

Hp financial services

Technology, Innovation



In addressing such logistical problems, Christopher and Towill (2002) illustrated three pipeline designs with their advantages and disadvantages: [1.] Offshore Sourcing; [2.] Quick Response Sourcing; and [3.] Hybrid Sourcing or Agile Pipeline. First, Offshore Sourcing's greatest advantage is the manufacturing or purchase cost which is lower by up to 35% compared with local purchases (p. 6). This is viable as long as demand is stable and the products are standard (p. 15).

As pipelines lengthen, its greatest disadvantages are additional inventory and longer delivery lead-times of between 48 and 60 weeks when European Union retailers ordered from Asian sources (p. 6). Christopher and Towill noted that: Aside from unit manufacturing cost or purchase cost, other costs should be incorporated like inventory carrying costs, cost of markdowns, cost of loss sales, transaction costs (including letters of credit, customs clearance), transportation, warehousing and duties (p. 8).

Second, Quick Response Sourcing's greatest advantage is its responsiveness as manufacturing is moved closer to the customers or consumers (p. 4). This is viable when demand is volatile. Christopher and Towill quoted Lawson et al's definition as: ...a state of responsiveness and flexibility...[that]... provide[s] a highly diverse range of products and services to a customer/consumer in the exact quantity, variety and quality, and at the right time, place and price as dictated by real-time customer/consumer demand... (p. 4).

Mutual co-operation among all partners in the supply chain led to “ higher inventory turns and improved return on investment for each link in the

chain” (p. 6). Its disadvantage in terms of higher manufacturing or purchase cost is basically downplayed as long as the pipeline catered to non-commodities or specialized products as a result of discontinuous innovation covering both disruptive and radical innovations where disruptive innovation pertains to better new products in an established market while radical innovation pertains to new products in a new market (Atkin, Garcia, & Lockshin, 2006, p. 2-6).

Finally and third, Hybrid Sourcing or Split/Adaptive/Agile Sourcing’s greatest advantage is the combination of the benefits of both Offshore and Quick Response Sourcing (p. 8-9). Its capability to switch pipelines as the marketplace demands is ideal (p. 16). Its greatest disadvantage appears to be the complexity of sourcing administration. Apply the Three Pipeline Designs to Hewlett-Packard

After a review on the rationale for a customized supply chain pipeline and evaluation of the different globalized supply pipelines, these three pipeline designs will now be applied to Hewlett-Packard, a company that operates in 170 countries around the world (“ About Us,” 2009). One of HP’s significant competitive advantages as noted by Mark V. Hurd, Chairman, Chief Executive Officer and President is: “ A lean, variable cost structure and commitment to continue to eliminate all costs that are not core to the company’s success” (“ CEO Letter,” p. 3).

HP uses a number of contract manufacturers and original design manufacturers as well as manufactures its own finished products from components and sub-assemblies that it acquires from varied vendors (“ Part

I. Item I. Business,” p. 8-9). HP builds products to order for high volume basic products configuration and configures products to order for customized requirements of certain customers (p. 9). It “ minimize[s] inventory holding periods by taking delivery of the inventory and manufacturing immediately prior to the sale or distribution of products” to its customers (p. 9).

HP “ ordinarily acquires materials and components through a combination of blanket and scheduled purchase orders...for periods covering 90 to 120 days (p. 9). HP engages in seven business segments: [1.] Enterprise Storage and Servers; [2.] HP Services; [3.] HP Software, the Personal Systems Group; [4.] Imaging and Printing Group; [5.] HP Financial Services; [6.] Corporate Investments; and [7.] Business Operations (p. 3). Due to the variety and diversity of HP businesses, the supply chain discussion will focus on the Enterprise Storage and Servers segment specifically on tape drives (p. 5).