Supply Chain & Inventory Management

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Abstract

Supply-chain management (SCM) involves the movement of storage supplies from the point of origin to the point of consumption. Becker-Peth, M. (2012) explained in his article that a group of capitals and explanation provides an overview to SCM and associated schemes for scholars, consultants, and anyone else concerned getting knowledge more about how to project, production, transportation, supply, deliver, and accomplish success. Costco is a largest retailer who maintains different strategy for supply chain and they believe SCM is a major aspect to succeed in their business. Costco is more successful in their SCM, however, sometimes they lack in this area. Firstly, they don't have enough employee on the store to answers customers question. Customer must wait for longer time if he has any question specially during the weekends and the holiday season. Secondly, Costco doesn't sell products with high bulk/wholesale prices. Thirdly, they usually sell all inventory in bulk which is a problem who live alone or only two of them at home. This paper will explain how the supply chain can be improved to get a good result.

Keywords: SCM, Bulk, Items, Cost, Inventory, Supply Chain, Quality, Quantity, Product

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Numerous studies have been conducted on various SCM technique. Becker-Peth, M. (2012) wrote in his article to hold SCM before fully understand what is needed to make it work and company could end up putting more risk if the understating is not correct. Proper employee training is needed to get successful in business which Costco does as it is a largest retailer. Costco always collaborate with their supplier to get the delivery of the material soon so that they can display and sell the product soon. Sometimes they tie up with other company who can rent their store to sell their products. Costco's responsibility is to display the vendors items and many times their own inventories. Sometimes if the item is not sold on time, the vendor company try to take the products back from the store. Costco has good sustainable relationships with their suppliers for getting the inventory with a standard price. Such a way the SCM work well as they have good relationship with suppliers. However, just keeping the right number of products and meeting demand is not just a matter of estimating tools used by the tracking team, but also using subdivisions across the company. Sometimes Costco lack in SCM as they don't sell products with high bulk/wholesale prices. They also sell few items like vegetables, fruits etc. in bulk so many of them avoid going to Costco if they live alone.

Literature Review or Background

In Becker-Peth, M. et al.' (2012) summary article, SCM behavior is discussed, how decision-based behavior has worked. Costco always takes the precious decision when it comes to SCM and they are very successful. However, sometimes Costco don't preserve the efficient supply chain are not just placed at the business headquarters, it is also the employees on the ground within the company. Specially during the holiday season due to lack of inventories

customer leaves the store without buying the product what they wanted to purchase. Secondly, they don't sell products with high bulk/wholesale prices. If someone wants to purchase any product on high bulk wholesale price, then they will not go to Costco. Thirdly, they don't sell products with small quantity for few items like vegetables, fruits etc. Who stays alone at home is just waste to buy in bulk as these items gets spoil soon.

Discussion

Costco who maintains different strategy for supply chain collaboration as they believe SCM is a major aspect to succeed in the business. Costco always collaborate with their supplier to get the delivery of the material soon so that they can display and sell the product soon. Sometimes they tie up with other company who can rent their store to sell their products. Costco's responsibility is to display the vendors items. Sometimes if the item is not sold on time, the vendor company try to take the products back from the store. Costco has good sustainable relationships with their suppliers for getting the product with a standard price. Such a way the SCM work well when they have good relationship with suppliers. Costco also have their own products which they sell in the store. They have enough supplies for their inventories. They also sell products like furniture, instruments, Gym equipment etc. They do online delivery where customer must assemble the products at home. So, the items take less space and in one vehicle they can do multiple shipment for many customers at the same time which save cost of the transport. If the item is not available in their warehouse and it is available in one of the store nearly, they try to book the items from the store. This is a great collaboration example of supply chain where the product is sold, and they earn the money. Costco operates a mixed supply

services to achieve the complete objective of operating with an effective supply chain management.

Costco has a supplier variation approach for this decision area of operations management. However, the Costco's supply chain management is focused on the low prices and its quality. As a result, Costco proposes a limited collection of products at its warehouses/stores. Though it is a largest grocery retailer, the company sometimes don't keep the sufficent items on store. They may do, but due to a huge crowd the product may sell soon. So, the customer went to purchase the item come back without buying it. Company can gain if they sell more number of items. To cut down the labor cost, they don't have enough people working on the store. So, if a customer wants to check with someone to get information about any product, they must wait for longer time as the employee is busy talking to other customer. The product may be available in the back store, but it is not on the shelves. The customer may leave the store without buying the items they came to buy. It may not be on the weekdays but due to huge crowd during weekends and holiday seasons, Costco should come up with an idea so that they can allocate more employees during the weekends and holiday seasons.

The company doesn't sell products with high bulk/wholesale prices. If any customer wants to buy some product in high bulk wholesale price, then they don't go to Costco. As they sell low bulk product in store, they also can keep high bulk wholesale items to attract more customers and succeed more in the SCM.

Let's talk about the items which gets spoil quickly and if the person is alone in the family or only two of them, they will not buy the items from Costco. The dry items can be purchased in bulk but not the items like vegetables, fruits etc. which gets spoil soon. One more example like if a customer wants to buy a cake, let's say the cost 18$, if the person can't finish it within two

days, it becomes hard and must be thrown. So, sometimes if customer wants to buy a cake but, they avoid thinking half will be spoiled and why to pay 18$ when from outside the customer can get it for 10$ with less quantity which is sufficient for that person. So, the food is not wasted. This is just an example, but this is a valid reason why few customers don't go to Costco often.

Conclusion: Costco should come up with supply chain idea where they can allocate more employees during the weekends and holiday seasons. They also can keep high bulk wholesale items and few items with less quantity instead of bulk so that all types of customers can visit them. A company can grow more when they sell more. No doubt Costco is very good in that as they are the largest retailer, but they should keep in mind all customers need like those who wants to buy items with less quantity and very large quantity products. Overall, improving a dolphin choirinvolves complete company participation.

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AUTHOR'S PROFILE

Moonmoon Chakraborty has more than 10 years of experience in professional services and dynamic consultants on the overall design, configuration, delivery of software, data solutions to meet customer requirements. She is also engaged in Data Management practice with deep focus on Data Architecting, Data Modeling, Data Integration, Data Conversion and DATA Quality. She is instrumental in diverse databases platforms such as Oracle, Teradata, PostgreSQL, DevOps and in AWS Cloud. Her passion is to interact with business teams, oversight and direction to project and technical team members in all stages of the implementation lifecycle and translating client desires into a solution. Moonmoon is based out of Chicago. She holds Bachelor's degree in Computer Sc & Engineering and Master of Science in Information Technology. She is certified with many Oracle database certifications, Prince2 foundation and practitioner, Agile Scrum Master, ITIL foundation and expert. She takes many initiatives at work, establishing strategic objectives, project plans, milestone and make dramatic deterioration in business while meeting the project objectives and deadlines.