



Short cases 1.3.2.

1. Please read the text and answer the questions. Write down your own thoughts. Think also the purchasing company's strategy.

Ethical dilemma

As a buyer for a discount retail chain, you find yourself caught in a maelstrom. Just last month, your chain began selling an economy-priced line of clothing endorsed by a famous movie star. To be price competitive, you have followed the rest of the industry and sourced the clothing from a low-wage region of Asia. Initial sales have been brisk; however, the movie star has recently called you screaming and crying because an investigative news outlet has reported that the clothes with her name on them are being made by children.

Outraged, you fly to the outsourcing manufacturing facility only to find that conditions are not quite as clear-cut as the news had reported. You feel uncomfortable riding through the streets. Poverty is everywhere. Children are chasing foreigners and begging for money. When you enter the plant, you observe a very clean facility. The completely female workforce appears to be very industrious, but many of them do appear to be young. You confront the plant manager and explain your firm's strict international sourcing policies. You demand to know why these girls aren't in school. The manager provides the following response: "The truth is that some of these workers may be underage. We check IDs, but the use of falsified records is commonplace in this country. Plus, you don't understand the alternatives. If you shut this plant down, you will literally take food off the table for these families. There are no other opportunities in this town at this time, and there's no comprehensive welfare system in our country. As for the young women, school is not an option. In this town, only boys receive an education past the sixth grade. If you shut us down, these girls will be out on the street, begging, stealing, or prostituting themselves. Your business offers them a better existence. Please don't take that away!"

- a) What to say to your company, the movie star, the media, and the protestor picketing your stores? Is the best option to shut down and try someplace else?
 - b) What kind of standards and regulations you'll find related to clothing industry and social responsibility?
 - c) What is the difference if you compare a big company and SME in this kind of situation? What are the advantages and disadvantages when making the decision?
2. Please read the text and answer the questions.

Darden's Global Supply Chains

Darden Restaurants, require unique supply chains to serve more than 300 million meals annually. Darden's strategy is operational excellence, and Senior VP Jim Lawrence's task is to ensure competitive advantage via Darden's supply chains. For a firm with purchases exceeding \$1.8 billion, managing the supply chains is a complex and challenging task. Darden, like other casual dining restaurants, has unique supply chains that reflect its menu options. Darden's supply chains are rather shallow, often having just on tier of suppliers. But it has four distinct supply chains.



First, “smallware” is a restaurant industry term for items such as linens, dishes, tableware and kitchenware, and silverware. These are purchased, with Darden taking title as they are received at the Darden Direct Distribution warehouse in Orlando, Florida. From this single warehouse, smallware items are shipped via common carrier (trucking companies) to various restaurants.

Second, frozen, dry, and canned food products are handled economically by Darden’s 11 distribution centers in North America, which are managed by major U.S. food distributors. This is Darden’s second supply line.

Third, the fresh food supply chain (not frozen and not canned), where product life is measured in days, includes dairy products, produce, and meat. This supply chain is B2B, where restaurant managers directly place orders with a preselected group of independent suppliers.

Fourth, Darden’s worldwide seafood supply chain is the final link. Here Darden has developed independent suppliers of salmon, shrimp, tilapia, scallops, and other fresh fish that are source inspected by Darden’s overseas representatives to ensure quality. These fresh products are flown to the U.S. and shipped to 16 distributors, with 22 locations, for quick delivery to the restaurants. With suppliers in 35 countries, Darden must be on the cutting edge when it comes to collaboration, partnering, communication, and food safety. It does this with heavy travel schedules for purchasing and quality control personnel, native-speaking employees onsite, and aggressive communication. Communication is a critical element; Darden tries to develop as much forecasting transparency as possible.

- a) What are the advantages of each of Darden’s four supply chains?
- b) What are the complications of having four supply chains?
- c) How do Darden’s four supply chains compare with those of other firms? Think some local company from a different field (industrial or retail company) as an example.

Source: Heizer, J., Render, B. & Munson, C. (2017). Operations Management. Sustainability and Supply Chain Management. Pearson Education Limited. 503-505.



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