FEEDBACK TUTORIAL LETTER

1st SEMESTER 2017

ASSIGNMENT 2

PRINCIPLES OF LOGISTICS MANAGEMENT

PLM611S
Feedback Tutorial 2

Principles of Logistics Management

Assignment 2

Dear Student

Firstly, let me thank all the student who managed to submit their 2nd assignment. To the few students that attended the vocational school, I hope most of the questions that you were struggling with are answered, and that you have a better picture or you are enlightened about the subject in question. I believe assignment 3 and 4 will be easier to tackle.

Remarks on Assignment 1: The biggest problem that I noticed during these assignment is that students are still not referencing their work in-text. As discussed in the vocational school that referencing your in text is very important and it’s totally different from the list of reference that you must provide at the end of the assignment. Include an in-text citation when you refer to, summarize, paraphrase, or quote from another source. ... APA in-text citation style uses the author’s last name and the year of publication, for example: (Field, 2005). For direct quotations, include the page number as well, for example: (Field, 2005, p. 14). Mar 8, 2017. You should reference your work in text and at last page as appendix the full reference.

In general I am happy with this assignment. Please type your assignments and be guided by the marks allocated per question.

For your 2nd Test please study unit, Inventory Management and Warehouse Management.

Best Regards.

ASSIGNMENT 2

CASE STUDY
This case focuses on the incredible growth that Timberland Corporation has experienced since the 1970s, and how the growth has impacted Timberland’s supply chain management and logistics systems.
In the early 1970s, Timberland was a small New Hampshire-based company that manufactured rugged, high-quality shoes. As a result of the quality of its products, Timberland eventually attracted the attention of an overseas buyer and started selling in a foreign market. As the company expanded to additional overseas markets, its once simply logistics and supply chain management system became inadequate. In fact, the company found that its logistics system was literally breaking down under the strains imposed by its rapid overseas growth. In an attempt to address this problem, Timberland partnered with ACS, a freight forwarder, and The Rockport Group, a software house, to significantly improved its logistics and global supply chain capabilities. The company's efforts have been successful. Today, Timberland is able to deliver products to customers, in all of its foreign markets, exactly when they need them.

You were had to do extra research on the company in question for you to obtain good marks or full marks.

Questions
1. What caused Timberland's logistical problems in the 1990s? What do you think were the competitive and financial consequences of these problems? [12 marks]

Suggested Answers

What caused Timberland logistical problems – relates to the process of planning, organising to make sure that resources are in places where they are needed, so that activity or process happens effectively

The incredible growth that Timberland Corporation has experienced since the 1970s, and how the growth has impacted Timberland's supply chain management and logistics systems. In the early 1970s, Timberland was a small New Hampshire-based company that manufactured rugged, high-quality shoes. As a result of the quality of its products, Timberland eventually attracted the attention of an overseas buyer and started selling in a foreign market. As the company expanded to additional overseas markets, its once simply logistics and supply chain management system became inadequate. In fact, the company found that its logistics system was literally breaking down under the strains imposed by its rapid overseas growth.

- The unplanned increase in demand lead to the company not meeting the 4 R’s and created different types of challenges – distribution challenges, warehouse management, inventory management and transportation challenges

What do you think were the competitive and financial consequences of these problems?

This competition can be related to product and service cost and price, target market, technological adaptation, quick response, quick production by companies etc. When a company produces with less cost and sells cheaper, it is able to increase its market share.

Customers have a large multitude of choices in the market and this affects their behaviors: they want to acquire goods and services quickly and in a more efficient way than before. They also expect high quality and low prices. All these expectations need a response from the company, otherwise sales of company will decrease and they will lose profit and market share. A company
must always be ready for price, product and service and customer preferences because all of these are global market requirements.

Conducting business on a global basis has always been of great personal interest to me, and it has also been both a pleasurable and financially rewarding experience. However the days of doing business abroad are no longer a luxury. The ability to conduct business internationally is an absolute necessity if you hope to remain competitive in today’s marketplace.

Expanding the geographic footprint of your business has always been an expensive and risky proposition. In today’s marketplace conducting business internationally is as much of a defensive play as an offensive play. In examining the upside of going global, consider the sheer size of international markets as contrasted with the size of the domestic market and you will likely find that the majority of your potential customers live abroad. So if you could double, triple or quadruple your revenue why wouldn’t you aggressively pursue that goal? Now consider the downside of not going global – if your company is not pursuing those customers your competition will. They will not only take a first mover’s advantage of securing customer loyalty and brand recognition, but they will also tie-up key partners and distribution agreements. As consumers continue to become more demanding and the world economy continues to flatten there will soon be an expectation that you be able to serve multiple markets in a seamless fashion. Being a slow adopter in today’s world could eventually damage your business.

In order to meet increased consumer demand many businesses are attempting to expand their geographic footprint and extend their value chain to an international level. The impact of globalization on business is best evidenced by the huge proliferation in cross-border transactions. In order to protect yields and maintain competitiveness, businesses are continuing to diversify their footprint as it lowers the beta factor on their investments by spreading risk across a broader market

A firm’s efficiency is affected by its size. Large firms are often more efficient than small ones because they can gain from economies of scale, but firms can become too large and suffer from diseconomies of scale. As a firm expands its scale of operations, it is said to move into its long run. The benefits arising from expansion depend upon the effect of expansion on productive efficiency, which can be assessed by looking at changes in average costs at each stage of production

- Directed to the case study
  - Timberland will lose customers and their competitive edge
  - Delays in delivering goods and services could have a negative impact on their bottom line
  - Diseconomies of scale
  - Increased Transportation costs due to frequent deliveries, challenges of transportation capacity
  - Challenge to remain sustainable
  - Communication challenges
  - IT challenges
  - Tarnished the company image/Brand
  - Lack of knowledge of the global supply chain
  - Managing uncertainty of inventory
What was the key to solving Timberland’s logistical problems? Why? What are the consequences of this solution likely to be for Timberland’s competitive position and financial performance? [14 marks]

What was the key to solving Timberland’s logistical problems?

There’s 3 questions to be addressed: sample answers but it’s not limited to what I have provided below

- Logistics problems of Timberland were solved when they decided to partner with ACS freight forwards and the Rockport Group a software house – outsourcing.
- Transportation cost reduction – e.g less frequent trips – Truck Loads
- Inventory, distribution and Warehouse Management – e.g Implementing JIT, Lean concept, Continuous Improvement
- Improved customer service
- Insure consistent quality of inputs for production – to have high quality output of products
- Integration, Reduced overheads costs

Why

Meeting customer demand and providing superior service is one of the most important benefits of good logistics management. Consumers demand better service and this mandate has ripple effects up the supply chain, creating a need for shippers to provide fast, accurate and quality service. Logistics management is responsible for satisfying customer demands.

Logistics management is also important for creating visibility into a company’s supply chain. Advanced transportation management systems (TMS) analyze historical data and track real-time movement of goods into and out of a business. Logistics managers can use this information for process optimization and avoiding potential disruptions. TMS data analysis keeps a company’s supply chain moving more efficiently, all while gaining operational insight.

Proper logistics management drives increased revenue. Improved customer service can bring a good reputation to a company’s brand and generate more business, and supply chain visibility creates opportunity for major cost savings in operations. Logistics management will give a company control over inbound freight, keep inventory at optimal levels, organize the reverse flow of goods, and utilize freight moves on the proper transportation modes – all of which can cut costs significantly.
With the growing complexity of logistics management, many companies select a 3PL to manage some or all of their logistics functions. 3PLs have expertise and advanced technology to cut costs and improve processes much more efficiently than companies can in-house.

What are the consequences of this solution likely to be for Timberland's competitive position and financial performance?

**Reduce Delivery Times**
Any distribution channel member can benefit from reduced delivery times. A manufacturer can strengthen relationships with wholesalers or retailers by delivering orders more quickly. Resellers benefit because they can more effectively coordinate buying and selling activity. Additionally, end customers benefit from faster and more consistent on-time delivery when trade channel partners move goods efficiently.

**Optimize Inventory** Closely related to faster delivery times is the ability to optimize inventory levels.

**Improve Customer Relationships**
By managing the initial value chain factors, including inbound logistics, operations and outbound logistics, resellers can improve response times and minimize costs for customers.

**Enhance Revenue and Profit**
Ultimately, the bottom line benefits of value chain management are represented with enhanced revenue and profit. With efficient logistics and distribution, you can have products available when customers want them. Your marketing and sales efforts help to attract customers and motivate them to buy goods and relatively high price points. The combination of reduced logistics and distribution costs and optimal price points and revenue contribute to the best possible profit for your small business.

3. Timberland makes almost no products in the United States. Instead, it manufactured some products in the Dominican Republic and Puerto Rico, while outsourcing the remaining products from third-party manufacturers. Explain the probable thinking behind this strategy. Why does the company not outsource all its production? Why does the company make shoes in the Dominican Republic and Puerto Rico, but not the United States? [24 marks]

Most of you did very well with question 3, I will not include it in this feedback tutorial

TOTAL: 50 MARKS