management proper Supply Chain Management.

What is Supply Chain Management?

Before formally starting on the case, let us throw a brief light on what Supply Chain is, and its importance in today's world. Whenever, we watch an advertisement of any product on Television, the next moment we go the shop and buy that product. Does it look very easy? Definitely for us, it seems very simple. But if we ourselves in product manufacturer's shoes, this is the most difficult job for them, to make their product available in the shelves of the shop is the most difficult job from them. The demand and mood of customers changes increasingly. In order to keep the customers satisfied and at the same time maintain their loyalty, the companies need to provide their products to almost every shop. In order to provide shopkeepers with their products, they need follow a process of activities called Supply Chain. Basically, what happens in supply chain is that the manufacturing company

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needs to take care from scratch, i. e. from the every beginning phase of getting the raw materials, which are used in the manufacturing of the product. To get access to these raw materials, the manufacturing company makes deals with suppliers, which provide them with the required materials. The company usually announces tenders in which they tell about their requirements. Then the suppliers, which best meet the requirements of the tender, are contracted. The company can have more than one suppliers and the main suppliers may also have their own suppliers, called tiers. Once the company is done with the suppliers, they manufacture the product. After, the manufacturing of the product now comes the main issue of distribution of the product. In this phase, the company finds the path of making their products available to the customers in the market. Before delivering the product, the company needs to keep their products in the warehouse, from where the products are delivered to retailers, distributors, whole-sellers etc.

Importance of Supply Chain:

After getting a brief idea about supply chain basically is, let us quickly go through its need and apply the concept in the case. As we have noticed that from the production of the product till it reaches the end customer, there are many intermediary parties involves, doing their job. Supply Chain basically helps in making the complete process (chain) work smoothly. Its helps in better flow of information among these bodies, that results in better communication and coordination among the process. Its helps the company in reducing the inventory cost and helps in predicting and forecasting the customer demand (Chopra, Meindl 2004). Thus Supply Chain helps in integration among these bodies and helps manufacturers in quickly

and timely making their products available in markets. The Supply Chain helps in managing the Cash flows. These days, most of the big companies are managing their supply chain over the Internet, which enables better integration and coordination of the company with its intermediaries. Companies using supply chain management also gets competitive advantage as the companies can also lower its cost of manufacturing.

Now if we analyze the case, we come to know that the issues Axial is facing, are involved in the supply of materials and secondly, in managing the inventory and warehousing. Well, before going to details, I would like discuss the general idea of few terms used in the case. As its mentioned in the case, that the materials are too short or there is a too much lead time involved, it means that the Axial is facing problems with its suppliers. The lead-time is the minimum time that is required for delivery of new supplies, once the previous delivery is made. This means that re-ordering of inventory also gets late. Secondly, if look into the numbers suppliers of Axial, they have 15 local and almost 20 international suppliers. This means that they make huge procurement. Now having a large supply force, the Axial due to poor management of its supply chain, is facing difficulty in getting the supplies on time. What happens in such case, where the supply size is huge, the company makes proper planning mechanism through they allot delivery deadline to its suppliers and in case one supplier is fails to deliver, there are back suppliers with the stock. The Axial currently is lagging a delay of 10 days from the deadline, which is too much for a manufacturing company and can lower the productivity level of the company. By looking into the management of Axial, it seems that they are not having a dedicated Supply

Chain and logistics department, as there are only five employees who are handling the entire procurement of Axial. The business in which Axial is dealing, needs a full fledged Logistics department with good amount of employees who should manage the supplies-related and other activities.

Automated Systems:

Currently, the Axial is handling its suppliers on manually i. e. through telephone calls and paper work. In this global world, where all the businesses are working on information, the companies need to have computerized systems on which the all the information should be managed (Fawcett 2006). There are Enterprise Resource Planning (ERP) systems, on which organization are managing their businesses. One such system is SAP. As discuss the early the advantage of automated supply chain system, the Axial should first of all have a computerized system, which would definitely helps a lot in managing and sharing of information with their intermediary parties. These systems help in automatically managing the inventory orders and stock maintenance. The Dell is currently managing their own system over the Web, through which are able to connect with their suppliers, Customers and other parties. The automated systems also help in forecasting the customer demands as well. The company can also forecast their production scheduling, Finance department through planning of budget of the basis of their previous costs, and helps in managing information of employees (Chopra, Meindl 2004). As we see that each department is doing work in its own way, without coordinating with each other, the implementation of computerized systems enable to the coordination and integration of different departments.

Inventory and Transportation:

Due to lack of efficient Supply chain, one more area that is affected is the inventory and logistics. Once the raw materials and accessories are delivered, the company needs to store these stocks in warehouses. Similarly, once the product are manufactured and are ready for distribution, the products are kept in warehouses. The company to needs to manage it warehouse efficiently, and keep track on their Stock Keeping Units (SKU). In warehouse, the company has to provide their products with proper post-manufacturing and provide safe environment for storage (Christopher 2005).

On the products are ready for distribution, the final process of delivering the products to the retailers and store comes. It is the duty of the company to distribute its products to the store on time. The retailers and stores are also the customers of the company and the company needs to satisfy them as well by providing products according to the description, and delivering them on time (Stroh 2006). As axial does not get its supplies on time and manufacture on deadline, they are unable to distribute it to the retailer and super stores. Because of their delayed delivering, two of the retailing firms have cancelled their contracts with Axial and now Ultimate Sport, a huge retail chain in Australia, is also considering of canceling their contract with Axial. The Dell has a very efficient distribution process, in which they sell computers directly from Dell manufacturing units, having only few distributors worldwide.

Recommendation:

Well, by the analyzing the current situation of Axial, the Ultimate Sport, without wasting their time, cancel its contract with Axial, as they are not

delivering its products on time. The retailing firms should not waste a space of their store, on product that is available when needed by consumer. The firm should contact some new company who provide product Just-in-time (JIT).

But the Ultimate Sport rather cancelling contract can also help Axial in solving their problem. The only solution to Axial problem is maintenance of Supply Chain. The Ultimate Sport should give Axial some time to improve their supply chain. In all the problems faced by Axial, if they are able to manage their suppliers efficiently, they can reduce a lot of delay time. They should review their suppliers, by either reducing or changing those suppliers, who are unable to supply on time. If Axial automated its Supply chain, they can have good integration with their intermediaries and share information quickly (Bardi, Langley 2002). As far transportation is concerned, by solving their supply issues, the distribution process will automatically speed up and will able to deliver the shoes to Ultimate Sport on time.

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