

**INTL228: Supply Chain Management: (Group 3 & 6)**

**Supply Chain Network Design Assignment**

**Project - Presentation Due Tue, April 5, 2020 - 20% of the final grades**

**To be completed in Student TEAMS of maximum 5**

**Both PPT file and analysis paper need to be uploaded into Group folder in the eCentennial**

**Part 1 (15%): Case Study - Presentation Only (Your team as SCM team is hired to propose a Supply Chain Network Design for the VP of operations based on the following scenario. Please ensure all six questions are answered. The presentation needs to be in PPT format only.)**



A new report in the [Globe and Mail](#) details how Sobeys acquisition and subsequent write-down of Safeway stores in Western Canada has proven to be an albatross to the tune of \$2.9 billion, as well as leading to the firing of Empire CEO, Mark Poulin.

It's unfortunate to see any Canadian retailer struggling, but it's not altogether surprising: the grocery industry is one of the most competitive segments of the retail sector. Sophisticated high-profile players Loblaws, Metro and Sobeys are competing for diminishing margins as customers increasingly turn to discount stores for their grocery needs, and American chains Wal-Mart and Costco are putting even more competitive pressure on players in the industry.

The competitiveness of the grocery retail sector is part of what made it a high-risk, high-reward proposition for Sobeys to acquire Safeway – a proposition that in the beginning was meant to be a solution to the company's lack of a bargain grocery presence in Western Canada. Unfortunately, it's a proposition that, for now at least, looks like it has struck a blow to Sobeys as well as its parent company, Empire. Moving forward, the company will look to expand its Fresco stores into Western Canada, as well as to salvage the Safeway operation in that region.

Doubtless more will come out in the coming days about issues that led to difficulties in Sobeys' acquisition of Safeway, but what struck out to us was the mention of specific **Supply Chain** and **talent**-related shortcomings related to the acquisition.

As the Globe and Mail's Tim Giladze reports, the Safeway Supply Chain faced major issues when Sobeys attempted to implement SAP in the chain to help with production Procurement. Safeway's previous parent company had handled Produce delivery in the past. Issues with the difficulty and complexity of this new SAP rollout gave Sobeys major headaches as it tried to integrate Safeway stores across its wider Supply Chain. The result was high prices and lower sales, especially in Alberta, where customers are even more price-sensitive in the wake of ongoing fallout from the drop in oil prices.

As we're all about covering on the Argentus blog, Supply Chain is a massive success factor in business today, *especially* in industries as competitive as grocery retail. While products (such as private-label foods in this case) and marketing are still important, Supply Chain – and Supply Chain technology – are an increasingly-important source of competitive advantage. And an inability to update technology across an entire Supply Chain can lead to vast headaches. It's a lesson that Target learned, painfully, a few years back.

As Supply Chain recruiters, another wrinkle in our story caught our eye: the fact that Sobeys opened regional hubs Edmonton, Winnipeg, and other places, before relocating all head-office functions to a Safeway centre in Calgary. According to Giladze, this development sapped employee morale, which couldn't have helped with adoption of the new Supply Chain technology. To us, this highlights the importance of talent retention in the Supply Chain, where the market for talent is tight.

Obviously, the scale of these sorts of implementations is massive, and these Supply Chain failures probably shouldn't be blamed on any individuals – most of whom are hardworking, dedicated, and eager to see their companies' Supply Chains succeed. But issues like this underscore the importance of hiring the best Supply Chain talent, as well as keeping morale high – especially during complex technology switches – to retain those individuals. In any case, we wish Sobeys all the best moving forward in competing in this difficult landscape!

**With all the current situations, your team is asked to propose a new Supply Chain Network Design to improve the Supply Chain Service. Your team is required to do the research on all data needed for your proposal. Your team is asked to demonstrate your full plan to the senior management team by the requested due date.**

**Below questions need to be answered inside your presentation:**

Questions:

1. Introduce the long-range planning. This may include some of the following points: changes to Global Trade Patterns; Customer Service Requirements; locations of Customer and/or Supply Markets; Corporate Ownership; Cost Pressure; Competitive Capability; and Corporate Organizational Change.
2. What is the sourcing Facilitates innovations, including evaluating the supply sources, implementing sourcing strategy and collaborative process?

3. How to better manage the inventory in the Supply Chain, including inventory accumulation analysis; and inventory carrying cost/setup cost strategies.
4. Distribution center location analysis, how to better manage the flow of the supply chain in regard to transportation plan.
5. What are the measurements to ensure the supply chain network design works for the organizations? What types of metrics will be used?
6. The entire time-line from start to implement. How to develop the implementation plan?

**Marking Rubric:**

Part 1 - Presentation	Mark
Professionalism, Organization, Spelling & Grammar	/10
Background Description, Introduction & Letter	/5
Analysis (Q 1-6)	/60
Conclusion	/5
Appendices, Documents, Sources	/10
Presentation (presenting skill, organized PPT..)	/10
Total	<b>/100</b>

**Part 2 (5%): Analysis from another group's presentation. Every team needs to select another team to clearly analyze how the presentation was performed. The analysis needs to be in word document with minimum 500 words. All below points need to be covered in the analysis.**

1. Based on the overall presentation, do you agree with the total supply chain network design identified in the presentation, and why?
2. Are there any areas you believe the design can be improved to be implemented? If not, what are the areas/ideas your team believe to be the best and why.
3. From a total of 100 points, what is the mark your team believes the presentation should have? What are the recommendations/suggestions your team will give it to presenters for the future practices?

**Marking Rubric:**

Part 2 - Essay	Mark
Professionalism, Organization, Spelling & Grammar	/20
Introduction	/10
Q1	/20
Q2	/20
Q3	/20
Conclusions, Sources, Citations	/10
Total	<b>/100</b>