Supply Chain Trends

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How to decide whether to off-shore / near-shore / on-shore?

In October, BCG released a second set of findings identifying seven broad industry sectors that it said were most likely to reach a “tipping point” over the next five years—a point at which China’s shrinking cost advantage should prompt companies to rethink where they produce certain goods meant for sale in North America.

For example, it projects how much production work is likely to shift from China to the U.S. in each of the seven tipping-point sectors: transportation goods, appliances and electrical equipment, furniture, plastic and rubber products, machinery, fabricated metal products, and computers and electronics.

Supply Chain Trends - Globalization

How to use flexibility?

As recently as 2003, production capacity at the company’s (Toyota’s) Durban Assembly plant was only 100,000. Of the 75,000 vehicles built that year, almost all were destined for the SA market.

Since then, the capacity has more than doubled. Actual production this year will be 215,000, and it will increase to 220,000 next year. Two-thirds of the production is destined for other markets. Almost 147,000 of the 215,000 vehicles built in Durban in 2008 will be shipped to countries in Europe, Africa and the Middle East.

*Financial Mail (South Africa, March 28, 2008)*
Supply Chain Trends - Globalization

*How to use global suppliers with varying capabilities?*

So while rivals outsource to Asia, Zara makes its most fashionable items – half of its merchandise – at a dozen company owned factories in Spain. Clothes with a longer shelf life, such as basic T-shirts, are outsourced to low cost suppliers, mainly in Asia and Turkey.

*Business Week, September 4, 2006*
How to build and manage a supply base in the face of disruption risk?

On March 17, 2000, Ericsson was one of the big international players in this industry, together with the Finnish company, Nokia, when a lightning bolt from a thunderstorm over Albuquerque in New Mexico hit a power line. This caused a surge in the power supply, resulting in a fire at a local microchip plant owned by Philips, the Dutch company, Ericsson’s chip supplier. The fire was brought under control in minutes, but not before eight trays containing enough silicon wafers to make thousands of mobile phones were destroyed. Far worse, however, was the smoke and water damage that contaminated millions of chips — almost the plant’s entire stock.

Nokia went to a backup source in 3 days but Ericsson could not. Ericsson reported losing $400 million in revenues.
Supply Chain Trends – Visibility and Collaboration

*How to coordinate flows in the supply chain?*

As 2012 comes to an end, the LCD TV panel market continues to be tight due to new process technologies, capacity conversions, a strong Chinese market, and average size growth.
Supply Chain Trends — Tailored supply chains

How to integrate online and brick and mortar channels?

Nordstrom

BUY ONLINE, PICK UP IN STORE
Supply Chain Trends — Responsiveness

How to provide same day delivery?

Amazon’s New Push for Same-Day Delivery Will Destroy Local Retail

By Farhad Manjoo