## Team Assignment 1

## Case: Bergerac Systems: The Challenge of Backward Integration

## This assignment does not assume knowledge of supplier management concepts (Module 4).

## General Guidelines

* This team assignment is worth 100 out of 1000 points, so 10% of your course grade.
* Please work with your assigned team to analyze this case and to submit one team report.
* Each team member will have the opportunity to evaluate the participation of other team members at the end of the course.
* List names of team members in alphabetical order of last name at the end of your report.
* In evaluating this team assignment, we will consider the following aspects:
* Clear communication and organization (you may include tables, figures, and bulleted lists as needed). Use of proper grammar and absence of any slang.
* Demonstration of understanding of the business context and required decisions.
* Application of concepts that we have discussed in this class up to this point (up to and including Module 3). **F**eel free to apply other knowledge (e.g., from your experiences or other courses, or working ahead in this course) of concepts and quantitative analysis.
* Use of general economic principles such as cost-benefit and pros and cons of decisions.
* Analysis of the case as directed by the questions and based on logic and reasoning.
* Clear and coherent recommendations, including pros and cons.
* Mention of any additional information that you believe can help you with the decision.

## Case Specific Guidelines

Your objective is to prepare a report as consultants evaluating Bergerac Systems’ options for backward integration. Backward integration means a firm developing its own operation to do something or make something which has so far been done by its supplier(s). Backward integration is done by either a company buying its supplier(s) or by a company developing the operation that has so far been outsourced, i.e., done by supplier(s).

In your report, please address the four prompts noted below and the sub-topics noted under each. The four prompts are equally weighted for grading. The sub-topics are not assigned weights – they are intended to give your team an idea of the intention of each prompt. Please address each sub-topic, and you can choose to include aspects beyond the listed sub-topics. Clearly indicate the answers to each prompt (not necessary for each sub-topic) using four bolded paragraph headings. The length of your response for the four prompts need not be equal; for example, when responding to a specific prompt you may refer to the information that has been covered in responding to a previous prompt in your report.

The guideline for this report is 2000 words overall, including any figures and tables you include (as needed) and 1-inch margins all around. Use 2 line spacing. The length is a guideline and not a requirement or limit and you will not lose points for going over the word limit to a small extent. Your report may or may not include quantitative analysis of your own but be sure to carefully scrutinize the assumptions for the calculations presented in the case.

## Prompts to include in your report

1. Describe Bergerac System’s product and market, including information about how they have changed and/or are changing. Describe / analyze the following aspects:

* The immediate and ultimate customers for Bergerac.
* Order winners and order qualifiers for their products.
* Developments in the market for Bergerac’s products.
* The market outlook for Bergerac’s products.
* Nature of the demand for the part of the product that the case focuses on.

1. Describe the challenges that Bergerac is facing, and the decision it needs to make. Include:

* The current production process for the part of the product that the case focuses on.
* The nature of the current suppliers of Bergerac.
* The challenge that is prompting Bergerac to consider backward integration.
* The backward integration decision that Bergerac is considering.

1. Compare the alternatives that Bergerac is considering for its decision. Include:

* Comparison of make versus buy option in the type of operation that Bergerac is looking to integrate. You do not need to apply any supply chain management frameworks. Instead, use your knowledge of business and experience, what you learned in Operations Strategy, to compare sourcing from a supplier versus making inhouse.
* Listing of pros and cons including intangible costs and benefits of the alternatives that Bergerac is considering for backward integration.
* Critical scrutiny of Bergerac’s analysis of the proposal pointing to any problems with their methods and assumptions for evaluating each alternative.

1. Develop a clear recommendation for Bergerac. Your recommendation may or may not be from one of the alternatives presented in the case. Ensure that you:

* Provide justification for your recommendation.
* Cite relevant information from the first three parts in your report (some repetition in your report will be warranted here).
* Describe the challenges of implementation of your recommendation
* Point out the risks faced by Bergerac if they adopt your recommendation.