|  |
| --- |
| SPM – Wal-Mart Assignment |
| **Group 20 Members -**  Anirban Roy Choudhury (EEPITM-01-001)  Gaurav Pratap Singh ( EEPITM-01-004)  Satyajit Mohanty (EEPITM-01-020)  Siddharth Verma (EEPITM-01-023) |

Table of Contents

[Introduction 2](#_Toc352884956)

[Question and Answer 2](#_Toc352884957)

[Conclusion 3](#_Toc352884958)

## Introduction

Wal-Mart, world’s largest retail store chain, took a decision of implementing RFID technology into their Supply chain management system for making the SCM system transparent. This decision was announced in 2003 and the goal was to implement it by 2005 by all the suppliers supplying goods to Wal-Mart irrespective of the type of goods supplied whether it is a FMCG like toothpaste or a high value item like a TV.

The decision to implement the same by Wal-Mart to have a better customer service, reduce inventory levels at the Wal-Mart store as well as at the supplier level and keeping the prices of the goods low and sticking the Wal-Mart slogan ‘Always low prices’.

## Question and Answer

1. **How would having a clear MOV (Measurable Organizational Value) and business case help Wal-Mart and its suppliers decide whether an RFID supply chain makes good sense for everyone?**

In this case Wal-Mart just issued a mandate to ALL the parties involved without providing them enough information so that they can decide if this venture will be beneficial for everyone. This lack of information could have been addressed better with clear **MOV** and **Business Case** in following ways.

1. Would have provided better background to the proposal for all the parties instead of a mandate. This also would have provided clear project objectives and values.
2. Market analysis with respect to RFID technology would have provided valuable information for all stakeholders.
3. Clear Objectives, clear definition of the future states and desired outcomes might have provided a better understanding to the suppliers about what they are going to deliver by bringing the changes.
4. Alternatives currently available to stakeholders and their analysis based on cost and benefits for each.
5. Implementation outline would have provided valuable information with respect to infrastructure, operations etc. for the RF ID technology.
6. Would have revealed cost and benefits involved for the stakeholders i.e. “total cost of ownership” versus “total benefit of ownership”.
7. Could have identified the risks involved for the RF ID technology implementation.

Clearly, when all of the points above are addressed via a formal business case then it would have helped all the stakeholders to understand the benefits involved with this new system.

1. **What are going to be the essential challenges in building a good business case for an RFID business case?**

Following could be the essential challenges for an RFID business case.

1. Wal-Mart vision of using RFID for their SCM was ahead of the time before the technology could well be tested and accepted in the industry hence, incomplete standards for RFID and therefore the equipment wasn’t fully developed.
2. For a project to be successful, the project to be delivered on schedule within budget and it should be of quality, but here with uncertainty of RFID technology, the schedule was always a moving schedule for the or stakeholders.
3. The price of RFID tags were considerably higher in comparison to FMCG products like toothpaste, hence it was not making a compelling business case for the supplier to use RFID tags for the FMCG goods where the profit is extremely low .
4. All RFID tag’s and readers manufactured are NOT compatible.
5. Radio waves on which the RFID technology works were NOT able to provide good read rates for readers so the product reads in warehouses were inaccurate. Radio waves were also not stable near certain elements like liquid, metal etc. which also contributes to the technology malfunction.
6. Cost of future generation of RFID tags without radio frequency problems mentioned above is currently not estimated.
7. Create opportunity for the competitors to trap the valuable vendor to be part of their supply chain because applying RFID to their system will reduce their bottom line without change in there top line.

## Conclusion

The decision taken by Wal-Mart was more of an authoritarian style rather a consultative or a collaborative one, because of which this was not very well accepted by the impacted parties.

Moreover the decision taken to implement RFID was more of building a better brand image when the image of Wal-Mart was tarnished because low wage payment, hiring illegal immigrants etc.

When the decision was taken to implement, the RFID, there was no feasibility study carried out and there were no experts available to validate or verify the technology, whether this project will be a success or not. There was no calculation on the cost to implement the same and how much is it going to cost to the supplier to implement the same.

Here Wal-Mart because of its size it ignored the suppliers who play a bigger role in the SCM system.