

MNGT-E2009

International Strategy

Session 4 – Global Supply Chains



**Aalto University
School of Business**

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September 15, 2022

Plan for today – learning objectives

- **Global sourcing**
- **Global logistics**
- **How to manage global supply chains?**
- **Design your own global supply chain**

Analysis Scope

How might we develop our offering going forwards in the Nordics?

01

Product Management Software Market

Growth CAGR 11,1% to 2027
Size by 2030 5.6 bn USD
Source: [here](#)

02

UX Research Software Market

Growth CAGR 12% by 2026
Size 2026 356 MUSD
Source: [here](#)

03

Customer Feedback Software Market

Growth CAGR 12,7% to 2027
Size by 2027 3,3 Billion
Source: [here](#)

04

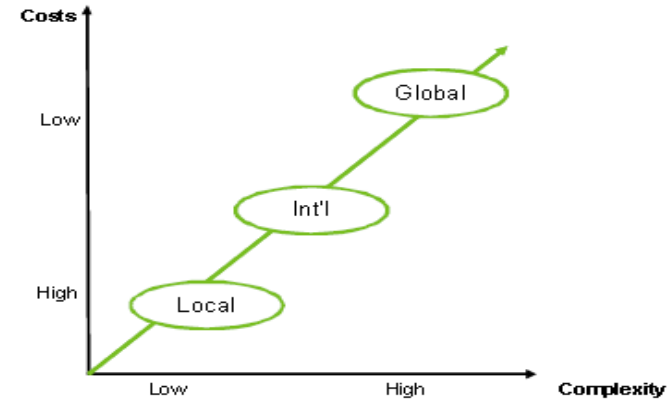
Online Survey Software market

Growth CAGR 10.3% to 2026
Size by 2026 8,9 Billion
Source: [here](#)



Global supply chain

- Global supply is the sourcing of products beyond national borders
- Global supply chain further refers to different actors across the globe producing, handling, and distributing specific goods and products
- This is facilitated through:
 - Technological developments
 - Deregulation of trade
- Advantages include:
 - Cost savings
 - Broader offering
 - Improved access to customers

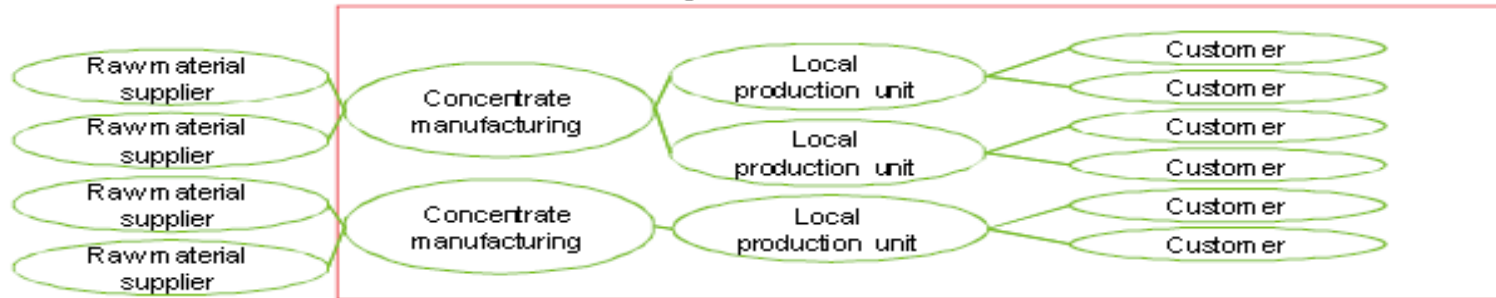


Outsourcing vs. offshoring?

	Own operation	Outsourced
Home	Reshoring	
Abroad	Offshoring Nearshoring	Offshoring Nearshoring

Global supply chain: Coca Cola

- 1.8 billion servings of Coca-Cola products are sold around the world every day
- 16 million retail outlets around the world that sell Coca-Cola products require common practices
- The company has own production sites, which are never further than a few hundred km away from the customers



Global sourcing: Nutella

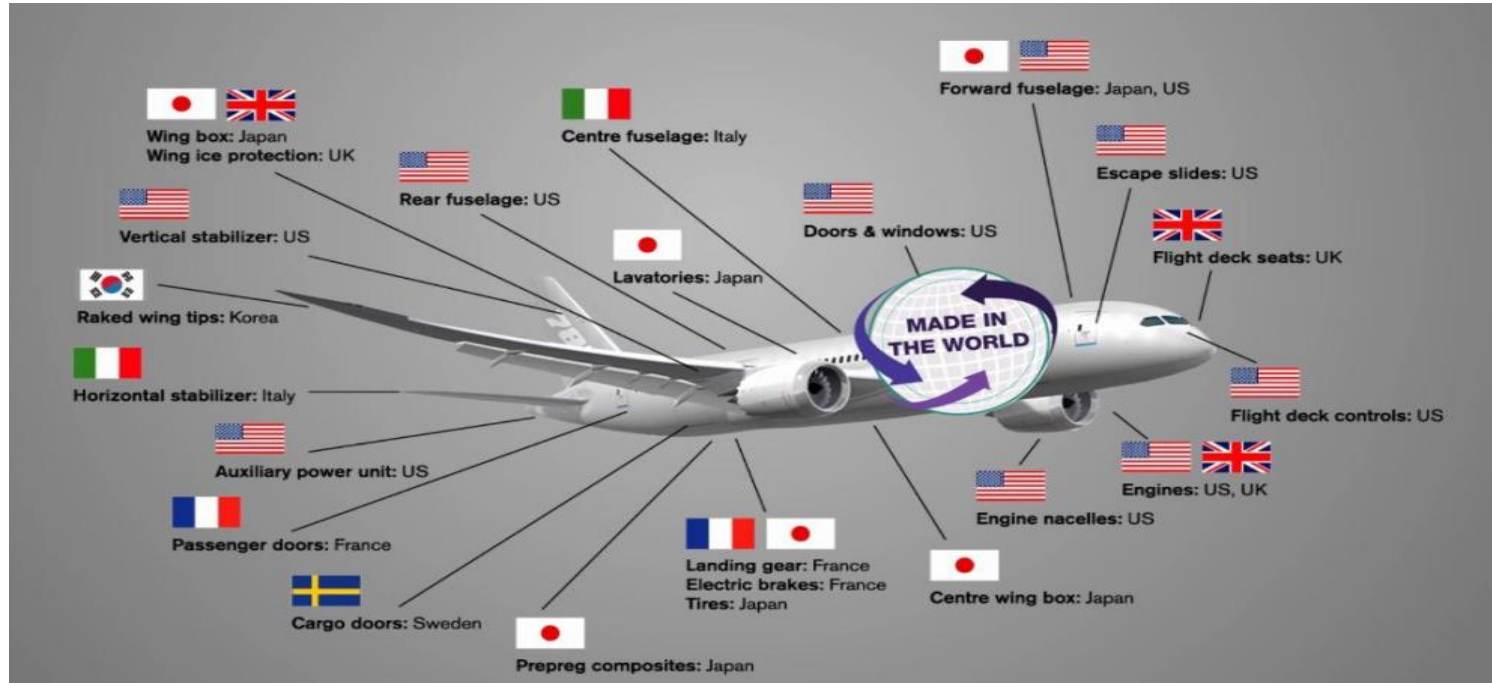


Figure 6. The Nutella® global value chain

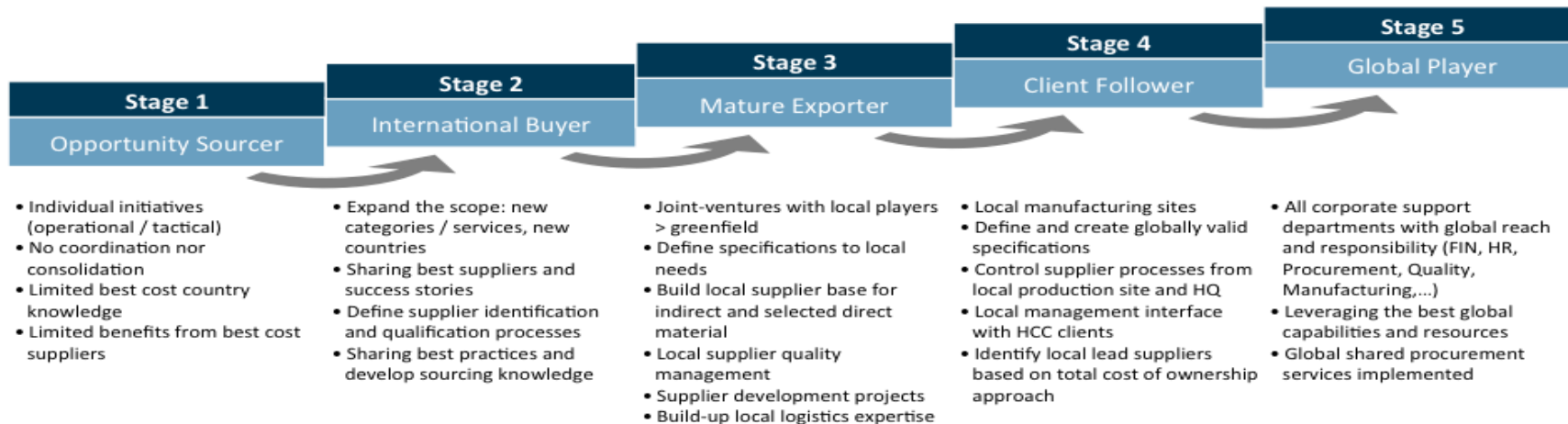


Source: Ferrero, Sourcemap and various on-line sources.

Global sourcing: Boeing 787



Global supply chain evolution



The T-shirt story



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Global supply chain: the t-shirt story

Let's watch the first two videos

- Cotton
- Machines

Pay attention to global sourcing aspects:

- What is done and where?

Global supply chain: the t-shirt story

Global sourcing aspects:

- What is done and where?

Let's watch the next video: People

Again, focus on the global sourcing aspects:

- How are Bangladesh and Colombia different?
- Why do they make t-shirts in both countries?

Global supply chain: the t-shirt story

Global sourcing aspects:

- How are Bangladesh and Colombia different?
- Why do they make t-shirts in both countries?

Let's watch the next video: Boxes

Now, focus on the global logistics:

- What is the role of transportation in global sourcing?
- What has been a key enabler for global supply chains?

Global supply chain: the t-shirt story

Global logistics:

- What is the role of transportation in global supply chain?
- What has been a key enabler for global supply chains?

Let's watch the next video: You

Focus now on the people across the globe:

- What is the role of people in global supply chains?

Sustainability in supply chains



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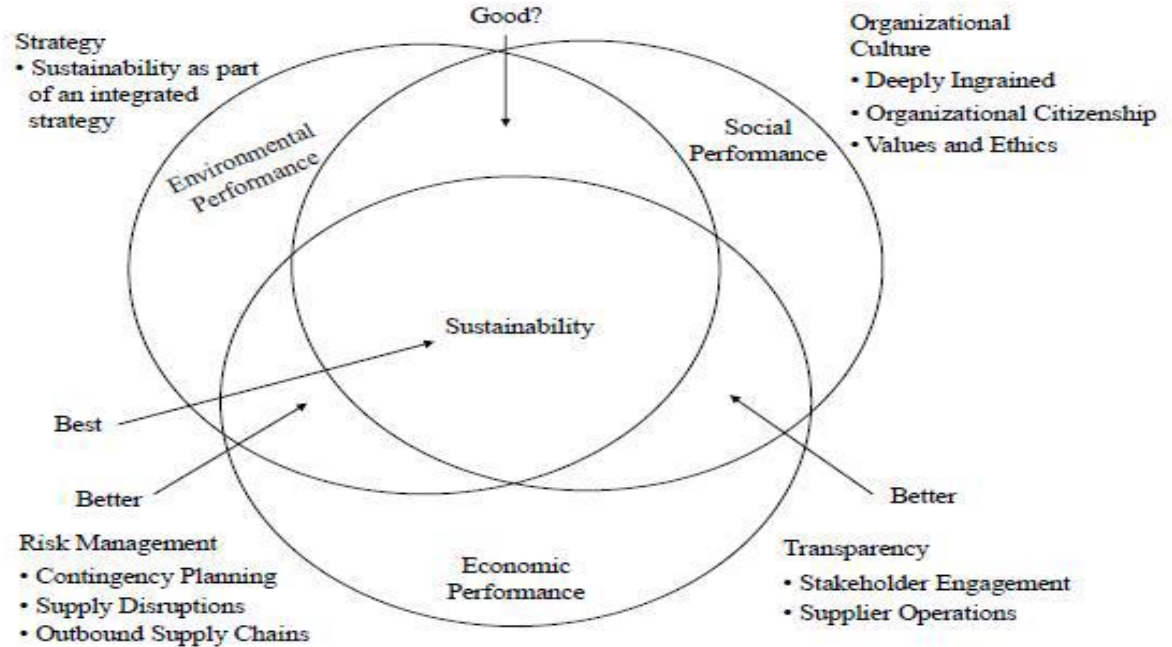
Group discussion: What is sustainability in supply chains?



Sustainability in supply chains

Why do companies adopt sustainability strategies in their supply chains?

- Stakeholder pressure
- Growing concerns about eco-system quality
- More corporate awareness and engagement
- Significant impact across the supply chain
- Opportunity to enhance brand promises and build goodwill



Sustainable sourcing: Unilever

The screenshot displays the Unilever Sustainable Living Plan website. The URL in the browser is <https://www.unilever.com/sustainable-living/the-sustainable-living-plan/reducing-environmental-impact/sustainable-sourcing/>. The page features a blue header with the Unilever logo and navigation links: About, Brands, Sustainable Living, News, Careers, and Investor Relations. Below the header, a breadcrumb trail reads: Home > Sustainable Living > Introducing our plan > Reducing Environmental Impact > Sustainable sourcing. The main content area is titled 'The Unilever Sustainable Living Plan' and includes two sub-sections: 'Our strategy for sustainable business' and 'Our approach to reporting'. The 'Our strategy for sustainable business' section is divided into three columns: 'Improving Health & Well-being' (blue), 'Reducing Environmental Impact' (green), and 'Enhancing Livelihoods' (pink). The 'Reducing Environmental Impact' column lists four items: 'Greenhouse gases', 'Water use', 'Waste & packaging', and 'Sustainable sourcing'. The 'Sustainable sourcing' item is highlighted with a red circle. The 'Enhancing Livelihoods' column lists three items: 'Fairness in the workplace', 'Opportunities for women', and 'Inclusive business'. The footer of the page includes a 'KEY:' section with a legend for 'On-plan' (green dot) and 'Off-plan' (red dot), and a 'target achieved' status. The Windows taskbar at the bottom shows various application icons and the system clock indicating 7:45 on 17.11.2016.

Unilever

About Brands Sustainable Living News Careers Investor Relations

Home > Sustainable Living > Introducing our plan > Reducing Environmental Impact > Sustainable sourcing

The Unilever Sustainable Living Plan

> Our strategy for sustainable business > Our approach to reporting

> Improving Health & Well-being

- > Health & hygiene
- > Improving nutrition

> Reducing Environmental Impact

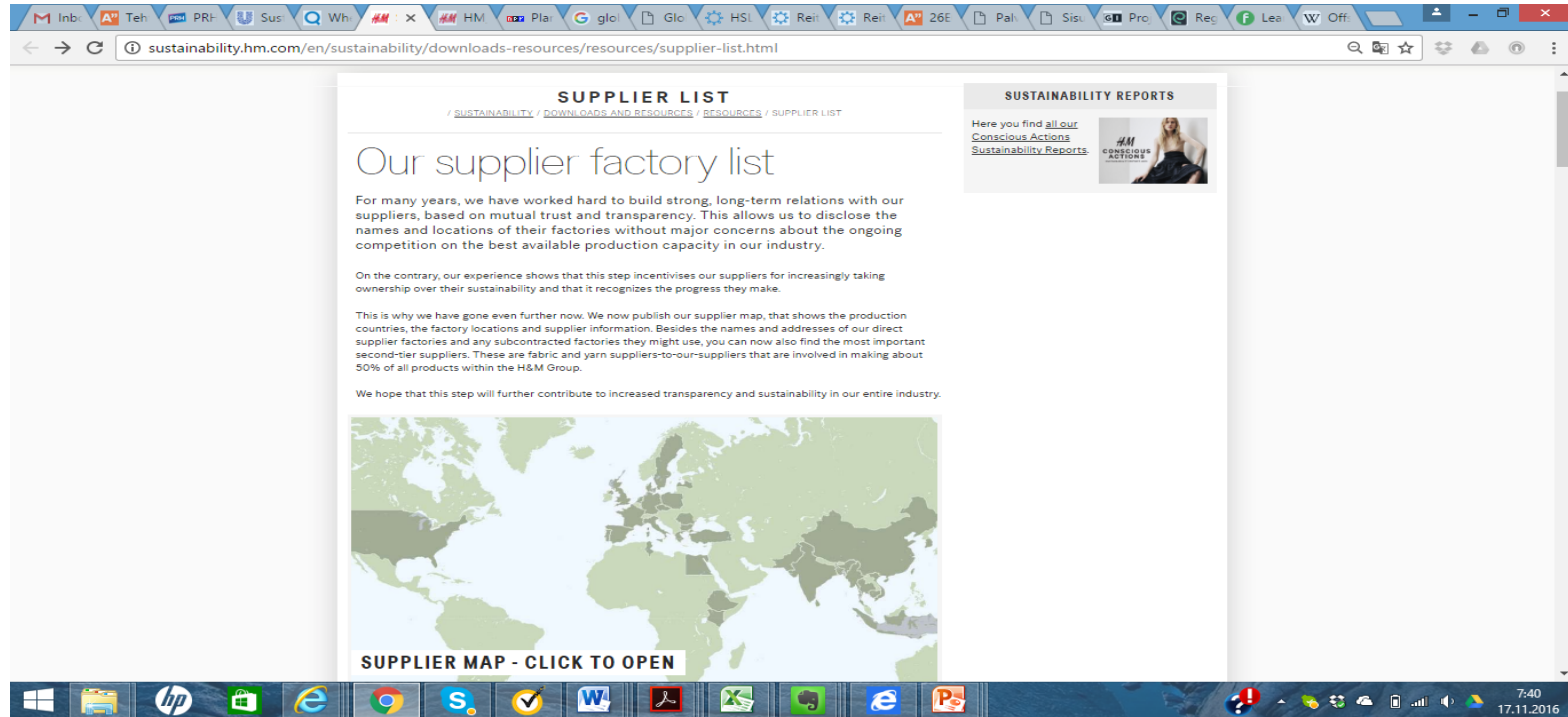
- > Greenhouse gases
- > Water use
- > Waste & packaging
- > Sustainable sourcing

> Enhancing Livelihoods

- > Fairness in the workplace
- > Opportunities for women
- > Inclusive business

KEY: On-plan Off-plan target achieved

Supply chain transparency: H&M



Global logistics



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Global logistics

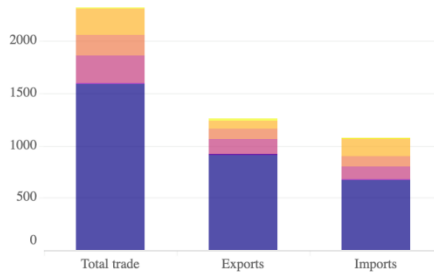
U.S.-International Freight Trade by Transportation Mode

Mode

- Other/unknown
- Pipeline
- Rail
- Truck
- Air
- Water

Weight

Millions of short tons



Source: <https://www.bts.gov/browse-statistical-products-and-data/freight-facts-and-figures/us-international-freight-trade>

Value of extra-EU trade in goods, by mode of transport, 2002 and 2021

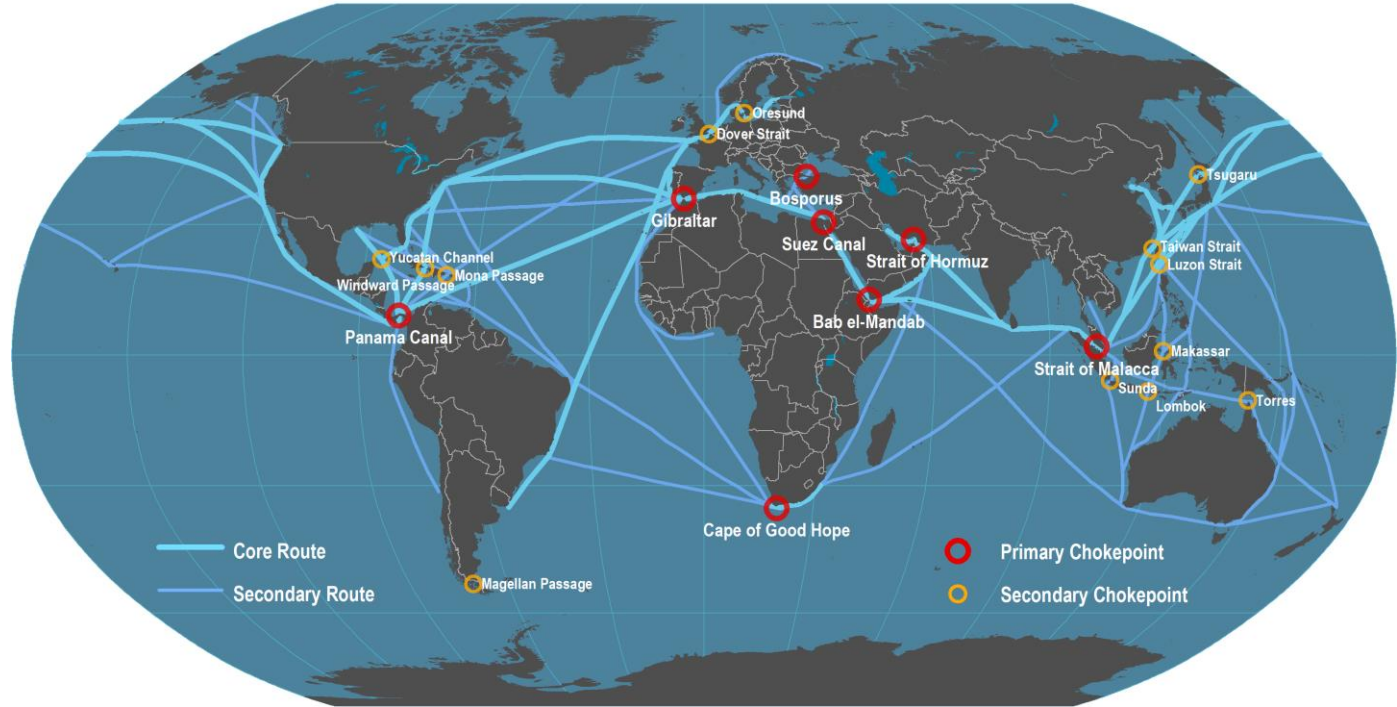
(% of total)



Source: Eurostat (online data code: DS-022469)

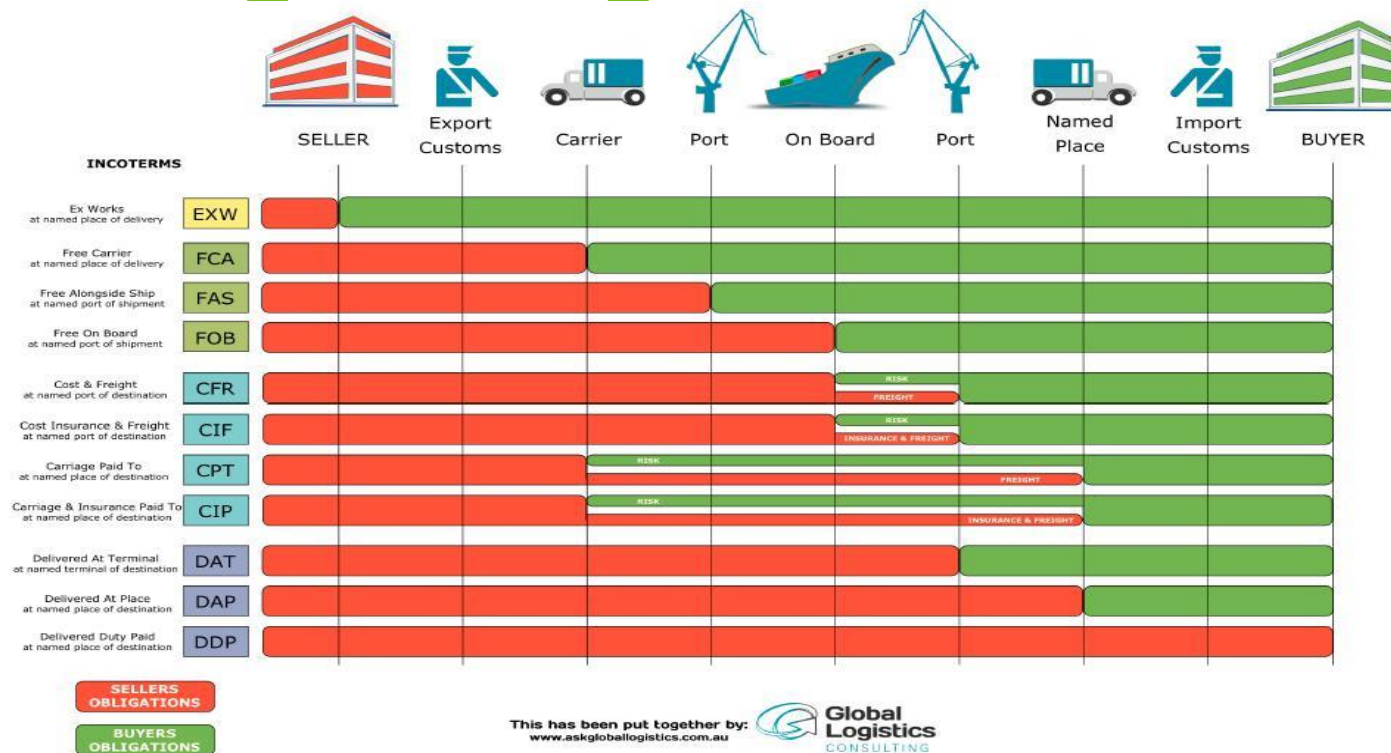
eurostat

Main maritime shipping routes



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Roles in global logistics and Incoterms



* PLEASE NOTE: This fact sheet is a general guide only. Full reference material can be purchased from the International Chamber of Commerce (ICC) website www.iccbooks.com

Customs: why are they there?

- Customs clearance and collection of duty and VAT
- Border security against illicit trade and goods
- Trade facilitation
- Free trade agreements vs. trade wars



How to manage global supply chains?

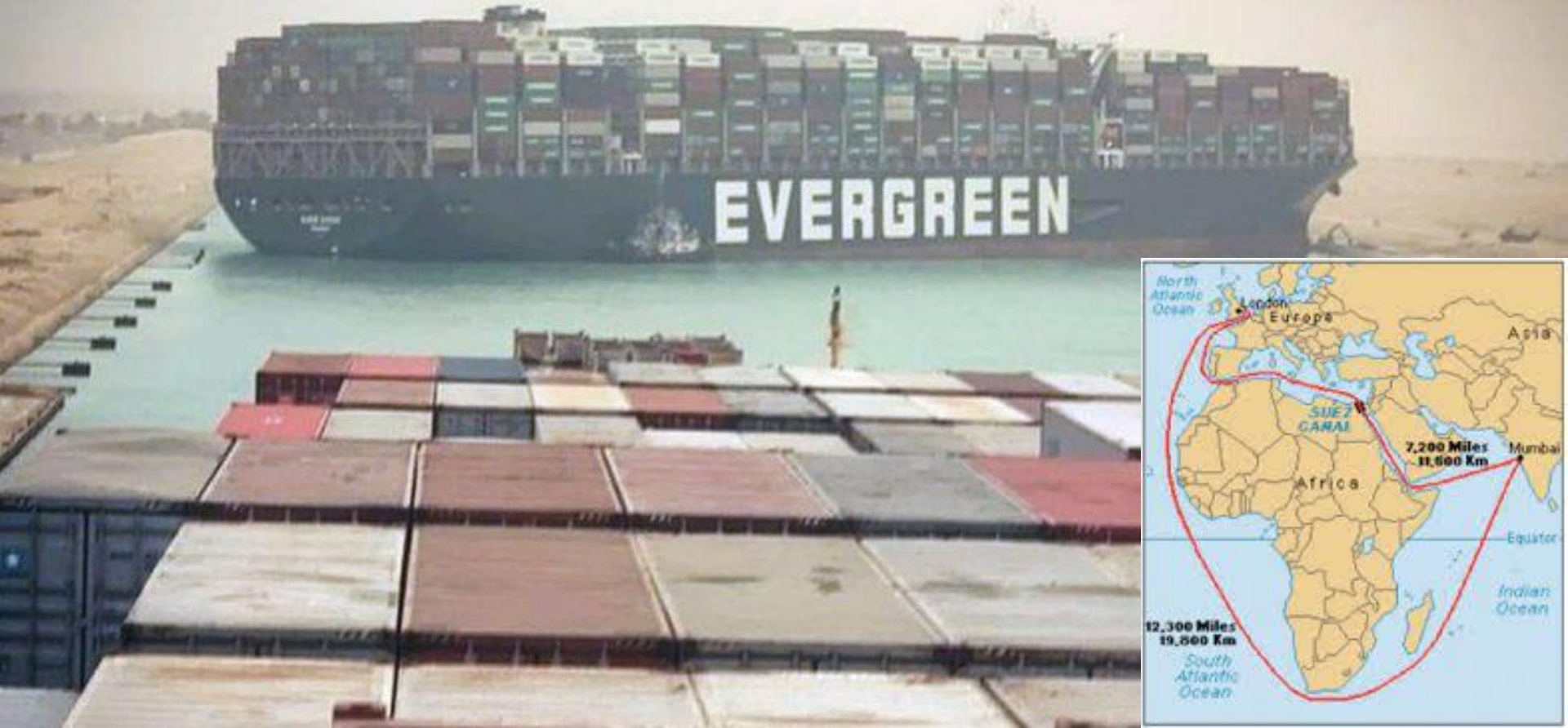


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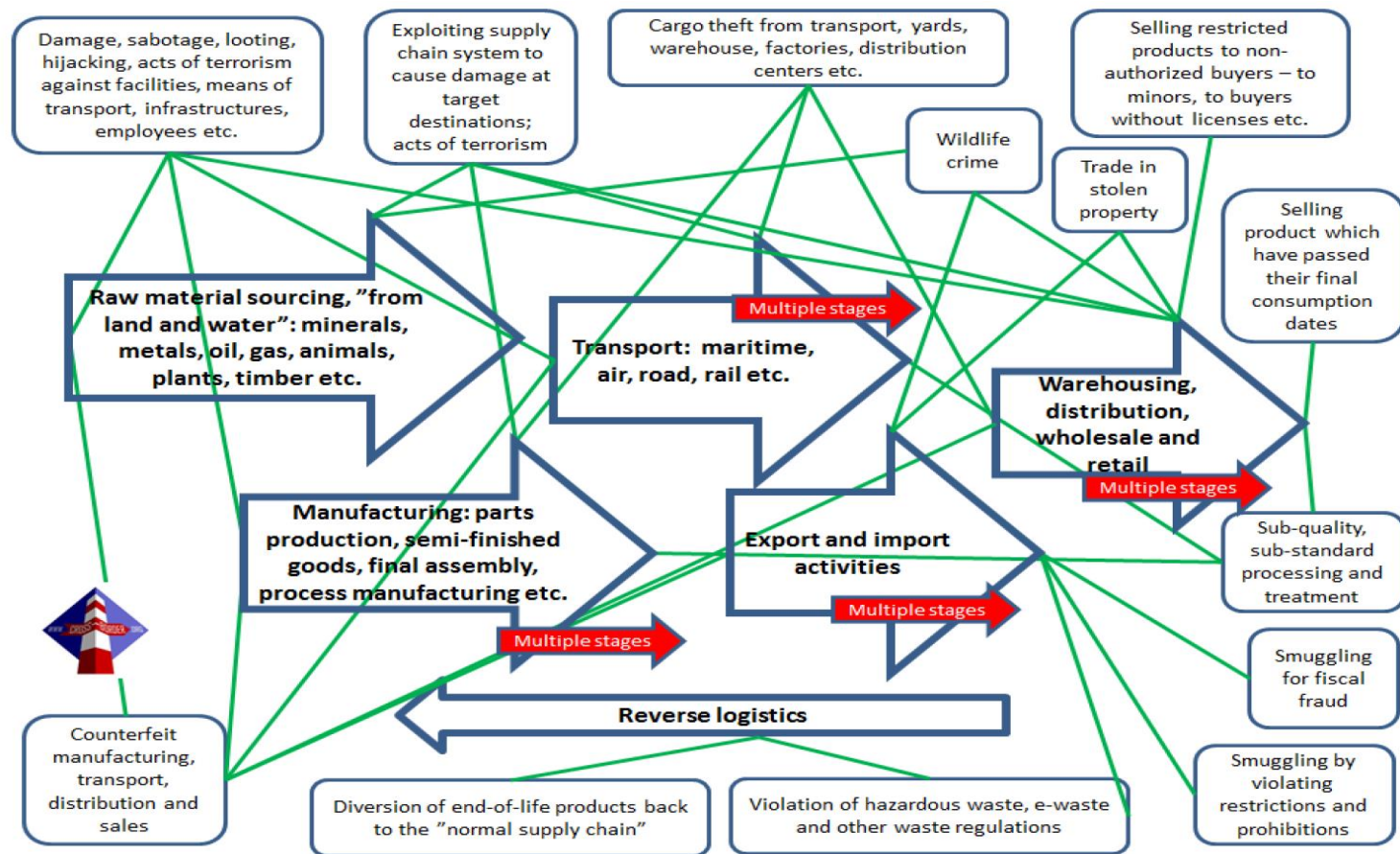
11 key issues that buying organizations should consider in their efforts to manage a global supply base by Handfield & Nichols (2004)

- **The importance of trust in buyer–supplier relationships**
- Communication is key
- The personal aspect of supply base management
- Maintaining positive buyer–supplier relationships (in difficult economic times)
- One size does not fit all
- **Supply chain design: We are all in this together**
- Measuring supply base performance
- **Sharing accurate information:** Making sure that everyone is on the same page
- Data represent different things at different times to different people
- Reverse auctions: Can your organization really afford them?
- Do we have the “right” people to do the job?

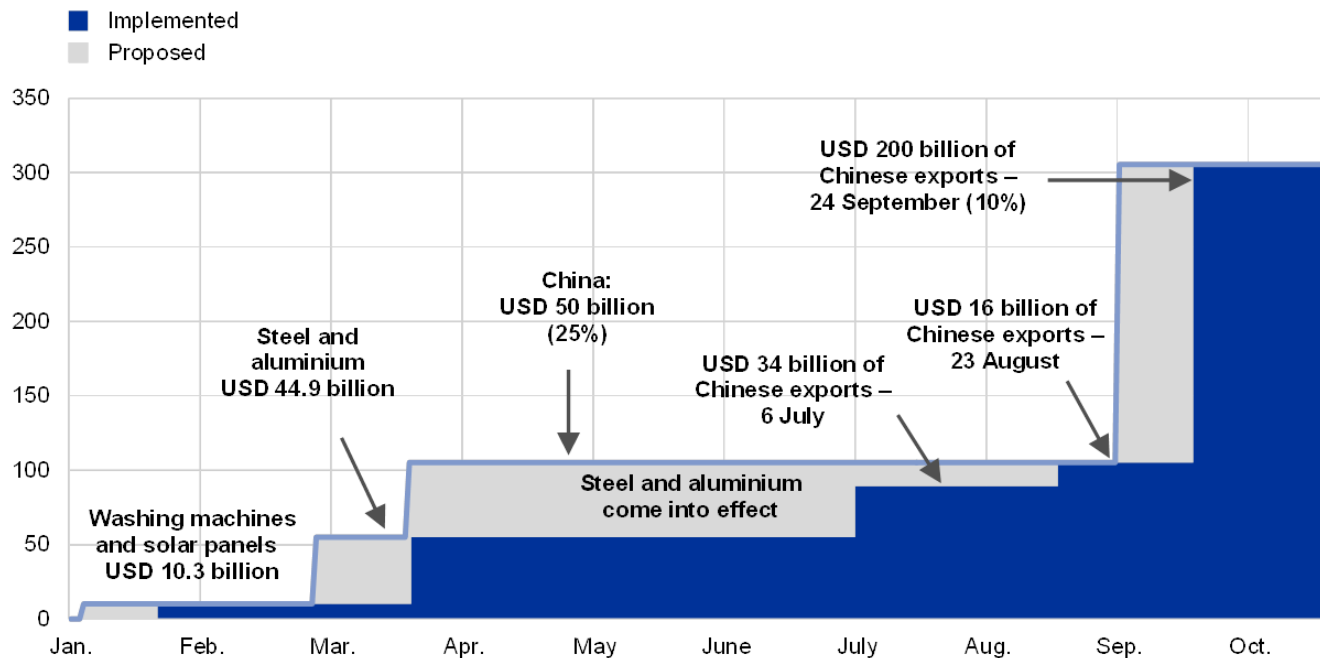
Risks are there every day: Ever Given case



Supply chain risks



Tariffs implemented in the US vs. China trade war in 2018



Effects of the US-China Trade War

Curbtender Inc

Cedar Falls, Iowa and Gothenburg, Nebraska



Hans-Mill Corporation

Jacksonville, Florida



Source: Mona Schau's MSc thesis

Group exercise



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Group exercise:

How to design a global supply chain?

1. Choose a business and design its global supply chain

- Select 2-3 key components or services
- Draw a supply chain diagram:
 - *What is sourced*
 - *Where it is sourced*
 - *Where it is taken to*
 - *How it is transported*
- Provide arguments for your choice
- Use google and your imagination, but keep it simple!

Group exercise:

How to design a global supply chain?

2. Challenge the design!

- Cost
- Sustainability
- Security
- Write your comments on the diagram

3. Refine the design!

- Take into account the previous comments
- Improve any of the four supply chain aspects (what, where from, where to, how)

NB! No session on Tuesday September 20



Picture source: <https://bitescience.com/articles/because-im-happy-how-happy-children-and-teens-perform-better-at-school/>



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Next session:

Sustainability paradox in international business

Thursday 22 September, Linyu Liu and Dominic Savolainen

- Exploring the complex nature of CSR in international business
- How should we consider the sustainability aspects in our decision making?
- A highly interactive session, with a sustainability-focused case study on Chile's lithium



Picture source: www.allthingssupplychain.com/

Thank you!

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