

# Assignment 1

Pearson BTEC Professional Diploma in Business Innovation Management (SRF)

**Unit and code:** 4 Supply Chain Management (20443E)

**Level:** 6

**Activity title:** Oikos.com

**Assignment reference:** SCM (Assignment 1 of 1)

**Issue date:** / / **Date due:** / / **Date submitted:** / /

**Tutor name(s):** \_\_\_\_\_

**Learner name:** \_\_\_\_\_

Outcome	Summative feedback	Tutor's decision	
<i>OL1 Understand the supply decisions that have to be made in businesses</i> 1.1 Analyse sourcing strategies that are used by businesses 1.2 Critically evaluate how businesses strategically select suppliers		1.1	
		1.2	
<i>OL2 Understand how businesses develop supply strategy</i> 2.1 Assess the importance of the strategic wheel in developing supply strategy 2.2 Analyse how supply strategies are aligned to corporate/ business strategies		2.1	
		2.2	
<i>OL3 Understand the role of performance management in developing supply strategy</i> 3.1 Compare the different types of performance measurement used in developing supply strategy 3.2 Assess the measurement of costs in developing supply strategy 3.3 Review how inter-business relationships are managed		3.1	
		3.2	
		3.3	

<p><b><i>OL4 Be able to apply strategic issues in supply chain management</i></b></p> <p>4.1 Examine the environmental issues in supply chain management which affect a given business</p> <p>4.2 Analyse the benefits of involving suppliers in new product development in a given business</p> <p>4.3 Assess the special nature of public procurement in a given business</p>		4.1	
		4.2	
		4.3	
<p><b><i>OL5 Be able to assess the impact of technology on supply chain management</i></b></p> <p>5.1 Analyse how information technology improves communication between supply chain partners</p> <p>5.2 Critically evaluate the advantages of different forms of electronic exchanges in supply chain management in a given business</p>		5.1	
		5.2	
<b>Statement of authenticity</b>			
I confirm that this is my own work	Learner's signature		

**Formative feedback**

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**Action plan**

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**Learner comment**

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<b>Tutor signature</b>		<b>Date</b>	
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**Summative feedback**

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**Action plan**

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**Learner comment**

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## Scenario

You work with Andrés Perez and Chyou Tan in their retail furniture business, Oikos. The business is primarily an e-commerce business selling stylish furniture on-line. The furniture is sourced directly from manufacturers in China and sold in limited editions on-line. The initial products that were sold were a table and a set of two chairs. The initial success of the business has meant that the company has grown by adding new products at the rate of two or three a month. Pieces are produced in limited quantities and advertised on the website with details of when they will be available. They usually sell out in advance of the date when they become available so products are delivered directly to customers. Unsold products are stored in the company's warehouse.

The advantage of the business model used by Oikos is that customers pay in advance for furniture that is then delivered directly some six to eight weeks later. Cash flow is strong and there are no significant stock holding costs.

In addition the company has a showroom in London and also has local offices in Paris, Amsterdam and Berlin. The London showroom is for displaying its products so that customers no longer have to rely on pictures and technical specifications. The annual revenues are £25 million (€32.5 million) and it plans to grow at 25% year on year. 70% of the sales are made in the United Kingdom with the other 30% coming from its other European operations. Other competitors such as Loaf and Swoon Editions in the United Kingdom, have seen the success of Oikos and are mirroring its activities. However, Oikos wants to grow and maintain its competitive position. Obtaining venture capital to finance growth should not be a problem but investors have to be convinced about Oikos' strategy and business model.

The company's expansion will come from increasing the range of products it sells, increasing the sales volumes, venturing in to new markets and opening some more of its own stores but also selling its products through other retailers. It is developing and hoping to sell a range of office furniture and hopes to win local government orders. The company wants to ensure growth is controlled and managed efficiently. Expansion will mean sourcing products from new suppliers both in China and also in Vietnam and Cambodia. Warehouses, transportation networks, distribution centres and retail outlets will have to be developed. Customer management and service systems will need to be extended and made more responsive.

Oikos has a strong ethical commitment. National and local governments in southeast Asian countries are keen to encourage overseas inwards investment. Oikos will work with local factory

owners to develop their production systems, pay local workers above average wages and offer specialist training. Materials will be sustainably sourced.

Andrés Perez has been responsible for the development of the product ranges and Chyou Lian is the finance and marketing manager responsible for raising finance as well as managing the website. You are responsible for sourcing the products, liaising with the factories, managing the supply chain logistics and customer liaison.

Oikos wants to undertake a re-assessment of its overarching strategy and subsidiary strategies (products, sourcing, marketing, resources both human and financial, information technology). The board needs to agree Oikos' future direction as it needs to present a coherent picture to potential investors when seeking to raise additional capital.

As part of that process it needs to review its supply chain strategy, management and operation. You have been asked to prepare a discussion paper for consideration by the board in respect of these matters - supply chain strategy, management and operation.

## Task required

Prepare a discussion paper for consideration by the board in which you:

- Analyse sourcing strategies that can be used by Oikos and other organisations by critically evaluating how to select suppliers in ways that ensure the company's supply strategy complements and aligns with other aspects of their business strategy.

(1.1, 1.2, 2.1, 2.2)

- Compare the different types of performance measurement used in supply chain strategy and management which could be employed by Oikos and assess how costs might be measured in developing Oikos' supply strategy.

(3.1, 3.2)

- Review how Oikos' inter-business relationships in the supply chain are managed with a particular focus on:
  - the environmental issues which affect Oikos
  - an analysis of the benefits of involving suppliers in Oikos' new product development
  - the nature of the public procurement requirements of businesses and other organisations wanting to purchase Oikos' products
  - an analysis of how information technology can improve the management of and communications within the supply chain between partners critically evaluating the advantages of the different forms of electronic exchange.

(3.3, 4.1, 4.2, 4.3, 5.1, 5.2)

# Grading

**Pass** Work has met the requirements of all the assessment criteria identified in the assignment.

## Centre guidance notes for the assignment

- Use recognised business formats for presenting the work.
- Use appropriate software in producing the work.
- Use 11 point Arial or Trebuchet script.
- The evidence should be around 2,000 to 2,500 words long excluding any appendices and supporting information.
- Use a referencing system.
- Complete the title page and sign the statement of authenticity.
- Detach the title page and fix it to the front of your assignment before submitting your work.
- Use a butterfly or treasury tag to keep the pages of your work together.
- Work must be checked by a plagiarism checker and the centre's plagiarism policy will apply to all learner assignment work. A copy of the plagiarism checker report must be attached to the assignment that is handed in, otherwise it will be rejected for marking.
- Submit the work to **{insert name}** in the faculty office by **{insert date and time}**. Late work and non-submission of work will be dealt with in line with the institution's assessment policy.