

**THE UNIVERSITY OF SOUTHERN CALIFORNIA**  
**Marshall School of Business**  
**DSO 581 – Supply Chain Management– Spring 2019**

**Time:** TTh, 2:00-3:20 pm  
**Instructor:** Dr. Greys SOŠIĆ  
**E-mail:** [sosic@marshall.usc.edu](mailto:sosic@marshall.usc.edu)  
**Office hours:** TTh, 1:00-1:30 pm, and by appointment

**Room:** JKP 210  
**Office:** Bridge Hall 401E  
**Telephone:** (213) 821-3632

### **COURSE SCOPE**

This course will be valuable for someone pursuing a career in consulting or a position in the operations, marketing or finance function in a manufacturing or a distribution firm. The course focuses on the management and improvement of supply chain processes and performance.

Upon successful completion of this course, students will be able to:

- Describe the role of supply chains in today's global economy;
- Explain the importance of supply chain decisions and supply chain performance for the success of a firm;
- Describe important supply chain metrics;
- Explain the primary tradeoffs in making supply chain decisions;
- Describe and implement the basic tools for effective and efficient supply chain management, production planning and inventory control, order fulfillment, and supply chain coordination;
- Describe recent and influential innovations such as supply chain analytics, RFID, SaaS, cloud computing, Internet of Things, and blockchain, and their impact on supply chain performance;
- Explain topics such as global supply chain design, sustainable supply chains, e-commerce and outsourcing.

The class format includes lectures, case discussions, movie clips, simulation games, and guest speakers. The content covers both quantitative and qualitative materials. The cases will feature high-tech companies as well as firms in more traditional industries such as apparel and manufacturing.

### **COURSE MATERIALS**

**Required:** *Course Reader* (CR) – Package of cases and readings available at USC bookstore. In the syllabus, a number such as CR#5 refers to 5<sup>th</sup> article in sequence in the course reader.

Handouts (HO): Handouts posted on the Blackboard.

**Recommended:** *Supply Chain Management* by S. Chopra and P. Meindl, Prentice Hall, 2012.  
*Managing Supply Chains* by A.V. Iyer, Hercher, 2013.  
*The Supply Chain Professional: Concepts and Analytics* by F.R. Jacobs and R.R. Lumus, Hercher, 2015.

### **COURSE POLICIES**

This course covers both quantitative and qualitative materials, and uses cases for discussion of issues and illustration of approaches. We will use Excel as a modeling/solution finding tool when addressing several topics.

Active participation in class is important throughout the course. To ensure everyone's participation, I may at times resort to cold calling.

You should arrive to classroom on time. If you have conflicting schedules that prevent you from that, please let me know at the beginning of the semester.

**GRADING**

Group case reports (4)	28%
Individual submissions (9 out of 13)	18%
Tests (2)	40%
Retail game	4%
Class participation	10%

**GROUP CASE REPORTS**

**Please form teams of up to four persons within the first two weeks;** you will be working in these teams for the group assignments. Use the “Group” option on the Blackboard to join one of the existing teams. Please do not create new teams!

The cases are to be discussed within your team and you will submit (as a team) a written report. This Syllabus provides some suggested questions that you should address in your analysis. Each team is required to submit a written report on four case studies (Genentech on 1/31, Three Jays on 3/5, Plaza on 4/9, and Scientific Glass on 4/25). Case write-ups should be at most 4 pages and single-spaced (11 or 12 point font), with appendices attached (not included in the number of pages). They should be submitted on-line through the Blackboard, along with the Excel files used in your analysis. You will also need to enter some of the main results of your analysis separately, following the link on the Blackboard.

When preparing your report, imagine that you, as a consultant, have to study an organization, to identify the main issues it faces, and to propose a set of recommendations. Your written report should begin with an executive summary, about half page long, summarizing the most important problems and your recommendations (something a busy executive would read and understand what the report is about). The rest of the report should be organized as follows:

1. Brief description of the company and its environment
2. Brief description of the problems and issues to be addressed (the questions in the syllabus related to the specific case should guide you in identifying those issues).
3. Recommendations and implementation plan.
4. Analysis that discusses why the recommendations will solve the problems identified.

You may choose to organize the report differently; however, please ensure that the above aspects are covered and the report is well organized with clear section and sub-section headers. Please avoid repetition of case facts and long expositions (remember the page limit)! Consider what you believe are the most important factors (and why). General solutions to specific problems will get you little credit. Both quantitative and qualitative analysis is important. Creativity in analysis and suggestions that are grounded in case facts will be given high credit. Please state any assumptions made clearly. Remember that your models are usually based on the forecasted demand and that different parameters and costs in the models are estimated (forecasted), so it is useful to provide some what-if analysis that considers, e.g., different possible demand scenarios, changes in cost estimates, etc. If you use any material outside of that provided as part of the class (found of Internet, journal articles, etc.) make sure to reference it properly; see section on academic conduct for more details.

**GROUP ASSIGNMENT EVALUATION**

Team assignments provide a valuable learning experience – how to work effectively and efficiently in groups, learning from others, and honing your ability to communicate to others. Although your team’s grade depends on each member’s efforts, some students can be tempted to let others carry their load. In order to provide an incentive for all students to make maximum contributions to the study group, you will be asked to grade each team member’s contributions. Your group grades will be adjusted to obtain an individual grade based on performance feedback provided by other members of the group (the group assessment

forms are posted on the Blackboard). If you do not submit your group assessment form, I will assume that you gave a rating of 100% to all your group members. The forms can be submitted in person or via e-mail, but no later than the exam date.

### **INDIVIDUAL (SHORT) SUBMISSIONS**

In addition to the cases for which you are required to submit group reports, we will be discussing other cases and articles. You should be prepared for class discussion, and this Syllabus provides some suggested questions that you should think about. For the individual submissions, follow the link on the Blackboard and enter the required information before the class. The objective of this short submission is to ensure that you prepare the case. For that reason, no late submissions will be accepted.

Unlike the assignments discussed in previous sections, which are meant to be solved in teams, this section discusses individual submissions, which means that you have to prepare them on your own. You can talk about the assignments with your colleagues or me, but you have to prepare and submit them individually. If you use any material outside of that provided as part of the class (found of Internet, journal articles, etc.) make sure to reference it properly; see section on academic conduct for more details.

To answer short submissions #8 and #9, you should use Excel and submit the files along with your answers. The credit will depend on correctness of your solution. For the remaining submissions, as long as your answer shows that you have given sufficient thought to the analysis, you will get full credit. Note that this in general requires answers that are longer than one sentence.

Each submission is worth up to 2 points, and the maximum number of points you can obtain for individual submissions is 18. If your total exceeds 18 points, it can improve your participation grade (note that in this case, each additional submission does not increase your participation by 2 points).

We will do a simulation game on 3/26. As a preparation for this exercise, you need to read the relevant material posted on the Blackboard (Retail game case and instructions), analyze the spreadsheet with historical data, and use them to determine your order quantity for the two products. These quantities should be entered following the link provided on the Blackboard, along with a brief explanation of how these numbers were selected. You can obtain up to 4 points for a thoughtful analysis and quantity choice.

### **EXAM**

There will be two exams, and they will contain both qualitative and quantitative questions. The questions will have several formats: multiple choice/single answer, multiple choice/multiple answers, short answers, and problems. The exams will be closed book; however, you can prepare a "cheat-sheet" for both exams: for each exam, you can prepare one letter-sized sheet of paper hand-written on both sides (for a total of 2 hand-written pages). I will remove all printed or photocopied material!

According to the USC Final Exam Schedule, the final exam is scheduled for **Thursday, May 2, at 2 pm**. If there are extenuating circumstances that prevent you from taking an exam, you must discuss the reason with me before the time of the exam. You will not be given a make-up exam unless you obtain a permission from me in advance. In addition, you must be able to document the extenuating circumstance. If you miss the exam due to a medical emergency that can be documented and verified, then a make-up exam will be given. Otherwise, a grade of zero will be given for the missed exam. Note that according to University rules a make-up exam cannot be taken before the actual exam date!

### **CLASS PARTICIPATION**

Class participation requires that you do the assigned readings, analyze the cases based on the questions given, and participate actively in class. I prefer substantive comments based on good analysis rather than brief, general comments that add little to the discussion and learning. Be prepared to defend your suggestions or solutions!

If you are reluctant to talk in class or if you are not physically attending, but would like to show your

preparation, please provide me with your analysis/comments through email. This may include material related to the topics covered in class from your work experience, from additional articles/videos that you have found, etc. I also encourage you to participate in the Discussion board on the Blackboard; it will be considered as a part of your participation. I will take into account all emails and posts received before the exam date.

As a part of the participation I will also track your attendance through Arkaive app. Please download the App to your smartphone and enable location, enter enrolment code F58J, and check into class each time.

### **GETTING HELP**

If you have questions about any aspect of the course, you can always talk to me. If it is a quick question, you can contact me before or after the class. If you need more time or privacy, you can come to my office hours. If you cannot make my office hours, you can contact me and we can arrange for an alternative time. The best way to reach me is by e-mail.

### **GRADING**

Graded work will be posted on the Blackboard or on ForClass. To see your grade on ForClass, you should click on the "blurb". Disputes over graded material should be brought to my attention as soon as possible.

### **ACADEMIC CONDUCT**

The use of unauthorized material, communication with fellow students during an examination, attempting to benefit from the work of another student, and similar behavior that defeats the intent of an examination or other class work is unacceptable to the University. It is often difficult to distinguish between a culpable act and inadvertent behavior resulting from the nervous tensions accompanying examinations. Where a clear violation has occurred, however, the instructor may disqualify the student's work as unacceptable and assign a failing mark on the paper.

Plagiarism – presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Part B, Section 11, "Behavior Violating University Standards" <https://policy.usc.edu/scampus-part-b/>; sanction guidelines can be found at [https://studentaffairs.usc.edu/files/2015/09/appendix\\_a.pdf](https://studentaffairs.usc.edu/files/2015/09/appendix_a.pdf). Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct>.

### **SUPPORT SYSTEMS**

*Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call*

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. <https://engemannshc.usc.edu/counseling/>

*National Suicide Prevention Lifeline - 1-800-273-8255*

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

*Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call*

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

*Sexual Assault Resource Center*

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

*Office of Equity and Diversity (OED)/Title IX compliance - (213) 740-5086*

Works with faculty, staff, visitors, applicants, and students around issues of protected class. <https://equity.usc.edu/>

*Bias Assessment Response and Support*

Incidents of bias, hate crimes and microaggressions need to be reported allowing for appropriate investigation and response. <https://studentaffairs.usc.edu/bias-assessment-response-support/>

*Student Support & Advocacy - (213) 821-4710*

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic. <https://studentaffairs.usc.edu/ssa/>

*Diversity at USC - <https://diversity.usc.edu/>*

Tabs for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students

### **STUDENTS WITH DISABILITIES**

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs ([www.usc.edu/disability](http://www.usc.edu/disability)). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: [ability@usc.edu](mailto:ability@usc.edu).

### **STATEMENT ON TECHNOLOGY USE**

Please note that communication devices such as cell phones, smart phones, tablets, etc. capable of sending and/or receiving electronic communication and all entertainment devices are to be turned off and kept off throughout the class session. Receiving or sending communication or entertainment during class disrupts the learning environment and is rude to those around you.

	Date	Topic	Readings	Submission
1	1/8	Introduction to SC management		
2	1/10	Key SC Concepts	The Seven Principles of SC Management (HO)	
3	1/15	SC strategy	Apple (CR#1)	short #1 – Apple (q.#2)
4	1/17	Design for SC management		short #2 – Mass customization (p.7, under Design for SCM, q.#2)
5	1/22	Design for SC management		
6	1/24	Demand forecasting	World Co. (CR #2)	short #3– World Co (q.#3)
7	1/29	Demand forecasting	Note on forecasting (CR#3)	
8	1/31	Capacity planning	Genentech (CR #4)	Group #1 - Genentech
9	2/5	Aggregate planning	Aggregate planning (CR #5)	
10	2/7	Sourcing decisions	Cisco (CR #6)	short #4 – Cisco (q.#2)
11	2/12	Sourcing decisions	SC disruptions (CR #7)	short #5 – Disruptions (q.#1)
12	2/14	Facility location	Intel (CR#8)	short #6 –Intel (q.#2)
13	2/19	<b>MIDTERM (Weeks 1-6)</b>		
14	2/21	Inventory management – Economies of scale		
15	2/26	Inventory management – Uncertainty	Note on Inventory Models (CR#9) Inventory-driven costs (CR#10)	short #7– Inventory-driven cost (q.#1)
16	2/28	Inventory management – Uncertainty		short #8 – Cycle inventory (p.9, under Inventory management-Uncertainty, q.#1-2)
17	3/5	Inventory management	Three Jays (CR#11)	Group #2 –Three Jays
18	3/7	Inventory management – Product availability	Note on Inventory Models (CR#9)	short #9 – Inventory centralization (p.10, under Inventory management-Product availability, q.#1,2)
<b>3/11-3/17</b>		<b>RECESS</b>		
19	3/19	SC alignment and coordination		
20	3/21	SC alignment and coordination		
21	3/26	Revenue management	Note on the "Retail inventory and pricing game" (HO)	Retail game analysis
22	3/28	Logistics	Tesco and Ocado (CR#12)	short #10 – Tesco and Ocado (q.#2)
23	4/2	Logistics	Returning Customers (CR#13)	short #11 – Reverse logistics (q.#2)
24	4/4	Guest speaker from Port of Long Beach		
25	4/9	Network design in SC	Plaza (CR#15)	Group #3 – Plaza
26	4/11	Guest speaker from Deloitte		
27	4/16	Sustainability in supply chains		
28	4/18	IT in SC	SAP (CR#15)	short #12–SAP (q.#2)
29	4/23	IT in SC	Big data (CR #16)	short #13–Big data
30	4/25	SCM-bringing it together	Scientific Glass, Inc. (CR #17)	Group #4 – Scientific Glass
	5/2	<b>FINAL EXAM</b>		

## Detailed course plan (tentative)

### **1/8, 1/10 Introduction to Supply Chain Management and Key Supply Chain Concepts**

#### Readings:

- *The Seven Principles of Supply Chain Management*, D.L. Anderson, F.F. Britt, D.J. Favre, *Supply chain management review*, 1997

### **1/15 Supply chain strategy**

**Case study:** (Ivey case #W14161): *Apple Inc.: Managing a Global Supply Chain*

#### Discussion Questions:

1. Review Apple's supply chain for its iPhone. What differences set it apart from competitors?
2. What are Apple's key advantages in how it manages its supply chain operations? Support your analysis with the data from the case.
3. What are the challenges that Apple faces in the future, and what are the implications for its supply chain?

### **1/17, 1/22 Design for supply chain management**

❖ **Mass customization assignment:** Visit and explore two different mass customization websites for customized products—shoes at Nike iD ([nikeid.nike.com](http://nikeid.nike.com)) and jeans at Make Your Own Jeans (<http://www.makeyourownjeans.com>--make sure to go and check "My Measurement" option under "My Account").

1. Are there any differences between their approaches to mass customization?
2. Which model is most difficult to implement and why?
3. What are the main difficulties/issues that mass customization imposes on supply chains designed for mass production?

### **1/24, 1/29 Demand forecasting**

**Case study:** (HBS #9-601-072): *Supply Chain Management at World Co., Ltd.*

#### Discussion Questions:

1. Examine the features of fashion retailing in Japan. How can a company use its supply chain to compete in this environment?
2. Identify important aspects of World's supply chain focusing on the processes for manufacturing, demand forecasting and inventory planning.
3. How do the features of the supply chain explain the company's remarkably short lead times (relative to U.S. apparel supply chains)? Examine the features of the supply chain and identify why the company is able to respond so effectively.

#### Readings:

- *Note on forecasting*

#### Discussion Questions:

1. What are key variables that need to be forecasted from an operations perspective and why?
2. When would time-series models versus other models (e.g. causal models) be used?
3. What are the operational implications of fluctuations in demand and forecast errors?

**1/31 Capacity planning**

**Case study:** (HBS #9-606-052): *Genentech-Capacity Planning*

For the assignment questions, assume the following:

- a) Each of the two contract manufacturers can devote two 10,000 liter tank lines to Genentech production, and Genentech hopes they will achieve yields similar to those at Genentech's own plants. These tanks will be fully utilized in the production of Rituxan and Herceptin.
- b) Industry experts make demand forecasts for drugs like Avastin, but a number of sources of uncertainty—yet to be determined dosage amounts and treatment regimens, unexpected problems in the FDA's approval process, unexpected success or failure of a competitor's product, and unexpectedly large or small consumer uptake—means that real demand will depart from the experts' forecasts. For purposes of our case discussion, assume that future demand is distributed normally, centered on the experts' forecasts, and with variation such that one standard deviation is about 25% of the expected demand. For example, if expected demand is 100 kg/year, then 85<sup>th</sup> percentile demand (about one standard deviation) would be 125 kg per year.

Discussion Questions:

1. What is your evaluation of Genentech's production capacity requirements given expected demand in 2010 and 2015 for Avastin and Genentech's other products as per Exhibit 3? Does your evaluation change if Genentech wants to cover the 85<sup>th</sup> percentile level of demand? (see spreadsheet on the BB)
2. Assuming Genentech decides to proceed with CCP3, what size production lines (tank sizes) would you recommend? Why? What criteria should Ebersman use in selecting a location? Why? Should Ebersman move forward with CCP3 now? If not, when?
3. What recommendations would you make to Ebersman regarding the process he and his team should use in deciding how best to meet the demands for Avastin?
4. A contract manufacturing firm has had an unexpected reduction in demand for a drug it produces. It is now offering to devote four 10,000 liter lines to the production of Avastin at a price similar to Genentech's existing contract manufacturing agreements. How should Ebersman respond?

➤ **Case study report on Genentech due at the beginning of the class**

**2/5 Aggregate planning**

*(Bring your laptops to class and download the file for aggregate planning from the BB)*

**Readings:**

- Chapter 8 *Aggregate Planning* (pp. 203-227) in *Supply Chain Management: Strategy, Planning, and Operation* by S. Chopra and P. Meindl, Prentice Hall, Second Edition, 2004

Discussion Questions:

1. What is the main purpose of aggregate planning?
2. What are the main strategies used for aggregate planning? What are their main differences?
3. How do you choose aggregate planning objective? Variables? Constraints?

**2/7, 2/12 Sourcing decisions**

**Case study:** (Stanford case GS-66): *Cisco Systems, Inc.: Collaborating on New Product Introduction*

Discussion Questions:

1. What are the challenges and risks faced by technology companies in new product introduction?
2. What were the risks and benefits of using Chinese contract manufacturing from the start?
3. In selecting Foxconn and expanding its role in the supply chain, what were the potential risks and values to Cisco?
4. What should Cisco do to mitigate these risks and ensure successful development and launch of the

Viking router?

**Readings:**

- *Reducing the Risk of Supply Chain Disruptions*, S. Chopra, M.S. Sodhi, (SMR #484)

Discussion Questions:

1. How can companies protect their supply chains from major disruptions? Think of the following:
  - a. Supply chain efficiency vs. risk reduction
  - b. Performance improvement vs. risk reduction
  - c. Cost efficiency vs. risk reduction

**2/14 Facility location**

**Case study:** (HBS #9-713-406): *Intel: Strategic Decisions in Locating a New Assembly and Test Plant (A)*

Discussion Questions:

1. What criteria would you use to select the site for Intel's AT plant in 2005? Why?
2. Where would you build the new plant? Why?
3. If you were Intel, what package of incentives would you seek from the government of your chosen location? Why?

**2/19 Midterm (weeks 1-6)**

**2/21 Inventory management-Economies of scale**

**Readings:**

- *Note on Inventory Models §1*

**2/26, 2/28 Inventory management- Uncertainty**

**Readings:**

- *Note on Inventory Models §1*
- *Inventory-driven costs* (HBR #R0503J)

Discussion Questions:

1. What are the hidden costs of inventory? If you neglect those hidden costs, how can it impact the performance of your supply chain?

❖ **Cycle inventory assignment:** In solving the problems below it may be best to set up spreadsheets to compute the answers (please submit it through the Blackboard). In all problems assume that the annual holding cost is 15% of product cost,  $h=0.15$ .

1. Motor Company purchases components from three suppliers: Components from supplier Alpha cost \$60 and are used at the rate 750 units/month; components from supplier Beta cost \$172 and are used at the rate 250 units/month; components from supplier Gamma cost \$20 and are used at the rate 2,000 units/month. The trucking company is charging a fixed cost of \$700/truck (for the purpose of this exercise assume that you do not need to worry about the truck capacity). Currently they purchase separate truckloads from each supplier. What is the corresponding minimal annual cost? What is the cycle inventory of each component?
2. Motor Company is considering aggregating orders from all three suppliers. In addition to \$700 fixed truck cost for deliveries with one pickup the trucking company is charging \$50 for each additional pickup. What is the corresponding minimal annual cost? What is the cycle inventory of each component?

**3/5 Inventory management**

**Case study:** (HBS #9-915-531): *Three Jays Corporation*

Discussion Questions:

1. Using the data in case Exhibit 4 and the 2012 annual demand, calculate the EOQ and ROP quantities for the five SKUs scheduled to be produced in the last week of June. How do these amounts compare with those calculated in 2011? Compare the increases in EOQs with the increases in annual demand.
2. Brodie is uncertain if the costs presented in case Exhibit 2 are appropriate for determining the EOQs. What changes would you recommend, and why? Should the cost of the three idle part-time workers be included when the production line is down? Using the 2012 annual demand, and your recommendations, recalculate the EOQs for the five SKUs.
3. Compare your results with those obtained using the data in case Exhibit 2. What do you attribute the differences to? After speaking to Jake and Josh, Brodie is now not sure if the EOQ model is the most appropriate for the current production process. Evaluate the scheduling method that Jake and Josh are using. Why are they not following the established system?
4. Compare the established EOQ/ROP procedure (described in case Exhibit 2) with the one that Jake and Josh are using. Which system do you prefer? What improvements do you recommend?
5. What recommendations should Brodie present to Jana Fremont at his next meeting with her?

➤ **Case study report on Three Jays due at the beginning of class**

**3/7 Inventory management- Product availability**

**Readings:**

- *Note on Inventory Models §2;3*

❖ **Inventory centralization assignment:** In solving the problems below, it may be best to set up spreadsheets to compute the answers.

1. Epson produces printers for sale in Europe in its Taiwan factory. Printers sold in different countries differ in terms of the power outlet as well as the language manuals. Currently Epson assembles and packs printers for sale in individual countries. Weekly demand in different countries is normally distributed with mean and standard deviation as shown in table:

Country	Mean weekly demand	Standard deviation of weekly demand
France	30,000	6,000
Germany	23,000	4,000
Spain	14,000	1,700
Italy	34,000	7,000
Portugal	21,000	3,800
UK	45,000	8,500

Assume demand in different countries to be independent. Given that the lead time from the Taiwan factory is three weeks, how much safety inventory does Epson require in Europe if it targets 90% probability of no stock out (CSL)?

2. Epson decides to build a central DC in Europe. It will ship base printers (without power supply) to the DC. When an order is received, the DC will assemble power supplies, add manuals, and ship the printers to the appropriate country. The base printers are still to be manufactured in Taiwan with a lead-time of three weeks. How much savings of safety inventory can Epson expect as a result if it still targets 90 % CSL?

**3/19, 21      Supply chain alignment and coordination****3/26      Revenue management**

*(Bring your laptops to class and download the required files for the retail game from the BB)*

*Retail inventory and pricing game.*

**3/28, 4/2      Logistics**

**Case study:** (IMD case #IMD896) *Tesco and Ocado: Competing Online Models*

Discussion Questions:

1. As a customer, what do you want from an online grocery store?
2. Ocado delivers to customers from central, dedicated warehouse, while Tesco uses existing stores to deliver to nearby customers. What are the pros and cons of each model?

**Readings:**

- *Returning Customers: The Hidden Strategic Opportunity Of Returns Management*

Discussion Questions:

1. What is reverse logistics? What are some of the examples of its use?
2. What are the main differences between forward logistics and reverse logistics? What are the potential dangers if reverse channels are established by mimicking forward flows?
3. What operational considerations must be taken into account when designing the reverse flows?
4. How can companies use returns management to improve their customer service?
5. How can companies use return management to discourage customer returns?

**4/4      Guest speaker: Heather Tomley (Port of Long Beach)****4/9      Network design in supply chains**

**Case study:** (HBS #9-609-113): *Plaza, the Logistics Park of Zaragoza*

Discussion Questions:

1. Calculate total relevant cost (transportation costs and inventory-related cost) of each option for a park customer.
2. How would the customer's conclusions change if the following assumption changed:
  - a. Demand was more/less uncertain
  - b. The number of units per container changed
  - c. The service level increased
  - d. The product cost increased/decreased
3. What other issues (besides the one listed above) should the customers take into account?
4. If you are a potential logistics park customer, what opinion would you have about setting up more than one DC to cover Europe (i.e., one in Plaza and one in Rotterdam)?

➤ **Case study report on Plaza due at the beginning of class**

**4/11      Guest speaker: Rob Hills (Deloitte)****4/16      Sustainability in supply chains**

**4/18, 4/23 IT in supply chains**

**Case study:** (Stanford case #SM-214): *SAP and Cloud Computing in 2012 and Beyond*

Discussion Questions:

1. How is SAP different from Oracle?
2. What is the role of cloud computing in ERP adoption and implementation? What is the difference between IaaS, PaaS, and SaaS? What are the drawbacks of cloud computing?

**Readings:**

- (CMR) *How to Use Big Data to Drive Your Supply Chain*

Discussion Questions:

1. Briefly describe three different examples of Big data applications in supply chains discussed in the article.
2. How can companies best use big data analytics to drive their supply chains?

**4/25 SCM-bringing it together**

**Case study:** (HBS #4208) *Scientific Glass, Inc.: Inventory Management*

Discussion Questions:

1. What are the problems facing SG in January 2010? How much additional funding will be needed in 2010 in order to finance sales growth, network expansion, and manufacturing capacity expansion?
2. How do SG's problems illustrate the relationship between the number of warehouses, service levels, and inventory levels?
  - a) Consider the information for two products from Exhibit 3 and calculate safety stock and average inventory for different warehousing configurations. Compare the change in inventory levels for two products when comparing different options. What may explain different changes in inventory levels?
  - b) What is the impact of switching to optimal service level for two products from Exhibit 3 on their inventory levels?
  - c) Use the numbers obtained for representative products under items a and b above to find an estimate of the impact of different warehousing configurations and service levels on total annual inventory and warehouse operation costs faced by SG.
3. How do SG's problems illustrate the relationship between the number of warehouses and transportation expenses? Evaluate total annual transportation cost faced by SG under different WH configurations and transportation options.
4. What alternatives are available to SG? How would you evaluate them by using the analysis above?
5. Evaluate the impact of implementing policy changes from p.7 of the case study on total annual cost faced by SG. How does it compare with your analysis in item 4?
6. What actions should Ava Beane propose to Eric Gregory and Melissa Hayes?

- **Case study report on Scientific Glass due at the beginning of the class**