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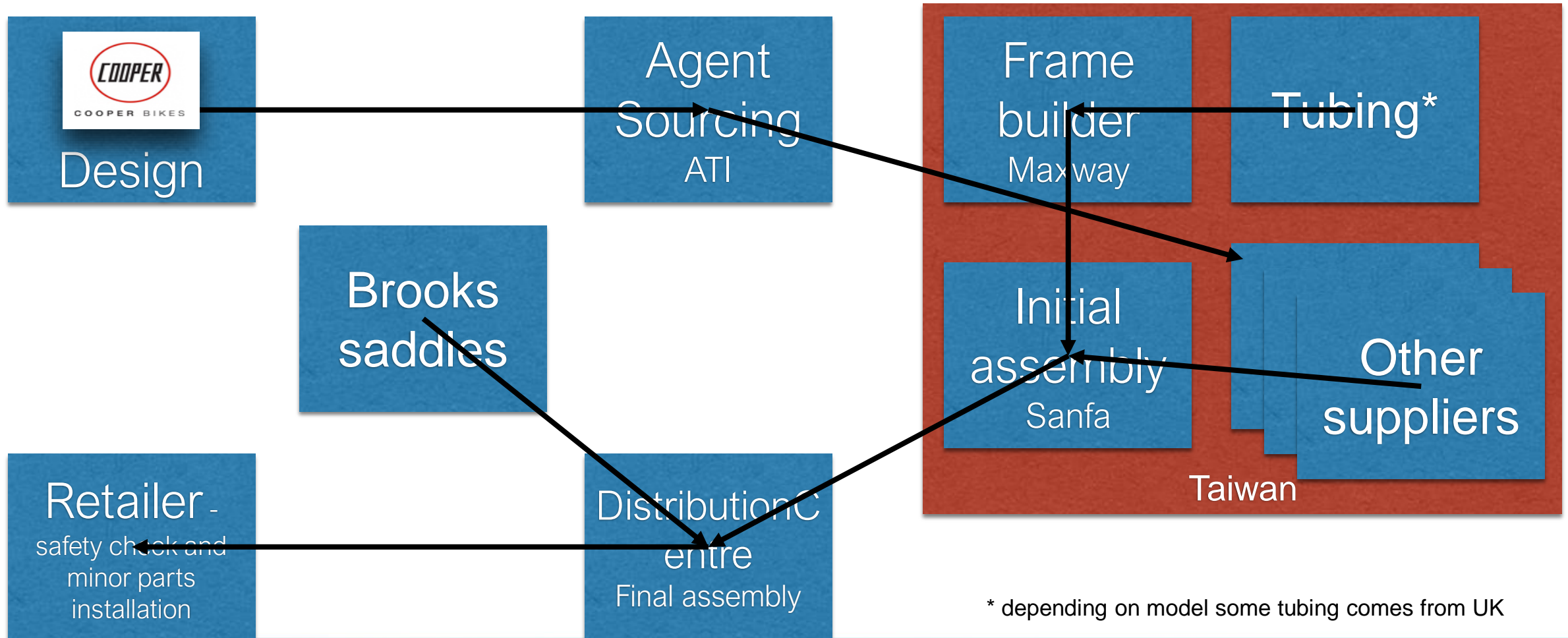
WARWICK BUSINESS SCHOOL
THE UNIVERSITY OF WARWICK

**For the
Open
Minded**

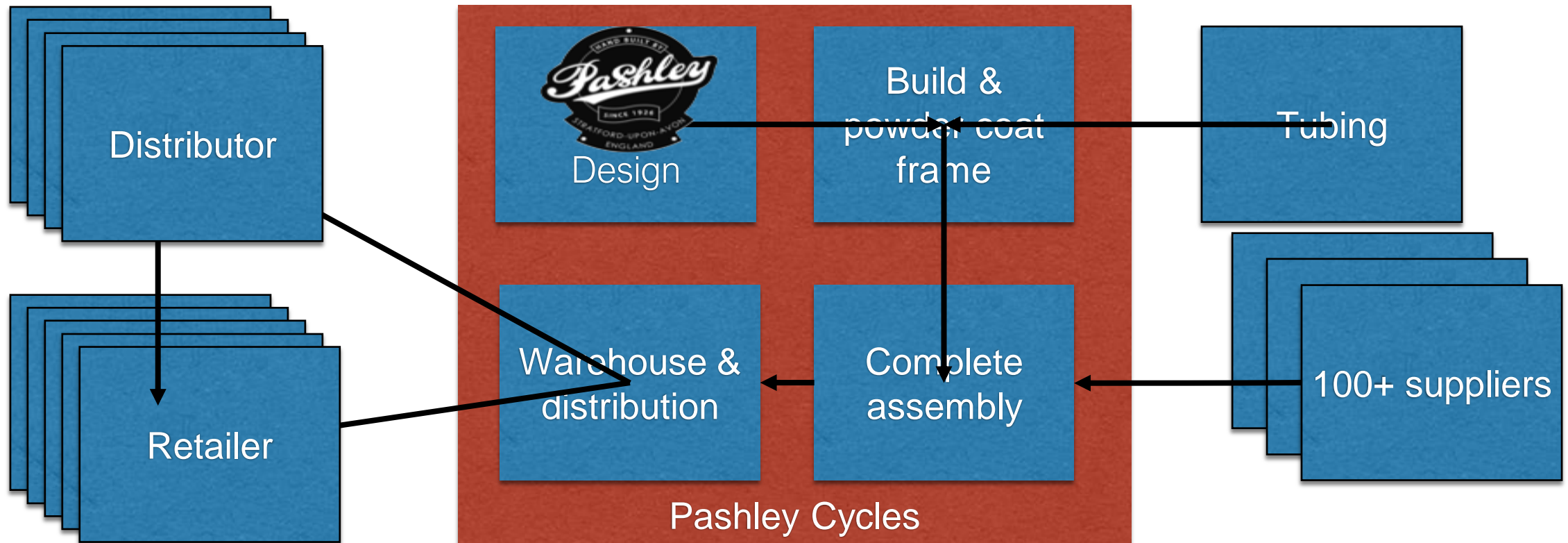
Week 4: SCM

British Bicycles Case Study

Cooper Bikes Supply Chain



Pashley Bikes Supply Chain



British Bicycles

1. Which supply chain is likely to be more Agile?
2. Which supply chain is likely to be more Aligned?
3. Which supply chain is likely to be more Adaptable?
4. Which supply chain is likely to be more Responsive?
5. Which supply chain is likely to be more Reliable?
6. Which supply chain is likely to be more Resilient?
7. Which supply chain is likely to be more Relationship dependent?



Pashley or Cooper?

➤ Agile & Resilient

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- Short –term changes. Depends on the types of contracts with suppliers: cooper can switch supplier and Pashley may have more long term inflexible contracts. But Pashley have strong supplier relationships so this could be in their favour.

➤ Adaptable & Responsive

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➤ Adaptable & Responsive

- Adapting to long term changes. Pashley is likely to be more responsive to meeting fluctuations in demand: they have close relationships with suppliers and they are close in proximity allowing for more flexible production. But also depends what kinds of contracts they have: Cooper bikes: they can adjust quite quickly as they don't have as close relationships so they can switch suppliers. This can be an advantage and disadvantage. Relying on ATI too heavily get the parts right!

➤ Aligned & Relationships

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➤ Aligned & Relationships

- Pashley – have better relationships with the suppliers and even the retailers where they have the promotions and offers. But they cannot change suppliers easily as they have the relationships and it's a “small world” in the industry. Could cloud judgement of the buyer. There may be some inefficiencies which are clouded or ignored due to strong supplier relationships.

➤ Reliability

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➤ Reliability

- Pashley – they sell a finished product so have quality control all the way till the end.

Supporting Slides covered in the lecture

Triple A



Agile



Aligned



Adaptable

Lee, H.L. (2004) The Triple A Supply Chain. *Harvard Business Review*. (October), 1–14.

Triple A by Lee (2004)

Agility

Objectives:

Respond to short-term changes in demand or supply quickly; handle external disruptions smoothly.

Methods:

- Promote flow of information with suppliers and customers.
- Develop collaborative relationships with suppliers.
- Design for postponement.
- Build inventory buffers by maintaining a stockpile of inexpensive but key components.
- Have a dependable logistics system or partner.
- Draw up contingency plans and develop crisis management teams.

Adaptability

Objectives:

Adjust supply chain's design to meet structural shifts in markets; modify supply network to strategies, products, and technologies.

Methods:

- Monitor economies all over the world to spot new supply bases and markets.
- Use intermediaries to develop fresh suppliers and logistics infrastructure.
- Evaluate needs of ultimate consumers—not just immediate customers.
- Create flexible product designs.
- Determine where companies' products stand in terms of technology cycles and product life cycles.

Alignment

Objective:

Create incentives for better performance.

Methods:

- Exchange information and knowledge freely with vendors and customers.
- Lay down roles, tasks, and responsibilities clearly for suppliers and customers.
- Equitably share risks, costs, and gains of improvement initiatives.

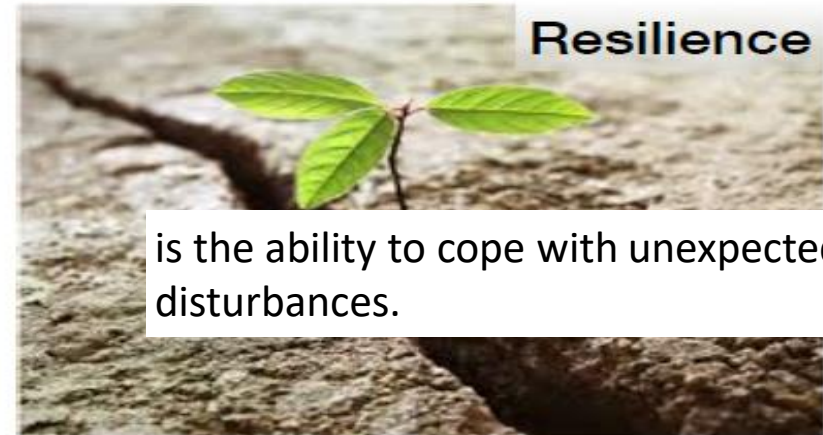
4R by Martin Christopher Textbook

Responsiveness



is the ability to meet customer demands by responding to changes in the market

Resilience



is the ability to cope with unexpected disturbances.

Reliability



is the quality of being reliable, dependable, or trustworthy. Increasing standardization and decreasing process variability generally contributes to reliability.

Relationships



is the ability to manage relationships. Every business is built on relationships.

ZARA: - Very fast, very responsive and adaptable

Zara's Secret for Fast Fashion

Spanish retailer Zara has hit on a formula for supply chain success that works. By defying conventional wisdom, Zara can design and distribute a garment to market in just fifteen days. From *Harvard Business Review*.

The journey of a single Zara dress



<http://uk.businessinsider.com/why-zara-is-crushing-the-retail-industry-2016-5>



http://www.bbc.co.uk/news/business-39337204?utm_content=buffer39d6&utm_medium=social&utm_source=linkedin.com&utm_campaign=buffer

How does ZARA achieve Triple A and 4R?

➤ Agile & Resilient

- Zara has a vast SC of commodity products such as buttons, zips, hooks etc. but they have an extensive inventory so that they can finish clothes even if SCs break down.

➤ Adaptable & Responsive

- Zara delivers new products twice each week to its 1,670 stores around the world. This adds up to more than 10,000 new designs each year! It takes the company only 10 to 15 days to go from the design stage to the sales floor. Because of this streamlined model, Zara is not forced to be ahead of the curve. Rather, they exist on the curve, evaluating trends first, then following.

➤ Aligned & Relationships

- Most of the supply base at later stages of the supply chain is small garment workshops responsible for assembly and sewing together the garments. These are mostly in one region in Spain - very different to other competitors which outsource from Asia.

➤ Reliability

- Cutting (internal), Assembly (external), Quality control and final preparation (internal)