

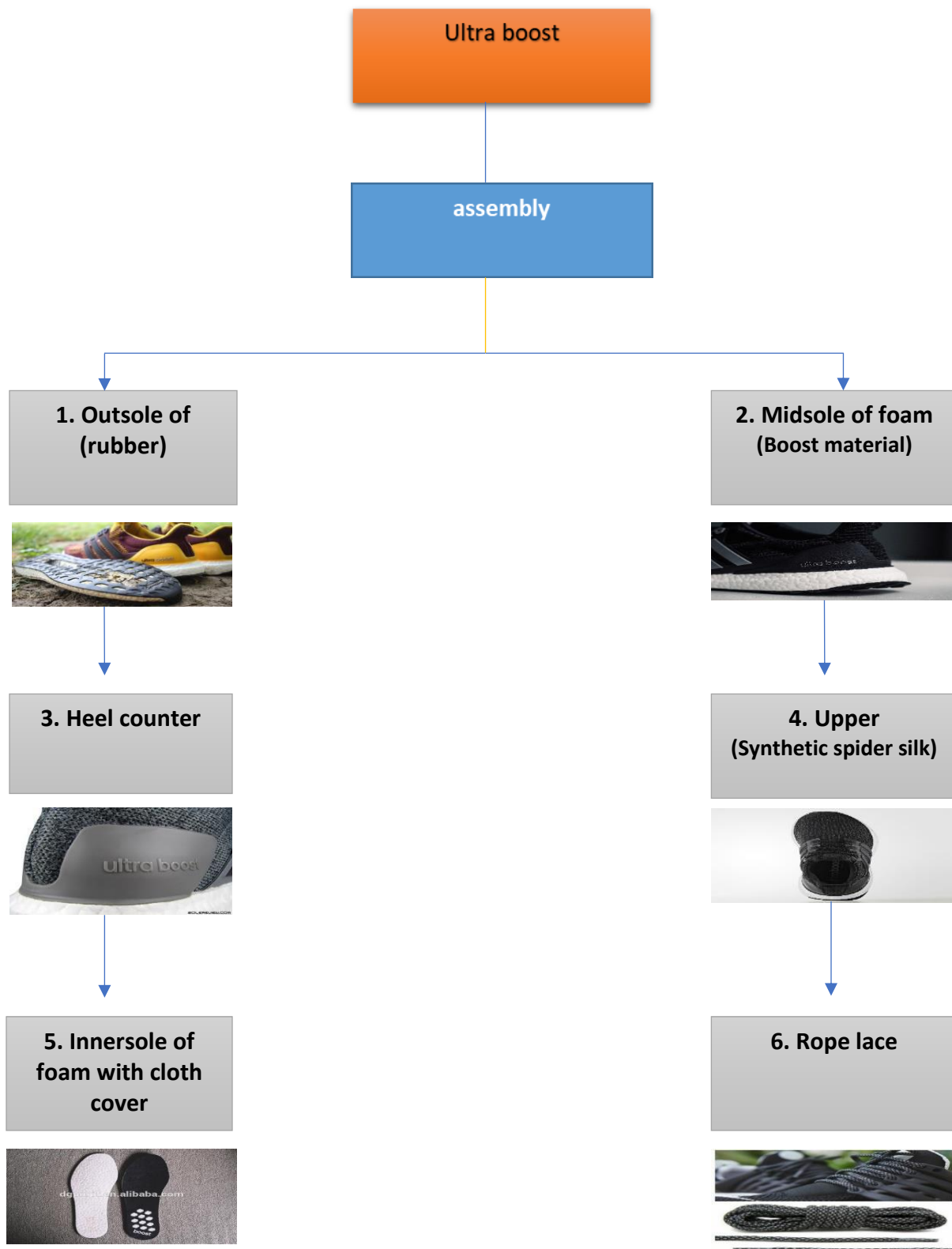
4.2 Sourcing suppliers.

4.2.1. Bill of materials (BOM)

The bill of materials is considered as one of the most important roles in the control process and production planning for any product. A bill of materials is the raw materials, subcomponent, quantities, and parts that are used to come up with the final product and it is also known as BOM or product structure (Pires, Carvalho & Moreira 2008). In the manufacturing phase of Adidas products especially the Ultra boost shoe there are many materials that must be provided in order to produce this shoe. Thus, all the information related to the materials and subcomponent to manufacture Ultra boost will appear in the bill of materials which help to make the process fast and easy for the Adidas and any company.

It is clear from the basic bill of materials (BOM) in the next page is that the company need to assemble more than five materials to come up with the final product which is Ultra boost shoe. The first step to manufacture the Ultra boost shoe is to make the bottom part which is called outsole and is made from the rubber. The second step is to make the midsole of foam and it is made of boost materials which are small granules compressed together. The boost is not considered as a raw material but is obtained by heating Thermoplastic Urethane (Jack 2018). The third step is making the heel counter which is made from the recycled thermoplastic polyurethane. The next step is making the upper part and it made from the Synthetic spider silk. The last two step are first making the Innersole of foam and second making the rope lace (Mills 2003, p.67). All of these materials are assembled by using one of the most advanced technology and it is called cold cement. Adidas using this technology in assembling most of their running shoes such as Ultra boost and Adizero (How Adidas Makes Shoes 2017).

The bill of materials (BOM) for Ultra boost shoe.

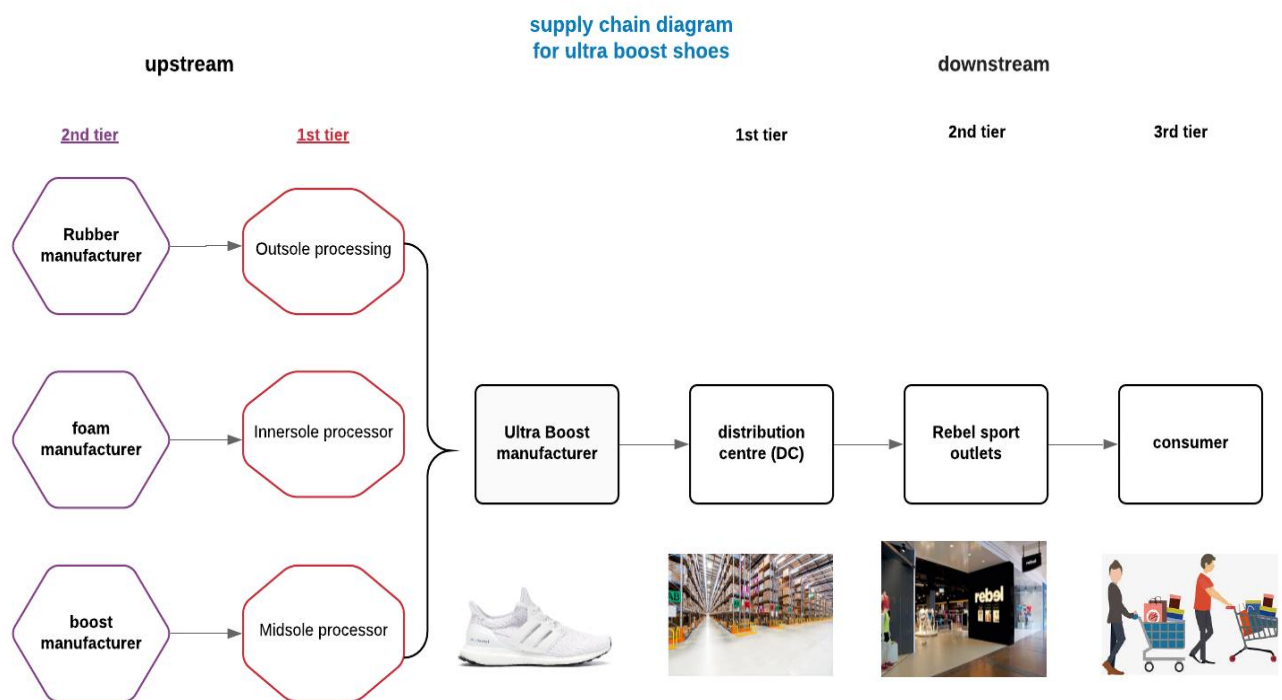


The below table shows the most important component that is used to make the Ultra Boost shoe. It is clear from the table is that there are four important components that are coming from different places in the world. First is the rubber which cost Adidas 8 us dollar and it is sourced from more than two countries in the world like Thailand, Vietnam, etc. The second is the foam which cost 13 us dollar and it is sourced from China. The third is the boost material is sourced from Germany and it is considered to be the most expensive material in the shoe that is cost 15 us dollars. The last component to make the Ultra boost shoe is the polyurethane which costs 7 us dollars and it is sourced from Taiwan. Finally, by looking at all of these materials and their price, it turns out that the production cost of Ultra boost shoe is just 43 us dollars (Jonathan 2016).

** ** *	Material	Price	Sourced from	Location
1-	Rubber	\$ 8	Thailand, brazil, Vietnam.	Brazil: Avenida Antonio Braga de Azevedo, 407 Thailand: 110 Moo 13, Mitraphab Rd Bantrad,
2-	Foam	\$ 13	China	No.888 of AnHua Road
3-	Boost	\$ 15	Germany	Gottlieb-Daimler-Straße 8
4-	Polyurethane	\$ 7	Taiwan	No. 413 Section 2, Ching Yun Road

Table 1.

4.2.2 Supply chain diagram.



The above diagram shows the supply chain network for Ultra boost shoe. This supply chain diagram includes two stages first is upstream which include the raw materials and second is downstream which includes the distribution centre (DC), the retailer (rebel sport) and the consumer.

Adidas has more than 800 suppliers around the world which make the manufacturing easy because most of the raw materials are coming from a different part of the world. In the manufacture, of Ultra boost shoe all the raw materials in the 2nd tier are coming from different countries. For example, the rubber is manufactured in china and the boost material is made in Germany.

The main distribution centre (DC) is located in Truganina, Melbourne and this distribution centre is operated by one of the biggest logistics company in Australia which is Toll Global Logistics (Retailbiz 2012). Then this company distributes the product to the Rebel sports store. Finally, the retail store offers the product to the consumer.