

Agenda

- What is a supply chain?
- Supply chain management
 - Logistics
 - Needs
 - Information
 - Risks
- Customer order point, lead time gap and capital commitment
- Case: Supply chain collaboration
- Cooperation in supply chains



Example: Ordered coffee on a Thursday

Order confirmation immediately

Först och främst: Tack för din order. Vi hoppas att du blir nöjd med ditt köp hos KaffeKapslen.

Vi packar och skickar din beställning inom 24 timmar i vardagar - därför är det mycket viktigt att du kontaktar oss med det samma, om du har ändringar till din beställning. Du kan se vilka varor du har beställt, samt fakturerings- och levereringsuppgifter nederst i denna mail.

När dina varor skickas, får du ett nytt mail med länk till spårning av din försändelse, samt kvitto.

Om du har frågor, kommentarer eller liknande är du alltid välkommen att kontakta oss genom vår e-post, info@kaffekapslen.se, eller på telefonnummer 0776 - 766 161.



The package is sent the next day (Friday)

Vi är klara med att packa din order och har precis skickat den från vårt lager.

Du kan därför se fram emot att snart få ditt paket.

Ditt paket kan spåras inom cirka 24 timmar på vardagar - du kan följa det genom att klicka här .



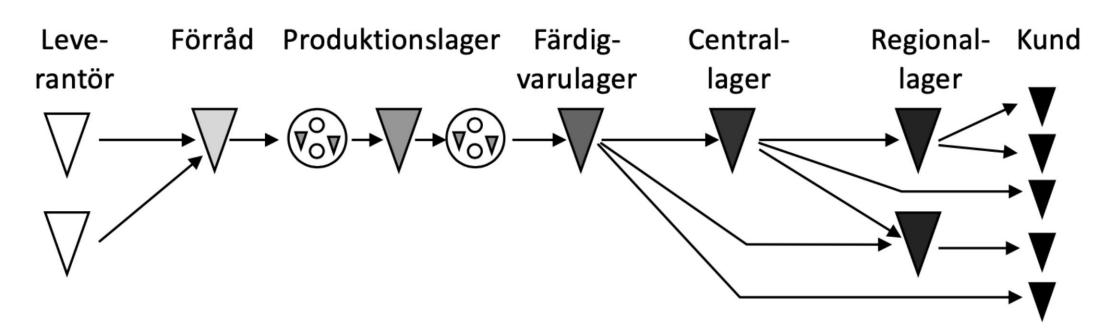
Discussion assignment

- What does the Kaffekapslen's supply chain look like?
- Where in the chain are they located?
- How could Kaffekapslen affect the chain's performance in a positive way?
 - For example:
 - Reduce the bullwhip effect
 - Lower the total cost of the chain
 - Shorten the lead time from "point of origin" to "point of consumption"
 - Etc.

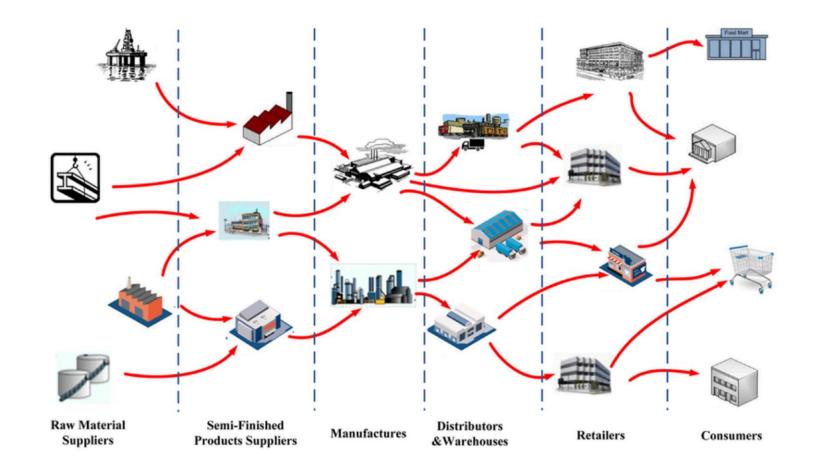


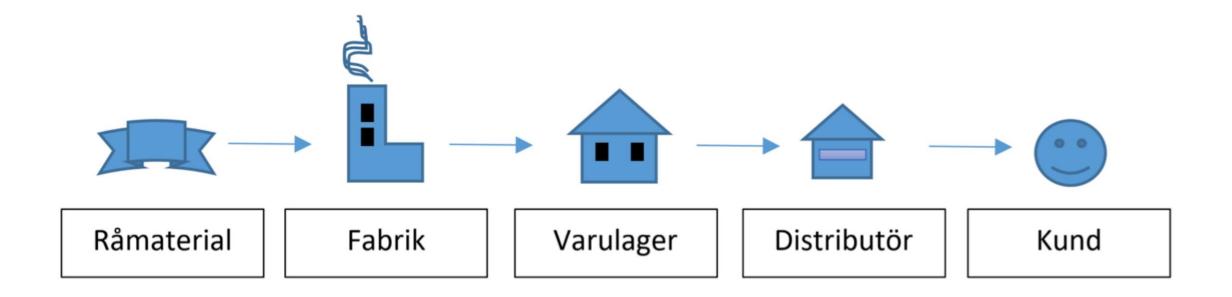
Processing chain within a company

Materialförsörjning - Produktion - Distribution



Supply
chain – a
network of
different compan



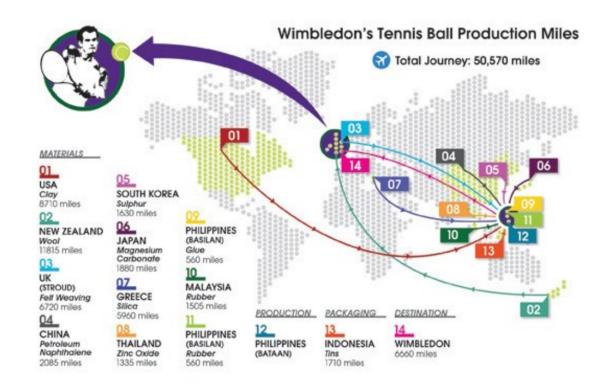


Supply chain management

- From "point of origin" to "point of consumption"
- Value is added throughout the chain
- Information sharing within and between companies in the chain
- By streamlining the chain, costs can be reduced and reduce their inventories

Dr Johnson said:

"It is one of the longest journeys I have seen for a product. On the face of it, travelling more than 50,000 miles to make a tennis ball does seem fairly ludicrous, but it just shows the global nature of production these days, and in the end, this will be the most cost-effective way of making tennis balls.



Example supply chain (click image for link)

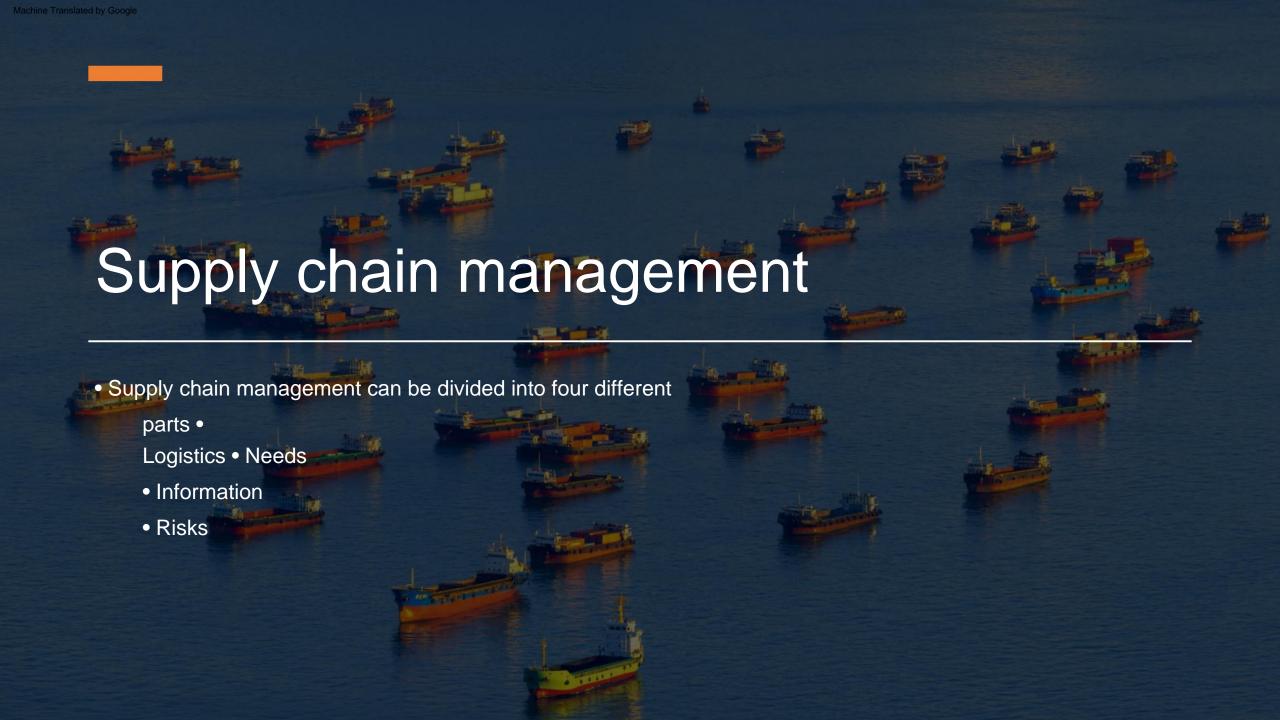
- Slazenger is a British sports equipment brand and has been the official tennis ball supplier to Wimbledons Grand Slam since 1902
- Above data from 2015

Discuss

Start from the example of the tennis balls for Wimbledon

- 1. How does Slazenger create value for its customer?
- 2. What are the advantages and disadvantages of this example?
- 3. How do you think the supply chain would change if more focus was placed on sustainability?

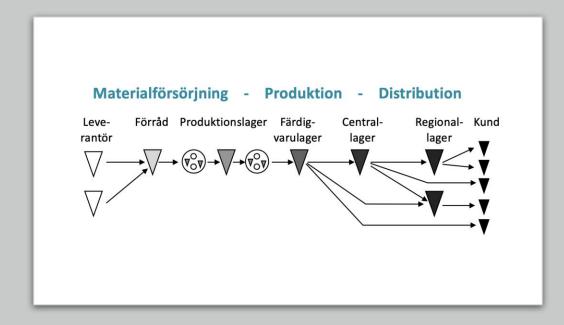


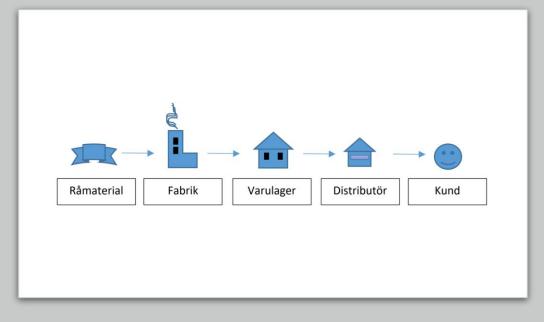


Logistics in a supply chain

For example:

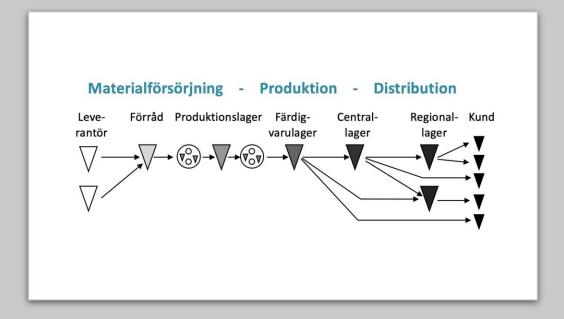
- Transportation
- Storage
- Reloading
- Refinement
- Distribution
- Also includes return flows
- When, where and how should these parts be made?

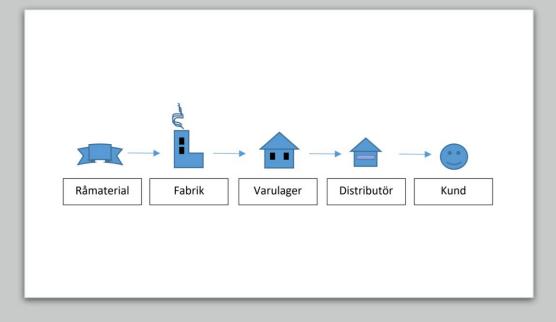




Needs in a supply chain

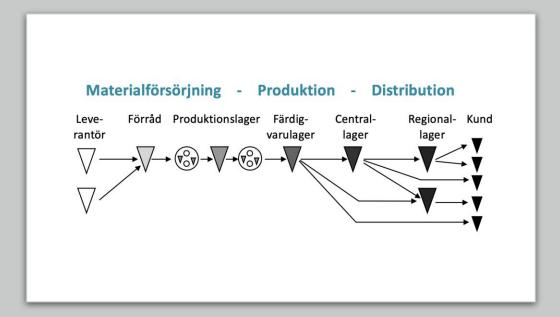
- Understanding of the needs picture in the entire chain
- Are there trends and patterns in the need?
 - Season
 - Marketing activities
 - Sporadic
- The realization that it is the end customer's needs and decisions that create the conditions for the entire chain
- The realization that there is cooperation throughout the chain that meet the customer's needs – not individual players

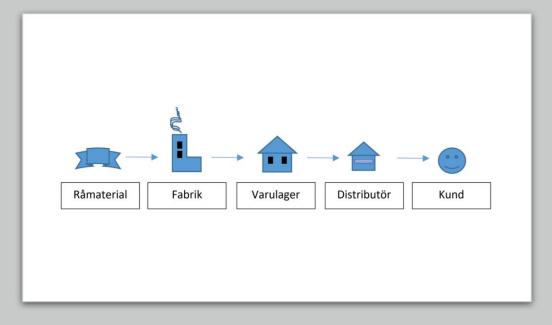




Information in a supply chain

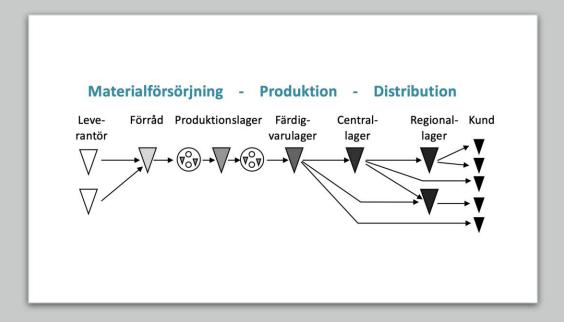
- Must be managed both upstream and downstream in the chain
- Need for clarity and transparency
- Risks in information management:
 - Late or missing responses
 - Distorted or unclear information
 - The bullwhip effect
 - Varying interests in the chain
 - Reluctance to share
 - Etc.

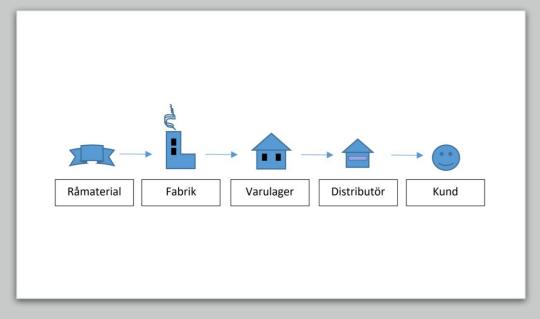




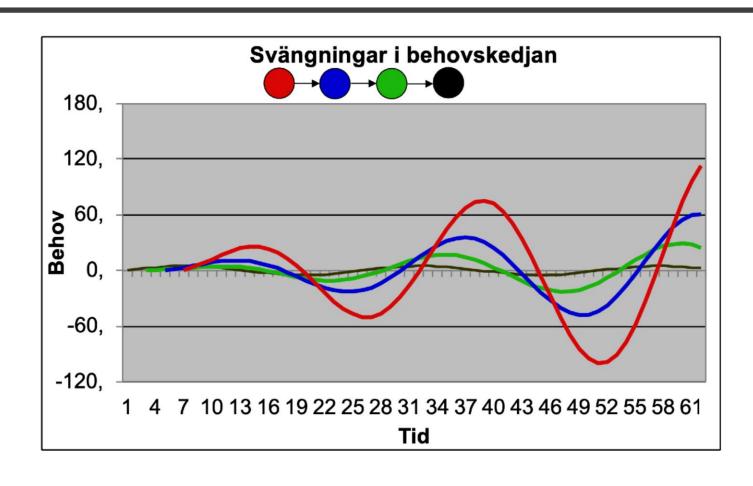
Risks in a supply chain

- Increased complexity results in an increased number of risk points; e.g. more handovers between actors, more complex product, longer processing chains
- How do different parts of the supply chain work together?
- Risk analyzes for parts and the whole of supply chain
 - Delays or interruptions
 - Price and cost risks
 - Quality-related risks
 - Risks to the brand

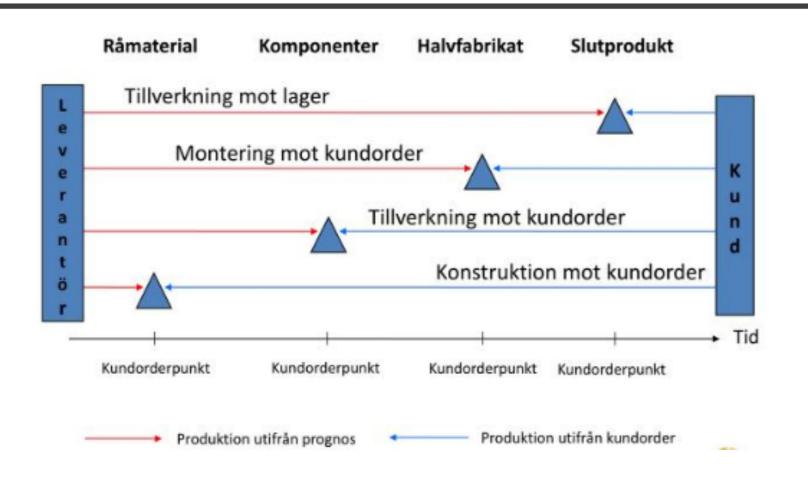




The bullwhip effect



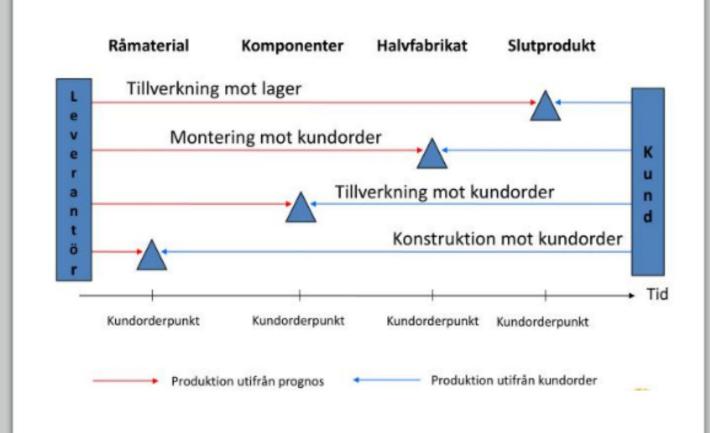
Customer order point (COP)



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The customer order point in the distribution

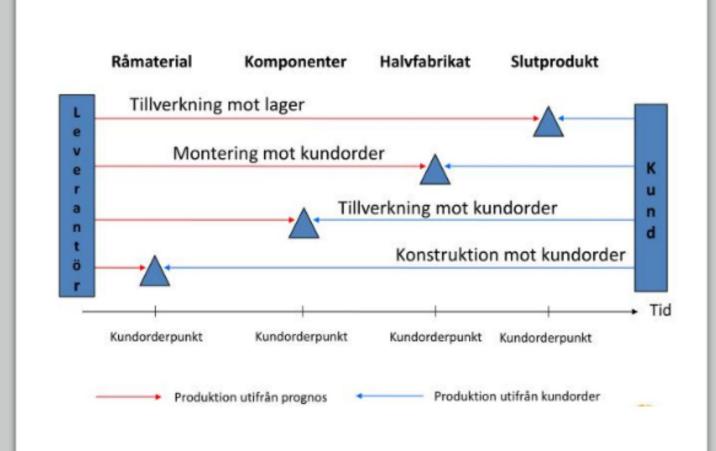
- Advantages:
 - Long and economical production runs
 - Short delivery times
- Disadvantages:
 - Higher capital tie-up
 - Less opportunity for customer customization
 - Risk of obsolete goods



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The customer order point in production

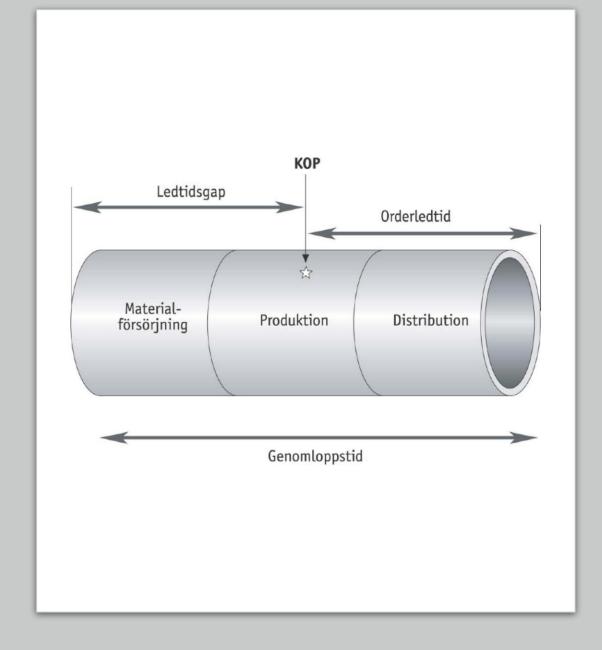
- Advantages:
 - Greater opportunity for customer customization
 - Lower capital tie-up
- Disadvantages
 - Longer delivery time
 - Often higher production and purchasing costs



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The lead time gap

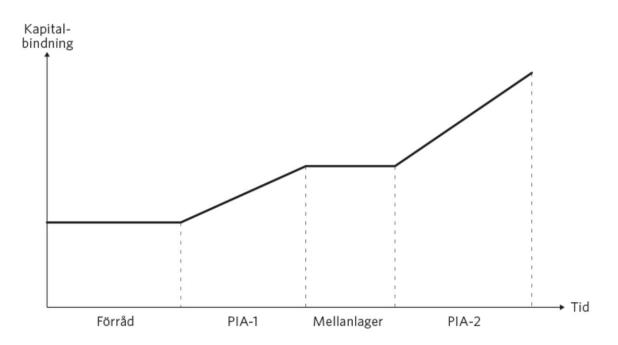
- All processing that is done before KOP takes place under uncertainty (without an order from the customer)
- All orders before KOP take place against forecast
 - Forecasters' precision gets worse the longer the forecast is further away in time
- The greater the lead time gap, the greater the uncertainty
- To reduce uncertainty need
 either the order lead time is increased or the total
 lead time is reduced



Capital tie-up in the supply chain

- The more the product is processed the higher the capital tie-up
- Processing can involve both production and transport

PIA = Products in progress



Supply Chain Management © Författaren och Studentlitteratur



IKEA's SCM strategy

• How IKEA works with its supply chain

https://www.ikea.com/global/en/our-business/how-we-work/the-ikea-value-chain/

How IKEA works with its suppliers

https://www.ikea.com/global/en/our-business/how-we-work/for-suppliers/

Streamline the value chain

Create a Lean supply chain

Identify and eliminate
 waste in the supply chain

Create processes according to agreed standards

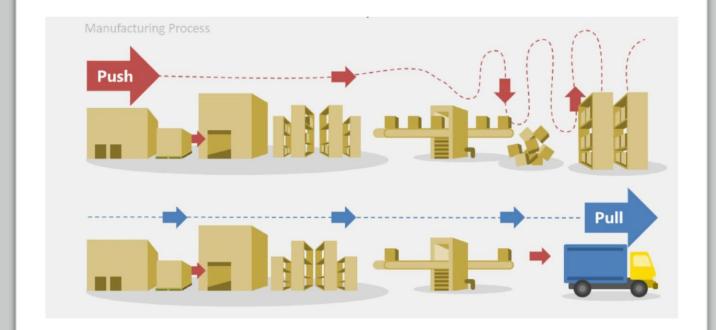
- Design the material flow
- Design the information flow

Location and size of buffers



Create flow through the supply chain

- Flow requires a systems perspective
- Lack of flow creates stocks and imbalances between resources
 somewhere in the supply chain
- Improved flow leads to shorter lead times
- All parts of the flow should "row the boat" at the same rate - create balance
- Forecasts for planning that create a pulling system creates less variation than a pushing system



Cooperation with suppliers

- Different types of collaboration:
 - Arm length relationship:
 Standard products and consumables

 Focuses on price, usually with
 - Partnership: Collaboration with suppliers to create joint critical competitive advantages, usually for more critical products or materials
 - Vertical integration: The company integrates parts of the supply chain, which were previously managed by other companies, into that group. Both upstream

own and downstream.

Companies often use a mix of these



Cooperation with suppliers

 Create partnerships and alliances with supply chain members strategically, with the goal of reducing the total cost of providing goods and services

• If conditions are created for the supplier to deliver in a cost-effective manner, costs can often be cut



Different types of inventory ownership

• Own inventory control: in The company owns what exists stock, and manages and controls receipts and deliveries

• Supplier controlled stocks:

The company owns what is in stock,

but suppliers manage and control

incoming and outgoing

deliveries

• Consignment warehouse:

The supplier owns what is available at the company's warehouse, often until it

will be sold



Consignment warehouse

 Discuss the pros and cons of the dealer or the supplier when using consignment stock

