

# Supplier Development at SysInteg (C)

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**Supply Chain Management**

**Supply Chain:** ThecaseSolutions.com  
The supply chain includes all activities between raw materials and the end-user (Heutschi and Nichols, 2002)

**Supply Chain Management:**

- SCM is the management and organization of supply chain activities in order to create an efficient system. (Handfield and Nichols, 2002)
- Supply chain management focuses on the management of relationships within the supply chain and meeting demand throughout it. (Lapereere and Riff-Larson, 2003)

**Floor-Ready Merchandise**  
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- Merchandise that is pre-packed with all the components required for the shop floor, before it reaches the store.
- This includes finishing, hanging, packaging and security tags.
- The preparation should happen at the most logical point in the supply chain for the company.
- Retailers can avoid the tags out to the company preparing the merchandise, which allows retail stores the flexibility to source the floor merchandise from a single third-party company.

**Conclusion**

- is an essential component in managing the supply chain.
- Need to find the right approach for each retailer.
- aim to maximize value while minimizing costs.
- aim to be responsive and flexible.

**Vertical Integration**  
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**Advantages**

- The company has more control over each process.
- More quality control.
- Increases their visibility levels.
- Faster lead times.
- Cost control.

**Disadvantages**

- High investment required to set up the company.
- Hard to reverse the decision.
- Need an adequate volume of products to justify integration.
- Less flexibility.
- Potentially more expensive labour.

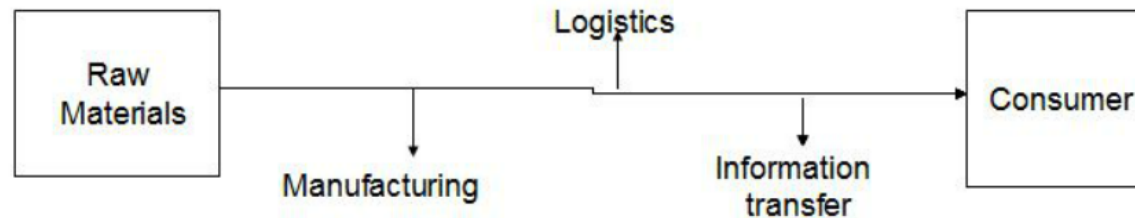
# Supplier Development at SysInteg (C)

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The workspace features a central monitor and laptop, surrounded by several documents and notes:

- Monitor:**
  - Supply Chain Management**
    - Diagram: Raw Material -> Logistics -> Inventory -> Consumer
    - Supply Chain: Thecasesolutions.com**
    - The supply chain includes all activities between raw materials and the end-user (Handfield and Nichols, 2002)
    - Supply Chain Management:**
      - SCM is the management and organisation of supply chain activities in order to create an efficient system. (Handfield and Nichols, 2002)
      - Supply chain management focuses on the management of relationships within the supply chain and meeting demand throughout it. (Jesperesen and Skott-Larsen, 2005)
- Laptop:**
  - Conclusion**
    - An essential component in managing the supply chain
    - Need to find the right approach for each retailer
    - Aim to maximise sales while managing costs
    - Aim to be responsive and flexible
- Documents and Notes:**
  - Floor-Ready Merchandise Thecasesolutions.com**
    - Merchandise that is pre-packed with all the components required for the shop floor, before it reaches the store.
    - This includes ticketing, hangtags, packaging and security tags.
    - The preparation should happen at the most logical point in the supply chain for the company.
    - Retailers can send the tags out to the company preparing the merchandise, while others might allow the factory to source the tags themselves from a suggested company.
  - Vertical Integration Thecasesolutions.com**
    - Advantages:
      - Control over each process
      - More quality control
      - Increase their visibility levels
      - Faster lead times
      - Cost control
    - Disadvantages:
      - Huge investment required to set up the company
      - Hard to reverse the decision
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      - Less flexibility
      - Potentially more expensive labour
  - Critique: Vertical Integration Thecasesolutions.com**
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  - Other Notes:**
    - The Art of Sell for Textiles** (Yellow note)
    - Attention Apparel** (Black note)
    - Supplier Development** (Green note)
    - Supplier Development** (Blue note)
    - Supplier Development** (Pink note)

# Supply Chain Management



## Supply Chain: [TheCaseSolutions.com](http://TheCaseSolutions.com)

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## Supply Chain Management:

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# The Aim of SCM for Retailers

## Aim:

- The overall aim is to fulfil the customer's demands in the most cost-efficient way (Jespersen and Skjøtt-Larsen, 2005).

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## Objectives:

### Improve Operations:

- Production lead times
- Rate of turnover
- Punctuality of deliveries
- Product range

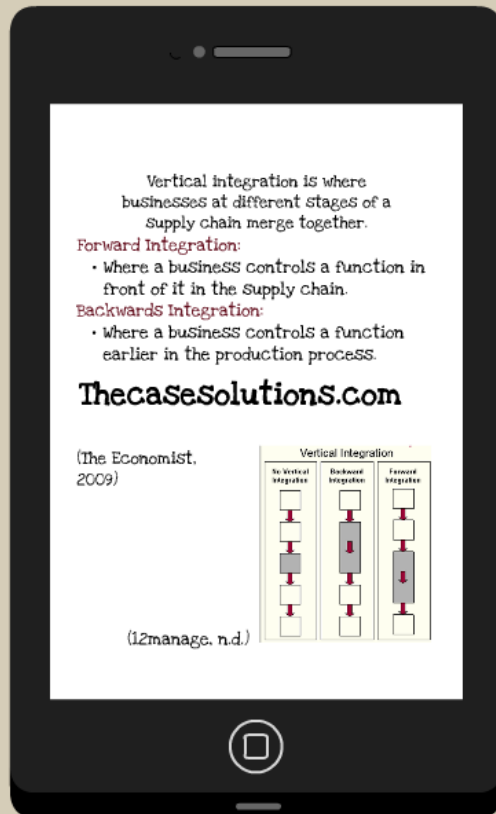
### Improve Quality:

- Product development
- Customisation
- Flexibility
- Environmental impact
- Product quality

Approach 1:

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# Vertical Integration



Vertical integration is where businesses at different stages of a supply chain merge together.

**Forward Integration:**

- Where a business controls a function in front of it in the supply chain.

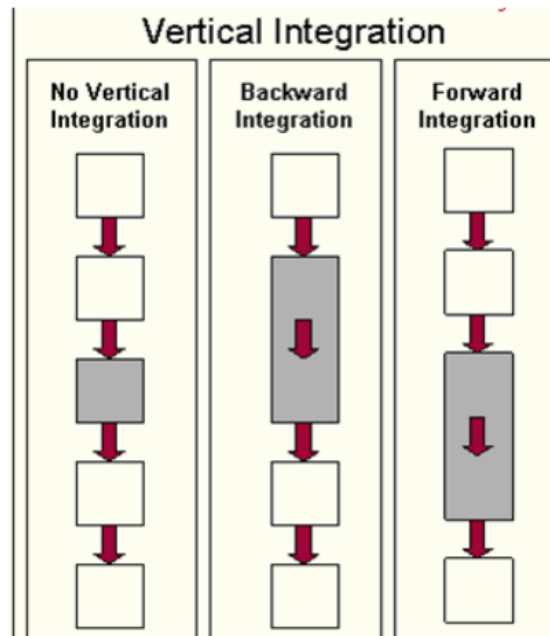
**Backwards Integration:**

- Where a business controls a function earlier in the production process.

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(The Economist, 2009)

(12manage, n.d.)



Example:

## American Apparel

Fully vertically integrated:

- Head office - marketing, accounting, design, photography, etc
- Manufacturing - fabric production, dyeing, cutting, sewing, packaging
- Distribution
- Stores / website

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What it means to them:

- Respond quickly to changes in the market
- Complete control over their products
- Self-sustainable
- Smaller carbon footprint
- Cost-efficient

(American Apparel, n.d.)

Critique:

## Vertical Integration

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### Advantages

- The company has more control over each process
- More quality control
- Increase their visibility levels
- Faster lead times
- Cost control

### Disadvantages

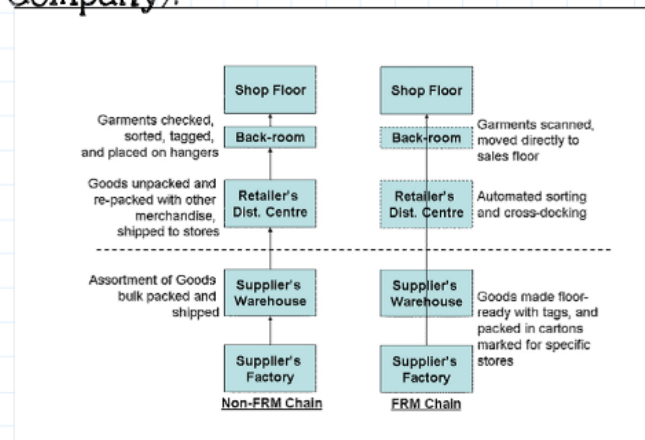
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# Floor-Ready Merchandise

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Comparison between a retailer implementing FRM and one with a traditional supply chain.  
(Dutta, 2004)

