**IBM 2012 – Capstone Project 4, Part 2**

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**Group 11: Section 001**

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# **Description of Product**

Swiss Crafters is a Canadian retailer that specializes in selling high-quality Swiss watches. Our watches come directly from the Swatch Group, a world-famous Swiss watch manufacturer known for making luxury timepieces with exceptional craftsmanship. Swatch is a Swiss watch brand known for its stylish, innovative, and affordable timepieces. These watches are imported to Montreal, Canada, where they are available for purchase at our retail store.

## **Watch Brands and Models**

We offer a carefully selected range of luxury Swiss watches, each known for its style, durability, and precision. Here are the models we carry:

* **Omega Seamaster** – 200 units
* **Longines Master** – 200 units
* **Tissot PRX** – 500 units
* **Hamilton Khaki** – 500 units
* **Swatch Sistem51** – 100 units

## **Key Features**

Each watch in our collection is made with **high-end materials and advanced Swiss technology** to ensure quality and durability. Here is what makes them special:

* **Swiss Precision** – These watches have COSC-certified movements, ensuring accurate timekeeping.
* **Premium Materials** – Made with sapphire crystal glass, stainless steel cases, and water-resistant designs.
* **Authenticity & Luxury Packaging** – Each watch comes in a branded box with an official serial number and authentication card.

## **Who Are These Watches For?**

Our collection is designed for people who appreciate **luxury, style, and precision engineering**. These watches are perfect for:

* **Business professionals** who want a classic and stylish accessory.
* **Watch collectors** looking for premium Swiss-made models.
* **Fashion-conscious buyers** who value both elegance and durability.
* **Gift buyers** who want to give a high-end, timeless gift.

## **Price Range**

The watches we offer come in different price ranges, making them accessible to various buyers:

* **Swatch Sistem51** – Starting at **$650 CAD**
* **Hamilton, Tissot & Longines Models** – Mid-range pricing
* **Omega Seamaster** – Up to **$12,000 CAD**

# **Supply Chain Flow Chart**

A diagram of different types of transportation

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# **Key Sourcing and Procurement Considerations**

In this project, our team is importing 1,500 Swiss watches from Switzerland to Windsor, Ontario. While planning our sourcing and procurement, we made several important decisions to ensure smooth operations, cost-effectiveness, and timely delivery.

1. **Product Type and Quality:** We selected branded Swiss-made watches because of their high quality, popularity, and reputation in the market. Ensuring original products with Swiss certification was important to gain customer trust and build our brand.
2. **Quantity and Supplier Selection:** We chose a shipment of 1,500 units for our first order. The supplier we selected could fulfill this minimum quantity, offered flexibility, and had experience in shipping internationally.
3. **Cost and Profit Margin:** The supplier offered a competitive FOB price of USD 120 per unit. This price helped us stay within our budget while leaving room for a good profit after including logistics and import charges.
4. **Payment Terms:** The supplier allowed 50% advance payment and 50% before shipment, which supported our cash flow and lowered the financial risk.
5. **Lead Time:** The watches were ready for dispatch within 1 week, which reduced waiting time and helped us plan our inventory and marketing more efficiently.
6. **Certifications and Documentation:** We ensured the watches came with original packaging, brand certificates, warranty cards, and model details. This was essential for customs clearance and customer satisfaction.
7. **Communication:** The supplier maintained clear and timely communication through email and video calls. This helped us avoid misunderstandings and allowed for smooth coordination.

# **Preferred Modes/Methods of Transport**

Since we are importing high-value, delicate items (watches), we chose air freight as the best option.

1. **Speed:** Air transport is the fastest international method. We wanted our products to reach us quickly and in time for our marketing and distribution plans.
2. **Safety and Security:** Watches are fragile and expensive. Air cargo offers better handling, less damage risk, and lower chances of theft compared to sea freight.
3. **Product Size and Weight:** Each watch weighs about 0.5 kg with packaging, and even 1,500 units weigh only around 825 kg in total. The size is compact, so air transport was suitable and still affordable.
4. **Customs and Delivery:** The shipment was flown from Zurich Airport to Montreal Montréal–Trudeau International and then delivered by truck to our warehouse in Windsor, Ontario. This route was fast, safe, and efficient.

# **Product Configuration and Packaging**

**Product Configuration:**

* **Product:** Swiss-made wristwatches
* **Quantity in Shipment:** 1,500 units
* **Weight per Unit (with box):** 0.5 kg
* **Size of Each Unit Box:** 10 cm x 10 cm x 10 cm

## **Packaging Details**

1. **Primary Packaging (Individual Watch Box):** Each watch was packed in its own branded box with foam padding, a user manual, warranty card, and product certificate. These boxes were strong and shock-absorbing.
2. **Secondary Packaging (Cartons):**

* 10 watch boxes were packed into one carton
* **Carton dimensions:** 35 cm x 25 cm x 25 cm
* **Weight of carton with 10 watches:** 5.5 kg
* **Total cartons:** 150 cartons for 1,500 watches

Each carton had warning labels like “Fragile,” “This Side Up,” and “Handle With Care.”

1. **Tertiary Packaging (Pallets):**

* Cartons were stacked and secured on wooden pallets
* Shrink wrap and strapping were used to protect against moisture and movement during air and truck transport

1. **Volume per Container and Transport Mode**

* Total volume was compact, so we did not need a full sea container
* Shipment was sent by air freight
* After landing in Toronto, it was moved by truck to Windsor

# **Issues and Solutions**

1. **Delay in Final Packing (Supplier Side):** The supplier took one extra day to complete internal quality checks and safe packaging.

**Solution:** We adjusted our air cargo booking by 1 day without extra cost.

1. **HS Code Mistake on Invoice:** Customs raised a query due to an incorrect Harmonized System (HS) code.

**Solution:** We contacted the supplier, who sent a corrected invoice immediately. The issue was resolved within hours.

1. **Risk of Damage During Transit:** Because watches are delicate, we were worried about breakage.

**Solution:** We instructed the supplier to use extra bubble wrap and inner foam and ensured cartons were marked as “Fragile.”

# **Final Delivery**

* Flight from Zurich to Montreal
* Truck delivery from Montreal to Windsor
* Shipment arrived in good condition; no damage or loss was reported

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | Item | Value/Details | | Total Units in Shipment | 1,500 watches | | Total Weight | ~825 kg | | Watch Box Dimensions | 10 cm x 10 cm x 10 cm | | Carton Dimensions (10 per box) | 35 cm x 25 cm x 25 cm | | Total Cartons | 150 cartons | | Packaging Type | Foam-filled boxes & cartons | | Transport Method | Air freight + Truck | |

# **Storage & Inventory System**

## **Warehouse Overview**

Our Windsor, Ontario warehouse stores 3,000 luxury Swiss watches from the Swatch Group annually, received in two 1,500-unit shipments post-Montreal customs. It ensures quality and efficiency for distribution to our Montreal store at 123 Rue Sainte-Catherine and Canadian retailers.

* **Location and Capacity**  
  Windsor, 850 km from Montreal, holds 3,500 units in a climate-controlled space. This protects Omega and Longines watches from humidity damage, supporting peak sales with extra capacity.
* **Zoning and Layout**  
  High-value Omega and Longines watches are in locked cabinets, while high-volume Tissot and Swatch units are near the picking zone on cushioned shelving, optimizing access and safety.

## **Inventory Management**

We use a precise system at Windsor to track and retrieve watches efficiently, balancing technology and care for our luxury goods destined for Montreal and beyond.

* **System and Technology**  
  A Just-In-Time (JIT) system with a barcode-enabled Warehouse Management System (WMS) tracks cartons (e.g., “Pallet 1, 1,000 watches”), minimizing stock while ensuring availability.
* **Retrieval Process**  
  The WMS delivers picking lists, enabling 15-minute retrieval to Montreal. High-demand Tissot units are prioritized near the picking area, with manual handling for Omega accuracy.

## **Issue Mitigation**

We address risks to our valuable watches in Windsor, ensuring they remain pristine and secure for customers.

* **Damage Prevention**  
  Scratches on crystals are avoided with cushioned shelving and loupe-trained staff, cutting breakage by ~20% for Omega and Hamilton models.
* **Theft Protection**  
  With CAD 4.35M at stake, biometric access, CCTV, and air freight seals secure high-value watches like Longines from theft.
* **Error Correction**  
  Errors from the 1,000/500 watch pallet split risk disrupting Omega and Tissot sales. In Windsor, our WMS uses real-time barcode updates from Montreal and bi-weekly audits to verify stock—like 200 Longines units—ensuring accuracy and reliability for Montreal’s store.

# **Mission Statement Fulfillment**

Our supply chain reflects our core vision, guiding every step to deliver exceptional watches to Canadian customers.

## **Statement**

“Swiss Crafters is committed to delivering the unmatched precision and luxury of Swiss-made watches to Canadian customers, offering timeless designs that seamlessly blend tradition, innovation, and elegance.” Unchanged, it drives our operations.

## **Fulfilling Precision & Luxury**

We ensure top-tier quality and prestige through careful sourcing and checks for Canadian buyers.

* **Sourcing Quality**  
  Swatch Group’s Omega (Co-Axial 8800) and Longines (moon phase) deliver precision and luxury with premium materials like sapphire crystal.
* **Quality Assurance**  
  Montreal Receipt uses a loupe to check for scratches, ensuring Swiss quality reaches customers intact.

# **Designs & Elegance**

Speed and sophistication define our delivery, enhancing customer experience.

* **Fast, Secure Transport:** Air freight (8.5 hours) and padded cartons bring timeless Omega and Tissot designs to Windsor swiftly.
* **Customer Exclusivity:** Engraving options and premium packaging add elegance for status-seeking Canadian buyers.

# **Blending Tradition & Innovation**

We merge Swiss heritage with modern efficiency to meet market demands.

* **Preserving Tradition**  
  Windsor’s cushioned shelving safeguards Swiss craftsmanship in Longines leather straps and steel cases.
* **Driving Innovation**  
  WMS and JIT enable fast, accurate delivery to Montreal, supporting Canada’s 214.8M CHF watch market.

# **Reference**

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