

Management 240F
Global Supply Chain Management

Winter Quarter 2020

INSTRUCTOR

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COURSE DESCRIPTION

To compete for market share and to improve financial performance, western manufacturers often outsource or off-shore labor- and capital- intensive manufacturing operations – typically to contract manufacturers located in Asia (especially China) – to transform themselves as product designers (e.g., Nike), as supply chain integrators (e.g., Boeing's 787), or as business solution providers (e.g., IBM). With improved information technologies, tax benefits, and lower labor cost, outsourcing or off-shoring the manufacturing operations enables western manufacturers to exploit contract manufacturers' capabilities and skills. By 2011, the manufacturing sector in the US has dwindled to 9% of its GDP.

As more firms continue to outsource and off-shore their operations (technical support, customer services, etc.), virtually all western companies need to manage multiple supply chains with external partners located in different countries around the globe. By its very nature, supply chain management has to deal with the management of the flow of materials, information and funds across the entire global supply network that ranges from suppliers, manufacturers, distributors, logistics providers and retailers to consumers.

Naturally, this course is an opportunity for students to explore emerging supply chain issues in a global context. This course draws upon concepts originally introduced in your core courses on operations management, statistics, marketing, and strategy. While many of the operational processes that we will consider in this course will appear familiar, most of you will find yourselves viewing them from a different perspective especially through different conceptual framework for analyzing global supply chain issues. Throughout this course, we shall examine different strategic issues in terms of business models for creating new ventures and for achieving profitable growth. As the same time, we shall evaluate different operational issues in terms of incentive contracts for managing a supply chain efficiently and effectively.

GRADING

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|---|------------|--------------|
| 1. Class Preparation/Participation/Attendance
[Grading Criteria] Participative in class? Comments relevant? | 20% | (individual) |
| 2. Two Case Analyses (10% each)
[Grading Criteria] Analysis correct? Presentation clear? Relevant? | 20% | (group) |
| 3. Four Mini-case Debates (5% each)
[Grading Criteria] Arguments/Analysis logical? | 20% | (group) |
| 4. Final Presentation
[Grading Criteria] Original? Logical? Relevant? | 40% | (group) |

1. Class Attendance/Preparation/Participation (20%)

The assigned material for each class should be read before class to facilitate comprehension and discussion. You should read the case thoroughly to understand fully the situation, the pertinent facts and the central issues. We shall discuss and analyze the readings and the case together in class. To facilitate learning, we will have several "**Case Debate**" sessions. These sessions are intended to enable students to make their case and ask penetrating questions. Class attendance is required.

2. Group Case Write-Ups (20%)

The two case write-ups are to be done in learning groups, each of which should be 6-7 students. The learning groups should be formed no later than the end of the first class. Each learning group should submit two written reports (no more than 4 pages (1.5 line spacing) in length (excluding exhibits)) via CCLE about the following cases : **[1] Shanghai Express (Module 6) and [2] Ant Financial (A) (Module 8)**. These two cases are available in the course pack and the assigned questions are available in the Course Schedule and Assignment section. **Please consider the assigned questions listed in this document.**

3. Mini-Debates (20%)

Every group will participate in min-case debate sessions by taking a particular stand on a particular issue. (The role of each group (i.e., the position of each group takes) will be assigned during the first class.) Before each mini-debate session, **each (debate) group** needs to prepare a 7-min PPT presentation (5 slides or so) to support the group's position. **(There is no absolute right or wrong answer, but you need to provide logical arguments. The case materials are meant to be reference materials and you are free to use any updated information available on the internet to make your case!)** Also, **each (non-debate) group** is required to submit a document through CCLE (no more than 1 page please) stating **3 key "distinctive" arguments (with supporting evidence/analysis/justifications)** to support their assigned position. The submitted document will be graded. During each mini-debate session, all key arguments will be discussed.

4. Final presentation (40%)

During tenth week, each team is required to prepare a 15-minute presentation that examines an issue related to supply chain management. Each presentation should contain some analysis of current practice, future challenges and recommendations. Below are some potential topics.

- Green or Sustainable Supply Chain Management (i.e., recycle, re-manufacturing, circular economy)
- Service Supply Chain Management (i.e., service outsourcing and management issues, health care, etc.)
- Shared economy (Uber, Lyft, Airbnb)
- Innovative Business Models (e.g., Omni channels, Mobile financial services, Crowd-sourcing, Crowd-funding, Blockchain, Fintech)
- Supply Chain Management Issues in Emerging Markets (child labor, unsafe working conditions)
- Supply Chain Management for Disaster Relief (e.g., humanitarian relief operations)
- Topic of your own choice

Timeline

- (1) Each team discuss with the instructor (between week three and five) about the proposed topic no later than week 5. (2) Each team gives a 15-minute presentation (in-class) during the tenth week.

Grading Criteria

- Originality¹ (10%), Presentation (10%), and Analysis (20%)

¹ Each group needs to comment on the original thought relative to the literature available on public domain.

SOME USEFUL WEBSITES FOR CONDUCTING SUPPLY CHAIN RESEARCH**Council of Supply Chain Management**

- <http://www.cscmp.org/>
this is the largest professional organization that focuses on supply chain management. This portal contains a complete list of "glossary" for Supply Chain Management, industry news and some recent case studies.

Forrester Research

- <http://www.anderson.ucla.edu/x14520.xml#forrester>
these reports are available at our Anderson Library via Anderson's Intranet access. Forrester Research offers the latest market trend about various supply chain issues such as ERP systems, Information technology adoption, etc.

Online Journals/Reports

- *Supply Chain Link* (<http://www.manufacturing.net/scl/>)
This is a portal that links to many helpful sites on logistics, ERP, manufacturing, software and technology. It gives you an online version of selected articles from many sources including *Supply Chain Management Review*. You can download free copies. It also provides some news from Lexis-Nexis.
- *Purchasing/Supply Chain* (<http://www.manufacturing.net/magazine/purchasing/>)
this site is the online version of *Purchasing*. It provides some industry news about procurement, logistics and transportation issues.
- *Information Technology* (<http://www.informationweek.com/>)
this site is the online version of *Information Week*. It is good for learning the latest ERP/IT/IS stuff related to supply chain.
- *Logistics* (<http://www.inboundlogistics.com/>)
this site will link you to relevant sites. A pretty good resource if you are getting into logistics issues.
- *The McKinsey Quarterly* (<http://www.mckinseyquarterly.com/home.aspx>)
under the "Functions" tab, you can access too many global supply chain studies in the "operations" area. Free registration.

University/Industry Joint Forums

- UCLA Anderson Global Supply Chain Blogs (<http://blogs.anderson.ucla.edu/global-supply-chain/>)
- Stanford Global Supply Chain Forum (<http://www.stanford.edu/group/scforum/>)
- MIT Supply Chain Strategy Forum (<http://www.MITsupplychainstrategy.com>)
- The Center for Digital Strategies at the Tuck School of Business (<http://www.tuck.dartmouth.edu/digitalstrategies>)
- North Carolina State Supply Chain Resource Forum (<http://scrc.ncsu.edu/>)
these forums offer white papers, cases, supply chain glossary and various links to other interesting supply chain sites.

ABOUT THE INSTRUCTOR

Christopher Tang is a Distinguished Professor of UCLA. He holds the Edward W. Carter Chair in Business Administration at the UCLA Anderson School. He joined UCLA since 1985, served as Senior Associate Dean at the UCLA Anderson School from 1998 to 2002, Dean of the Business School at the National University of Singapore from 2002 to 2004, and Senior Advisor to the President of National University of Singapore. He is the founder of the UCLA-NUS EMBA program.

He has published 6 books and published over 130 articles in academic journals and newspapers such as *Wall Street Journal*, *Financial Times*, *Fortune*, and *LA Times* in the areas of global operations. He has served on 15 editorial boards for many journals such as *Management Science*, *Operations Research*, and *Production and Operations Management*, and serves as the Editor in Chief of *Manufacturing & Service Operations Management* currently. He has advised clients including: Accenture, Amazon, Amgen, Andersen Consulting, Bay Networks, Federal Reserve Bank, GKN, Hewlett Packard Company, Honda America, Hughes Aircraft Company, Ingram-Micro, Nestlé USA, IBM, ICL International, Johnson and Johnson, Northrop-Grumman Corporation, etc.

EDUCATION

B.Sc. (First class honors). 1981, King's College, University of London
M. Phil, and M.A., 1983, Yale University
PhD, 1985, Yale University

INTERESTS

Operations management, supply chain management, retail management, marketing/ manufacturing interface, social innovations

RECOGNITION

Lifetime Fellow Award, MSOM, 2015
UCLA (Campus-wide) Distinguished Teaching Award, UCLA, 2012
UCLA-NUS Executive MBA Program Distinguished Teaching Award, UCLA, 2016, 2013, 2012, 2009, 2005
Lifetime Fellow Award, INFORMS, 2011
Lifetime Fellow Award, Production and Operations Management Society, 2011
Cycle and Carriage Professor, National University of Singapore, 2000, 2002, 2003, 2004
Edward W. Carter Professor of Business Administration, UCLA, 2002 - present
Shaw Visiting Professor, National University of Singapore, 1999
Niedorf's Best Teacher of the Decade, UCLA Anderson School, 1999
Executive MBA Program Distinguished Teaching Award, UCLA, 1998
Senior Research Fellow, Stanford University, 1997
James Peters Research Fellow, UCLA, 1996
Citibank Distinguished Teaching Award, UCLA, 1996

TEACHING

Professor Tang has extensive teaching experience in the areas of supply chain management and retailing. He has taught various executive programs in Australia, Brazil, China, France, Germany, Hong Kong, Japan, Korea, Malaysia, Singapore, Spain, United Kingdom, and USA. He has also taught various MBA, Executive MBA and PhD courses at various universities including London Business School, UC Berkeley, Hong Kong University of Science and Technology, National University of Singapore, Stanford University and UCLA.

CLASS SCHEDULE AND ASSIGNMENTS

Module 1**Introduction to Supply Chain Management and Supply Chain Performance Measures**

In this session, we first discuss key supply chain management processes and the corresponding performance metrics. Then we discuss Wal-Mart in China and then discuss the success recipe of 7-11 Japan and then evaluate its transferability of this recipe in Asia and US.

[Case] Wal-Mart Stores: "Every Day Low Prices" in China [HKU590, 2006]

Consider the following questions:

1. What are Wal-Mart's competitive advantages in the US market?
2. What are the pros and cons for Wal-Mart to replicate its US model in China?
3. What should Wal-Mart China do next?

[Case] Seven-Eleven Japan [Stanford GS-18, 2006]

Consider the following questions:

1. List three innovations of SEJ to make it such a high performer.
2. Describe SEJ's information feedback loop. What decisions are based on this loop?
3. What types of other businesses do you think will benefit from such an IS? Why?
4. What are SEJ's sustainable advantages?

Readings

- "Wal-Mart Direct Farm and Heritage Agriculture: A "Fresh" Take on China and US Supply Chains," Yeh and Tang, ECCH case 713-031-1, 2013.

Module 2**Service Supply Chains: Part I**

This session dovetails the discussion about Seven-Eleven Japan who started on-line grocery shopping in Japan with limited success. In the US, while Amazon Fresh is experimenting on-line grocery model in certain target areas, most on-line retailers for shoes have failed except Zappos.com. In this class, we examine Zappos' operations strategies and discuss why it may actually work! Then we discuss how Alibaba uses an "Ecosystem Strategy" as a platform to create innovative business models. This session ends with a "Case Debate."

[Case] Zappos.com (A): Bring the Shoe Store to Your Home [INSEAD case INS259]

1. In 1999, the footwear market in America was sized at US\$40 billion. Mail order shoe sales accounted for 5% of the market, and online footwear was worth only US\$37 million. What does this imply? Why?
2. What are the benefits and pain points of brick-and-mortar shoe stores? Online shoe stores?
3. What is the difference between Zappos and online and brick-and-mortar shoe stores? What did Zappos do to create this difference?
4. What is Zappos' core competence and competitive advantage? Are they sustainable?
5. What should Zappos do to grow?

[Mini-Case Debate] Can Groupon Survive? – *debate teams submit PPT and nondebate teams submit 1 page arguments via CCLE. (you can use any updated materials available on the internet.)*

[Reference] Groupon: A Fad or A New Supply Chain? [UCLAAnderson]

Consider the following questions (for the debate) – you are free to use any updated information available on the internet:

1. From the customer's perspective, what are the key differences between Groupon and group buying business models?
2. From the seller's perspective, what are the key differences between Groupon and group buying business models?
3. From the supply chain perspective, what are the underlying reasons that explain the failures of online group-buying? To what extent does Groupon address the flaws of online group-buying models?
4. As Groupon continued to struggle, is Groupon's business model flawed?

Module 3**Service Supply Chains: Part II**

In this session, we first discuss an innovative business model developed by Pinduoduo (<https://en.wikipedia.org/wiki/Pinduoduo>), traded on NASDAQ since 2018. Then we discuss the service models in the sharing economy. Then begin our discussion about socially responsible supply chains.

[Case] Pinduoduo [Harvard Business School case: N1-620-040, 2019]

Consider the following questions:

1. What is the value creation strategies offered by Alibaba and JD.com?
2. Being a late comer, what was PDD's entrance strategy?
3. To grow the business, what was PDD's value creation strategies for buyers and sellers?
4. Like most new platform business, PDD is not profitable yet. What does it take to make PDD profitable?

[Case] Uber: Competing as Market Leader in the US versus Being a Distant Second in China [Wirtz and Tang, 2016]

The case describes we examine the case about Uber and its difficulties to compete with Didi in China. Use

1. How could Uber retain its dominant position in the US market? Are there services and /or geographic niche markets where Uber should accommodate Lyft?
2. In late July 2016, Uber China sold its operations to Didi. In hind sight, what could Uber do to survive in China?

Module 4**Socially Responsible Supply Chains**

In this session, we first examine the environmental issues in China and the issue of corporate social responsibility. Then we discuss how an NGO IPE uses information as power to challenge unethical contract manufacturers in China. In this session, we discuss if and how ITC-eChoupal initiative and Nokia's NLT can help alleviating the poor farmers in India. Then, we examine the underlying business model of ITC-eChoupal / Nokia NLT and evaluate its long term success in India and its transferability to other countries. We then discuss how Starbucks C.A.F.E. initiative can help improving (social and environmental sustainability for coffee farmers in South America and elsewhere.

[Mini-Case Debate] Can ITC e-Choupal be successful in India? -- *debate teams submit PPT and nondebate teams submit 1 page arguments via CCLE.* (you can use any updated materials available on the internet.)

[Reference] The ITC eChoupal Initiative [HBSP 604016]

The case describes a new initiative in India that is intended to empower the Indian farmer by restructuring the supply chain in the agricultural sector. Working in groups, prepare to address the following questions:

1. What was ITC's motivation for creating e-Choupal?
2. How would e-Choupal change the underlying supply chain structure (physical and information flows)?
3. What principles did e-Choupal employ as it built the newly fashioned supply chain?
4. What barriers did ITC face in embarking on this project?
5. How should ITC develop this platform for the future?

[Case] Ma Jun and IPE: Using Information to Improve China's Environment [Stanford, SI—115]

Consider the following questions:

1. What are the key accomplishments of Ma Jun and IPE so far? What were the drivers of success?
2. How can Ma Jun increase the impact of his non-profit organization?
3. Will your proposal require Ma Jun to raise more funds and, if so, from whom?
4. What, if any, changes should Ma Jun advocate in China's legal and regulatory system?

Readings

1. Creating Shared Value at Nestlé, by Lee, Over and Tang, Supply Chain World, 2013.

Module 5**Incentive Alignment Issues arising from Supply Chain Management**

We play the Internet Beer game – please bring your notebook computer to class. Then, we will discuss how information can improve supply chain efficiency. Also, we review the newsvendor inventory model discussed in the core OTM course – this review will be useful for our discussion for the Shanghai Express case.

[Game] The Beer Distribution Game: Internet Version**Readings**

- The Newsvendor Model (by Roels), 2014.

Module 6**Incentive Alignment Issues arising from Supply Chain Management**

Then we discuss the contractual issues arising from the Shanghai Express case using the newsvendor problem solution. Then we discuss the incentive issues arising from the development of Boeing 787.

<Case write up – Submit via CCLE>

[Case] Shanghai Express [UCLAAnderson] – A short case and Excel spreadsheets available on course CCLE webpage. (Questions are stated in the case.)

[Case] Boeing 787: The Dreamliner [HBSP 305101]

Be prepared to discuss the following questions:

1. Is the 787 appropriately positioned in the marketplace to give a high likelihood of success? Why or why not?
2. How does the approach used for the 787's development differ from the past?
3. What types of risks may Boeing face on the 787 development project? How could these risks be mitigated?

Readings

- "Aligning Incentives in Supply Chains." Narayanan and Raman. *Harvard Business Review*. 2004.

Module 7**Supply Chain Design: Part I**

In this session, we begin with our "Case Debate" by examining if Flextronics (Singapore) should enter the ODM market so as to compete with other contract manufacturers such as Foxconn in Asia. Then, we discuss some issues arising from procurement and outsourcing. This module ends with a discussion of the Li & Fung case. Specifically, we first discuss how a Hong Kong trading companies creates value for its western customers and its suppliers in Asia. Then, as Li & Fung is facing competition in China, we examine what other global strategies Li & Fung should adopt in order sustain its phenomenal profitable growth in Europe and North America.

[Case] Flextronics International [HBSP 605063]

Consider the following questions:

1. What factors account for the dramatic growth of the electronics manufacturing services (EMS) industry during the 90's? How would you rate Flextronics' performance during this period?
2. Does the economic or strategic rationale for the outsourcing of electronics manufacturing differ from that for the outsourcing of design? If so, what is different?
3. **[Key Question]** Do you believe that moving into the ODM market is a good idea for Flextronics? If yes, why? If not, what should Flextronics do?

[Case Debate Topic] Should Li & Fung develop its online B2B model? -- debate teams submit PPT and nondebate teams submit 1 page arguments via CCLE. (you can use any updated materials available on the internet.)

[Reference] Li & Fung (A): Internet Issues [HBSP 301009]

Be prepared to discuss the following questions:

1. What is the historical strength and strategy of Li & Fung?
2. What capabilities of Li & Fung does LiFung.com leverage? What are the risks?
3. What advice would you give William and Victor Fung?

Readings

- "Chapter 10: Application – Mitigating Outsourcing-Related Risk" Managing Supply Chain Risk, by Sodhi and Tang, Springer, 2012.

Module 8**Supply Chain Design Part II: Value Creation and New Product/Service Development**

We start this session with a discussion about micro-finance and its impact on socially responsible supply chains. Then we discuss the case about the value created by Experian Micro-analytics for supporting supply chain operations in developing countries. This module ends with a discussion about the exponential growth of Ant Financial and its underlying strategies.

Case: MobiVi: Establishing Credit Lending, Micro Donations, and Allied Services in Vietnam using Telecom Technologies, by Lee, Masood, and Tang [Stanford / UCLA Anderson Case GS-82]

Consider the following questions:

1. How does MobiVi create value?
2. What are the key challenges that MobiVi may face? How to overcome these challenges?

<Case -- Write up – submit via CCLE>

Case: Ant Financial (A) [Harvard Business School Case 9-617-060, 2019]

Consider the following questions:

1. What factors contributed to the success of Ant Financial?
2. What institutional voids did Ant Financial services fill? What are the values created?
3. What are the capabilities that Ant leverage to continue its success?
4. Moving forward, how should Ant Financial grow in China?
5. What are the challenges and opportunities of Ant's globalization strategies?

Readings

- Experian MicroAnalytics: accelerating the development of mobile financial services in developing markets, by Lee and Tang [Stanford / UCLA Anderson Case GS-83]

Module 9**Supply Chain Design Part III: New Product Development**

We begin with our "Case Debate" by examining what western companies can do to counteract the sales of counterfeited products in China. Also, we discuss what western companies can learn from "Shanzhai" counterfeited goods manufacturers in the context of responsive supply chain design. Then we discuss Tesla's new product development strategy: high-end product (Tesla Roadster), then medium market electric car (Model S), and now a mass-market car (Model X). With other high-end competitors such as BMW and low-end competitors such as Nissan, GM, and even BYD, will Tesla succeed in its Model X?

[Case Debate Topic] Shanzhai vs. Mainstream: If you were a Shanzhai firm, what will do you to become mainstream. If you were a mainstream firm, what will you do to fend off copycats? -- debate teams submit PPT and nondebate teams submit 1 page arguments via CCLE. (you can use any updated materials available on the internet.)

[Reference] Shanzhai ("Bandit") Mobile Phone Companies [Stanford GS-75]

Consider the following questions:

1. What are the environmental factors that drive the Shanzhai phenomenon?
2. What are the critical success factors of Shanzhai handset companies?
3. What can mainstream companies do to mitigate the impact of Shanzhai?
4. What can Shanzhais do to become mainstream?
5. What are the positive and negative contributions of Shanzhai companies to the industry and the economy?

[Case] Tesla Motors [HBS 9-714-413]

1. Should BMW expect Tesla to grow into a strong direct competitor like Audi? Or Tesla will be limited to a niche market?
2. What is Tesla's growth strategy? What barriers did Tesla have to overcome?
3. Do you think Tesla's secret plan (page 9) was a plan or an ex-post rationalization?
4. How do you expect the electric car industry to evolve?

Readings

- "Is the East Following the West or Its Own Destiny for Industrial Development? A Research Agenda Based on Supply-Chain Integration." Sodhi and Tang. *Operations and Supply Chain Management*. 19-30. May 2008.

Module 10**Student Presentations – submit via CCLE****Student Presentations**

Each team will give a 15-minute presentation with a 5-minute Q&A.