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Timbuk2 Case Study

In the context of Timbuk2 case, supply chain management simply means an operation of converting basic material into final products i.e. bike messenger bags here and deliver it to the customer. Timbuk2 managed supply chain through lean manufacturing and mass customization process to achieve high productivity and high customer satisfaction. From mass customization manufacturing process, Timbuk2 managed to provide custom-made bags with low unit costs with nearly 100 % utilization. The reason behind it was that they provided those choices to the customers, which were attractive for customers but also easy to manufacture. Timbuk2 gained high customer satisfaction with higher profits through mass customization. Moreover, by offering alternative logo colors to the customers, Brenman was able to perceive pure profits. By giving a priority to the customized bag’s orders over traditional, Timbuk2 executed the operations with nearly 100 % utilization and delivered the orders within 2-3 days. It is clear from Table 1that from all five channels, through eCommerce, Timbuk2 has obtained much more profit than Domestic, International, Corporate or “other” channels. The average price per unit of eCommerce channel was more than twice of the other four channels’ average prices per unit.

In 2002, Timbuk2 got a chance or challenge to manufacture in China. According to Table 4, all the manufacturing expenses would be the same, whether Timbuk2 produce in San Francisco or China, except labor wages and transportation expenses. Manufacturing in China will result in earnings of more than $11 per bag including transportation expenses to San Francisco as per Table 4. Despite that, outsourcing to China can affect the brand name because the company might lose some customers because of “Made in China” label. Moreover, Timbuk2 will be needed to invest in inventory holdings to store the bags in a huge quantity to make up a longer lead time. The storage should be much bigger as there was a demand fluctuation in all the channels throughout the year-2001. Also, many costly trips will be needed for quality assurance and assistance.

According to the circumstances here, Mulligan should move the corporate channel to China for now. This channel has approximately the same lead time as the company delivering right now. The company can preorder the traditional bags and store it to make up with the shipment lead time. Timbuk2 will still be a Domestic producer and it will also increase the productivity of San Francisco operations. The customers who prefer to buy “Made in the US” products will be able to buy their bags from here. After they set up a manufacturing plant in China, they can move the domestic and international channels as well. This might be proven as a change Mulligan needed. It will not be a sharp learning curve, but it may open a gate to the Asian market for Timbuk2.