

Supply Chain Example

Begin by reading the First activity in Module 5 and the material immediately below. You should also review the supply chain PowerPoint in Module 5. Although Wikipedia should be used cautiously, in this case their SCM article may be helpful.

https://en.wikipedia.org/wiki/Supply_chain_management

Supply Chain Management

McLunch

It's lunch time and you stop at your local branch of America's largest restaurant chain for a Big Mac and some fries. As the surly teenager behind the counter takes your McOrder and gives you your McChange, you probably give little, if any, thought to how that burger and fries came to be at the counter. After all, how complicated can it be—it is just a burger and fries, right?

However, to the firm's purchasing agents how all the ingredients are sourced, shipped, stored, and inventoried is a critical part of the chain's success and crucial to you getting your lunch fast, hot, and affordable. Beef from Texas, potatoes from Idaho, cucumbers from Georgia, lettuce from California, buns made from Kansas wheat and Mexican sesame seeds, and a secret sauce made in a Thousand Island dressing factory...require raw ingredients, processing, shipping, storing, and tracking...all this, just for a hamburger.



Dreamliner

But...what if we want to build a Boeing Dreamliner?

This is the science of Supply Chain Management (SCM)—ensuring all the “ingredients” for our products are sourced, processed, manufactured, shipped, inventoried, warehoused, and ultimately arrive at the right place, the right time, and at the right cost.



The global economy, advanced planning techniques, and technology have changed what we once called “logistics” into the science of SCM. SCM is managing both the upstream (where a firm finds materials and supplies) and the downstream (where it sells and/or ships products) “chain” of suppliers, sellers and partners. Some firms, such as Wal-Mart owe much of their success to SCM and logistics. Wal-Mart is considered a world leader in managing their supply chain using advanced logistics and IT systems.

A major change in SCM is the emergence of “third-party logistics suppliers” aka “3PL” firms. The most widely known of these is UPS, whose new tagline is “what can Brown do for you” focuses not on delivering packages, but on SCM.

Product Adaptation

How about a KFC Shrimp Burger?



Truly global firms find that they must adapt the products they sell to meet local market conditions, which may include legal, cultural or physical requirements. This often requires developing new products or components to meet local needs. Product adaptation is changing the physical product, creating a new product or changing other parts of the marketing mix to meet local needs and requirements.

- Changing the name of the product is often not enough, in many cases the product itself needs to be modified. Some examples:
- McDonald's has burgers in India – but no beef. It's consumption is taboo. Instead, you'll find tofu or chicken.
- Wal-Mart sells live fish, turtles and frogs in their China stores – not as pets but for dinner tables.
- American appliance manufacturers had to adjust the size of their home machines – many urban European kitchens were too small for our large appliances.

Assignment requirements:

You will follow a format similar to the “do first” assignment at the beginning of Module 5. Make sure that you have completed that exercise before attempting this component of the marketing plan.

There are TWO parts to this component.

Part One:

In about 2-3 paragraphs provide a high level view of your supply chain. Consider what you will need to successfully take your product to market and where you might encounter breaks or obstacles in the chain.

You should also address the issue of what type of suppliers you might need and where they are located. What issues do you anticipate? Do not forget to consider political, trade and social

issues. If you need a steady supply of coffee or chocolate, will you buy only Fair Trade? Are there child labor issues? Import restrictions?

Part Two:

You will create Word chart with three columns:

Up stream

Mid-stream

Down stream

If you are not familiar with these terms, visit the activity in Module 5.

For each of the columns, identify 4-5 items that you will need for a complete supply chain. Bullets are fine, but make sure that you are clear.

In the last row, list your typical end user. Are you direct to consumer or are you selling to a retailer or wholesaler? In some cases, you may have an entirely different end user.

Your chart will look similar to this:

SUPPLY CHAIN FOR PRODUCT ABC		
Up stream	Mid-stream	Down stream
End user:		