**SUPPLY CHAIN MANAGEMENT BY UNILEVER**

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# 1.0 Introduction

Every organisation aims to deliver the product to their customers more efficiently and rapidly.

The supply chain helps the organisation in delivering the product to their customers, it begins with the source of raw materials and to final product delivery to the consumers. This report aims to determine the perspective of the management of the supply chain by Unilever's manufacturing company and how it helps in the business operation of the company. The company deals in consumer goods that are fast-moving and sells its products in more than 190 countries and is headquartered in London. The vision of the company is to build a sustainable company for a better future.

Supply chain management includes the storage of raw materials, logistics, inventories, and final products. Unilever created a suppliers’ network that helps to forward the product from suppliers of raw materials to a such organisation that deals in retail. Supply chain management requires proper planning as it helps to manage the resources that are necessary to meet the demand of the customer and whether it is efficient to meet the goals of the company. It is also essential to determine suppliers that can provide services and goods that are necessary for product creation and then order and receive materials.

Before establishing a supply chain relationship, the company should ensure that receiving customer orders, dispatching an item, and scheduling delivery are essential elements in good supply chain management. To strengthen the relationship with the suppliers the company launched a program and also integrated digitalization into their company to maintain sustainability. This report will evaluate the contemporary challenges that the company face and will also describe the existing strategy of supply chain management and give an insight into the potential strategies that the supply chain management required for better performance.

# 2.0 Analysis

## Identify and explain the company’s contemporary challenges and existing strategy in supply chain management.

*Challenges that the company faces in supply chain management*

Supply chain management is the process through which the activities related to the supply chain are managed to gain a competitive advantage as well as to gain value for the customers (Zekhnini, *et al*.,2020). With efficient supply chain management Unilever is able to manage its workflow easily. Though supply chain management helps the company to expand its business there are a few challenges that companies generally face related to supply chain management. The challenges that the company generally faces are listed here:

Better customer service: Supply chain management is generally focused on the needs and demands of the customers; it provides good quality products in exchange for money. Customer preference changes rapidly and to adjust to their preference Unilever needs to collaborate with the supply chain that can provide an innovative solution so that the company can retain customers.

Increasing cost: Due to economical constraints the price of raw materials, and labour are increasing rapidly globally, creating a challenge for Unilever, also increase in the freight cost is also the greatest challenge for the company (Bressanelli *et al.*,2019). Inflation is another challenge that the company has to face.

Managing risk: Due to the ever-changing market environment that arises due to the various political and other sources, there may be a disruption in the operations of the company which is a great challenge for the company, forecasting the demand of the customer is also a great challenge for Unilever.

Relationship with suppliers: For the effective management of the supply chain, it is necessary to build a mutually strong relationship with the suppliers so that Unilever can deliver high-quality products to the customers timely which also helps the company to improve their performance.

Congestion in Port: Due to the pandemic there is increased traffic in the port causing a great challenge for the supply chain to work effectively. It occurs as the ship arrives but cannot unload the materials due to the presence of another ship.

Delay in shipping: Procurement of the products is easier than delivery as it is not possible to ship the product on time due to unavoidable circumstances. For effective management of the supply chain, Unilever needs to manage a proper warehouse so that the materials required on time can be managed effectively as it is essential for the smooth running of the company's business.

Everchanging market environment: With the advancement of technology the market environment is changing rapidly and it becomes difficult to adapt to the new technology abruptly as it required proper infrastructure to integrate those technologies with the existing ones.

*Supply chain management strategy of the companies*.

A long-term plan is generally developed by the company for the effective management of the supply chain which is regarded as the supply chain strategy, in order to achieve the organisational goals which, ensure the smooth flow of the goods from their suppliers to the end consumers (Gupta *et al.,* 2020). The factors that need to be considered to adopt a proper supply chain management strategy are the needs of the customers, the current market demand, and the available resources of the company. The strategy is made to create an efficient supply chain that will deliver products of high quality and will give the company a competitive edge in the market which will also help the company to maximize its profitability.

Three important thing needs to be considered for the effectiveness of the supply chain strategies, firstly the design of the strategy is the location of the warehouse, and technological investment needs to be designed properly. Secondly, planning the strategy effectively which includes the entire process to achieve the goals which is generally a template that is required for the implementation of the strategy, and finally, the execution of the strategy that involves stakeholders and it is necessary to monitor and track the performance and to make adjustment according to the necessity, for executing the strategy communication is essential to achieve the goals of the company effectively.

There are various types of supply chain strategies that the company uses for the effective running of its business. Some of the supply chain strategies that Unilever has adopted to increase the effectiveness of their business follows

Demand-driven supply chain strategy: this strategy is focused on the customer and through this strategy samples are collected, and data are gathered by using the technology to evaluate the demand of the customer and then adjust the production according to the current demand of the customer.

Agile supply chain strategy: This focusses this strategy basically focuses on flexibility and response to the changing demand of the market environment it enables the organisation to adapt to the situation according to the market needs and helps the management to take quick and effective decisions to change the process of the production and to relocate the products swiftly (Alzoubi *et al.*, 2020).

Collaborative supply chain strategy: this strategy helps the organisation to collaborate with the suppliers, customers, and other stakeholders involved in the supply chain to reduce cost and increase the satisfaction of the customer, this strategy helps to share information and resources to form an efficient supply chain.

## Suggest potential supply chain strategies and activities that can be employed for better supply chain performance – Theoretical and Practical implication

*Theories of supply chain management.*

There are two important theories related to supply chain management one is just in time theory and the other one is the Agile manufacturing theory. They have described here:

Just-in-time theory: This Theory of supply management explains that the right quantity of goods should be supplied within the stipulated time without any kind of surplus (Nugroho, *et al.,* 2022). This theory is based on various theories like (MRP) materials requirement planning with states that proper planning is required before placing and supplying the order which must include the specifications from every customer. The theory of constraints, this theory designs the budget that is required for the organisation. PIRMS (performance information risk management system) is a practice that ensures that the risk involved during the procurement and the supply procedures should be taken into consideration, and the final one is TQM (total quality management) which says that the raw materials that are supplied should be of relevant quality. Managers at Unilever generally follow the Just in Time theory which helps the company to deliver its products to the end customers at the stipulated time.

Agile manufacturing theory: This theory states that supply chain management should be inclined toward the improvement of the output that are existing in the organisation (Iqbal, *et al.*,2020).This theory is also based on various other theories like time-based Competition Theory which ensures that the supply should be done in proper time, then there is the quick response manufacturing theory which explains that there should be a prompt response while dealing with the process of manufacturing. Agile manufacturing theory is also based on the customer relationship management theory which explains that supply chain management should be designed effectively so that a good relationship can be established with the customer's requirement. Change management Theory states that the supply process should be in consideration with the relevant requirements and procedures.

Apart from the theory of just-in-time and the Agile manufacturing theory, there are other theories as also available in the supply chain management procedure which are resource-based review which states that while designing the supply chain management the company should ensure that they have available resources. The company also needs to analyse the transaction cost that they have to incur during the supply procedure.

*Strategic management of the supply chain by the company for effective performance.*

Although there are various strategies of the supply chain that helps Unilever for running their business effectively but few strategies need to be improved in the supply chain management to cope with the ever-changing market environment which will help the organisation to improve customer satisfaction and will give the company a competitive advantage in the manufacturing industry. It is important to improve the relationship with the supplier that is reliable and can be effectively communicated and supply very fast products so that the company can effectively run its business. It is also important to improve the technology in the supply chain management Unilever should adopt artificial intelligence (AI) in their supply chain to increase their productivity and to monitor various other factors involved in the organisation (Toorajipour *et al.*, 2021). Unilever should plan according to the market demand for instant the company is selling its beauty line products lux soap, but suddenly there is a surge in the demand for Dove soap, the company needs to respond according to that and they need to connect with the suppliers that can supply dove soap.

The company needs to have a Council of the supply chain that will determine the strategy that is required for the operation of the company. Unilever needs to be more resilient whatever be the market environment and it also important to maintain transparency with the supply chain through effective communication which will help the organisation to perform effectively. Unilever's CPFR (collaborative planning forecasting and replenishment) strategy help them to expand their business and they became the epitome of the first-moving consumer goods industry. Unilever, logistics team has the potential to meet the organisational goals the company has merged 30 warehouses into 5 huge distribution hubs to fulfil the orders of the end customer within a stipulated time or in a single day (Cascade, 2023). Various companies have also adopted strategies according to the advancement of technology that will improve their efficiency, for an instant, Amazon has the most effective supply chain as it implements AI in the operation of its supply chain and it has the most extensive distribution network which helps them to fulfil the requirement of the customer. Furthermore, Amazon has employed robot in activities carried out in the warehouse to pick up and pack orders which help the company to accelerate its business as they can work around the clock, unlike humans this AI does not need a break. Amazon recently introduced a robot named Scout to deliver products to the customer’s doorstep. By implementing these improved supply chain strategies Amazon has a wide supply chain network.

# 3.0 Conclusion and Recommendations

**Conclusion**

To conclude this study, it can be noted here that the major objective of Unilever’s supply chain is cost-reduction and uninterrupted production so that the company can meet the demands of the consumers throughout the year. Moreover, Unilever focuses on sustainable procurement and it has over 54,000 suppliers. In addition, the company in order to strengthen its supply chain partners with other large or small companies, in fact in 2021 Unilever launched the “Partner Promises programme”. The company has further strengthened its supply chain with the help of integrated technology and digitalisation. In terms of inventory management, the managers at Unilever follow a just-in-time (JIT) model. The JIT model has been helping this company to deliver products to retail stores at the proper time. Moreover, to forecast product demands, Unilever heavily relies on the decisions of the operation managers. The operation managers usually have a practical understanding of the demands and needs of local consumers, thus this strategy of relying on the decisions of operations managers has also been helpful for the SCM of Unilever.

**Recommendation**

* Unilever sells its products under over 400 different brand names and thus the complex supply chain of Unilever requires the implementation of advanced technology like IoT and AI.
* The company has to provide training to the employees so that they can become familiar with new technology. Without providing proper training to the employees, technology adoption will not be fruitful for this company.
* The company depends on the operations managers to have a comprehensive understanding of product demands; however, it is recommended that demand forecasting tools like AI and ML need to be implemented to verify the predictions of the managers.
* In addition, it is recommended that as the company manufactures a wide variety of products, it is important for the company to predict product-wise demands. This will help the company in its inventory management and in enhancing customer experience.

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