



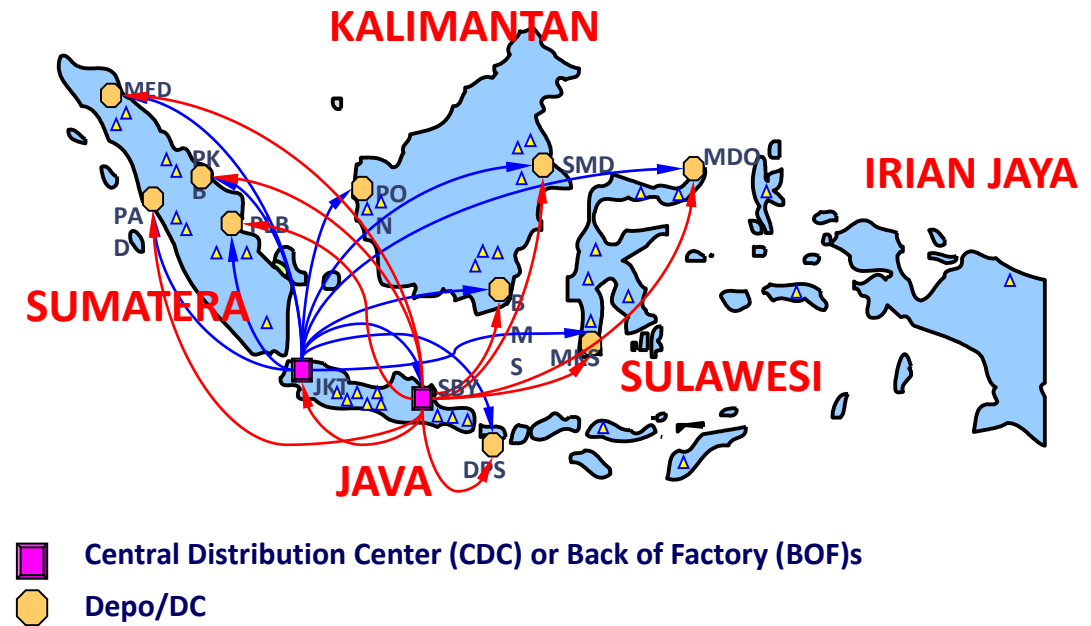
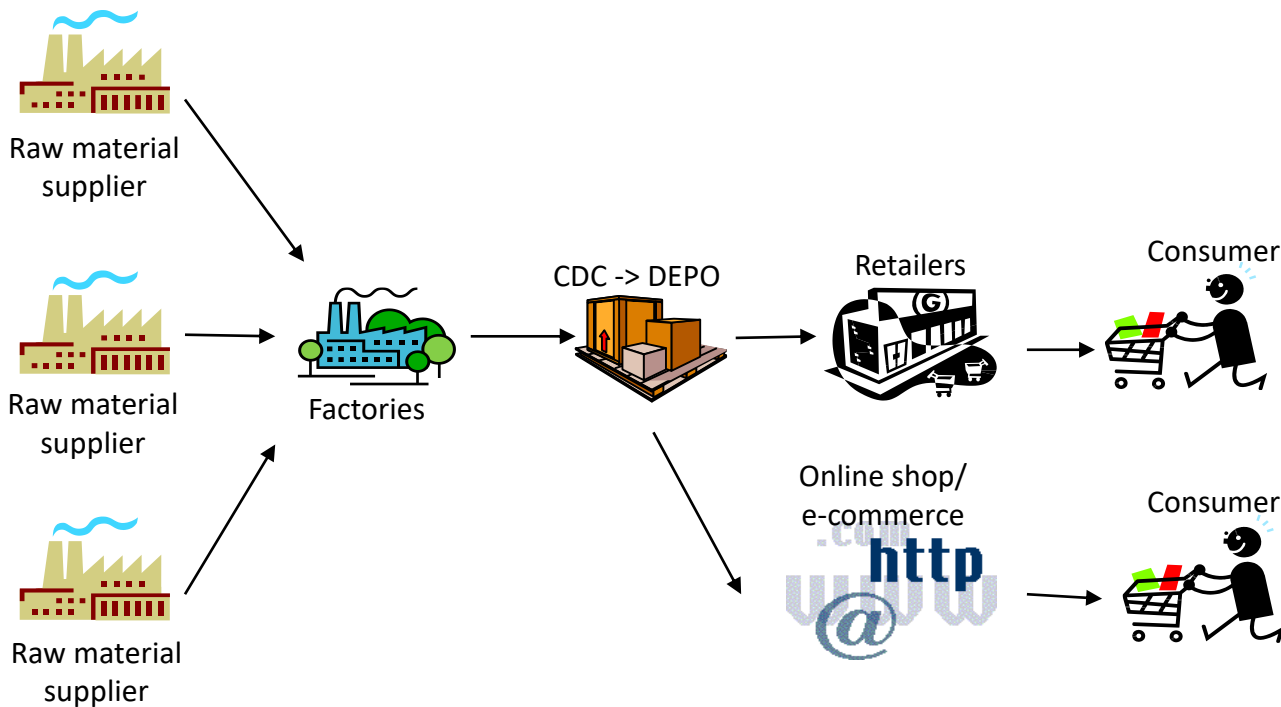
# Unilever Supply Chain (*Personal Research*)

By Eka Nur Solicha

*Disclaimer: The data collected from various sources, analysis conducted personally by author.*

# Supply chain model

The supply chain model adopted by Unilever is the **Continuous-Flow Model** since Unilever have a stable demand due to its industry nature, FMCG, which always has a constant order with little variations to its products.



*\*Source: Unilever Supply Chain Division, 2013*

# More about Continuous-Flow Model

---

Continuous-Flow models relies heavily on high demand stability. Meaning that the demand for the products of the company is high and has a little variation. For example Unilever has their own product line in food and drink, home care, and personal care. The buyer has high demand of Unilever's product and cannot request a certain customization for the product that the Unilever's produce (little variation in consumer demand profile)

## **What unique about continuous flow model?**

1. Relies on high demand stability
2. Offer continuous replenishment (Unilever distributor will go to traditional market and will deliver the goods in a certain time frame. In case of big retailer, they have a schedule on when to go to each branch of the retailers)
3. Generate regular cadence of product and information flow

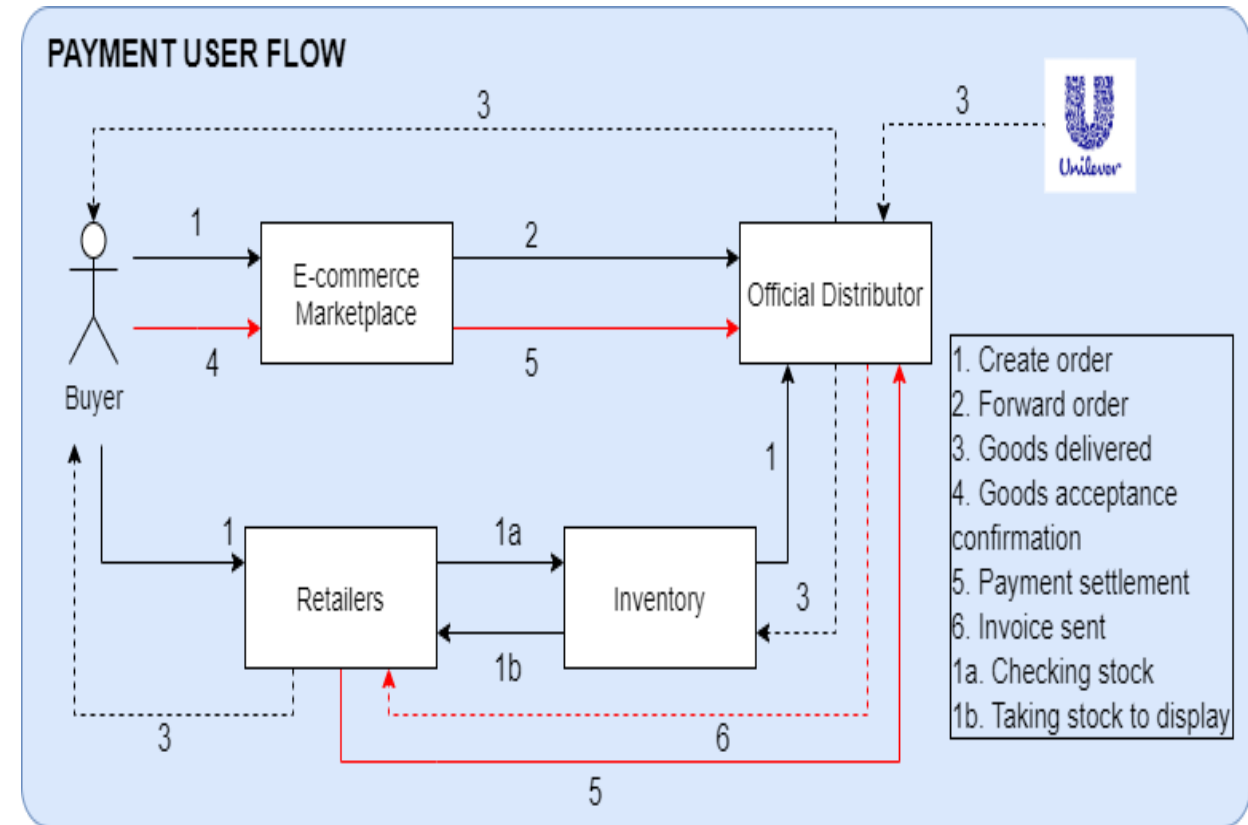
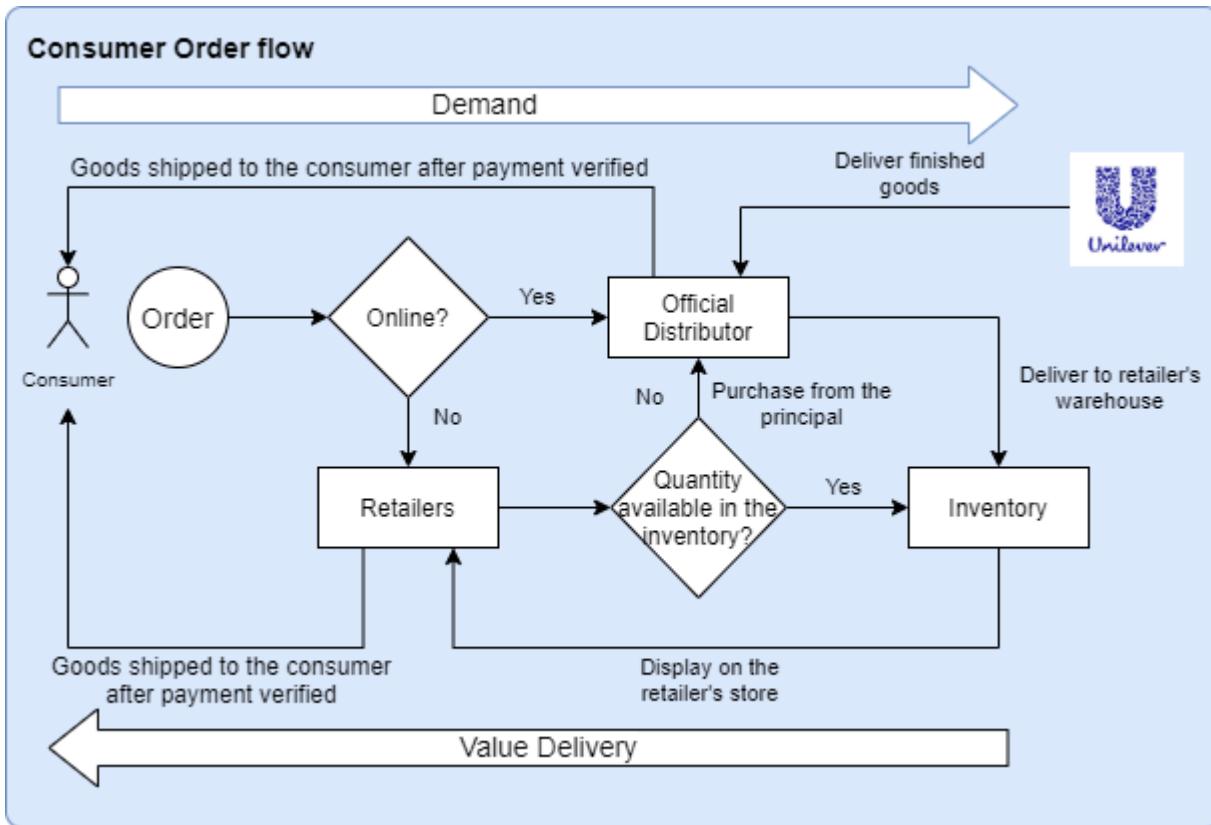
## **Attributes in Continuous-flow Model:**

1. Connectivity (information flow crucial to implement the continuous replenishment)
2. Collaboration (inter-organizational collaboration to ensure the production of goods to get high demand stability; Unilever establish partnership with many retailers with multiple branches across Indonesia)
3. Distribution (Bringing product to the customer as close as possible; Unilever have central distribution center and depo in several location throughout Indonesia to enable optimum distribution. Unilever also have a distribution map for the cities in Indonesia– presented in the previous slide )

# Key Driver & Key Strategies

Raw Material Supplier	Factory	Storage/Depo	Retailers	Online Shop
<b>Key Driver</b> <ol style="list-style-type: none"> <li>1. Information</li> <li>2. Sourcing</li> </ol> <b>Key Strategies</b> <ol style="list-style-type: none"> <li>1. Procurement</li> <li>2. Material quality control</li> </ol> <p>Raw material supplier need to ensure the availability of raw materials needed by the factory. By placing a large quantity of order in a certain time and establishing a contract with the factory, the supply chain can be more effective.</p>	<b>Key Driver</b> <ol style="list-style-type: none"> <li>1. Information</li> <li>2. Production</li> <li>3. Sourcing</li> </ol> <b>Key Strategies</b> <ol style="list-style-type: none"> <li>1. Supplier selection</li> <li>2. Procurement (i.e. volume consolidation)</li> <li>3. Information on how many, what to produce, when, etc.</li> </ol> <p>Factory need a sufficient information to produce the goods based on the market demand and ensure the availability of raw material by placing purchase order.</p>	<b>Key Driver</b> <ol style="list-style-type: none"> <li>1. Information</li> <li>2. Inventory</li> <li>3. Transportation</li> </ol> <b>Key Strategies</b> <ol style="list-style-type: none"> <li>1. Stock-tracking (capacity, flexibility, etc.)</li> <li>2. Open smaller storage branches</li> <li>3. Delivery routing</li> </ol> <p>Storage need to maintain the inventory availability as well as the responsiveness to buyer's order by establishing the delivery routing. They could also decide whether or not to have their own delivery vehicle.</p>	<b>Key Driver</b> <ol style="list-style-type: none"> <li>1. Information</li> <li>2. Inventory</li> <li>3. Pricing</li> </ol> <b>Key Strategies</b> <ol style="list-style-type: none"> <li>1. Discounts</li> <li>2. Stock-tracking (how much item stock, where to store, etc.)</li> <li>3. Open branches of stores in various areas</li> </ol> <p>As a retailer, they need their own stock-tracking to find the balance between demand and inventory. Pricing strategy and strategic location also needed to attract buyers.</p>	<b>Key Driver</b> <ol style="list-style-type: none"> <li>1. Information</li> <li>2. Transportation</li> <li>3. Pricing</li> </ol> <b>Key Strategies</b> <ol style="list-style-type: none"> <li>1. Promos</li> <li>2. Partnership with delivery services</li> <li>3. Technology enhancement</li> </ol> <p>Online store relies heavily on the information of buying transactions. They need to provide easiness to the consumer in purchasing order as well as giving promos to attract buyers</p>

# Flow Order & Payment from Customer



# Accounting

---

## Scenario 1:

1. Buyer creates order to Unilever through online marketplace

Debit	Credit
Account Receivable	Sales Revenue

2. Online store forward the order to Unilever official distributor
3. Unilever official distributor ships it to the buyer, FOB Shipping point

Debit	Credit
Cost of good sold	Merchandise Inventory

4. Buyer accept the goods and confirm they have accepted through the application

Debit	Credit
Cash	Account Receivable

# Accounting

---

## Scenario 2:

1. Unilever buy raw material from supplier

Debit	Credit
Raw materials	Cash

2. Unilever produce a finished goods from the raw materials

Debit	Credit
Merchandise inventory	Raw materials Production Cost (Raw Material, Direct Labor, Factory Overhead)

3. Retailer order from Unilever and Unilever issue an invoice

Debit	Credit
Account Receivable	Sales Revenue

4. Unilever ships the goods to retailer with FOB destination method

Debit	Credit
Delivery Expense	Cash