

## PSM611S ASSIGNMENT 2 FEEDBACK TUTORIAL LETTER

Dear student

Below is Assignment 2 feedback.

### Assignment 1

[50 Marks]

#### Question 1

Read the case below and answer the questions thereafter.

### Case study: Purchasing and Supply in Toyota's Supply Chain

In a manufacturing and assembly-type organisation such as Toyota, the organisational functions (purchasing, production, marketing, finances, logistics and humans resources) are performed in an integrated manner within a supply chain. The functions of purchasing, operations and logistics are particularly integrated in a supply chain and cannot be separated. Not only are the internal organizational functions performed in an integrated manner, but the suppliers of the organisation are also integrated by means of planning, systems and **long-term relationships**. In the same way, the customers are linked to the supply chain. Information, money and materials flow through the whole supply chain as a unit- as if it is one organisation.

In the supply chain management approach, the purchasing and supply function plays an increasingly important role with regard to the selection of and relationship with suppliers. With over 25 000 possible combinations of parts that can be assembled into one Toyota vehicle, it becomes clear how complicated the supply chains and particularly the production system, selection of suppliers, inventory control and quality control are (Rudansky-Kloppers. 2016:2016)

#### Suppliers

Suppliers are referred to as business partners. Toyota prefers long-term relationships with suppliers in order to realise mutual growth based on mutual trust. A long-term, mutually beneficial mindset is an important criterion for the selection of suppliers.

Toyota suppliers are also assessed using the standard **key performance indicators** (KPIs) such as cost, quality, delivery and environmental issues. Of those, cost is the most important to Toyota, while environmental issues are becoming increasingly important. Therefore, Toyota expects their suppliers to be ISO14001 compliant, which means that suppliers must apply

certain standards to manage their impact on the environment with the materials they use, production processes, waste, scrap, packaging, disposal of the end [product and so on.

The **sustainability** of suppliers is important for Toyota. Sustainability means, firstly, that a supplier must be a viable organization and that this organization is able to adapt and survive in future. Therefore, Toyota not only purchases parts from suppliers' but also develops suppliers' capabilities. For example, they train suppliers in the Toyota production system (TPS) and they use retired employees who have knowledge of production and logistics to work with the suppliers.

As part of their long-term mindset, Toyota has started to involve suppliers early on in the design process. Early supplier involvement (ESI) occurs when a strategic supplier provides product and process technology and knowledge to support the buyer's operation (Wisner et al., 2016: 117). Key strategic suppliers are able to make vital contributions in the areas of quality, cost and timely market availability of new products. For example, the core competency of designing Toyota car seats now lies with Toyota Boshoku. Toyota will indicate to Toyota Boshoku how they expect car seats to function and what they want them to look and feel like. Toyota Boshoku will then be responsible for the development, design, procurement of parts and production. Toyota aims to develop a few suppliers (say two or three) that can supply a certain part in order to maintain competition within the supplier base. (Naude, 2009: 139).

Supplier innovation within Toyota is critical and the company gives an annual award to the top supplier for innovation.

The playing field for local automotive component manufacturers (ACMs) has changed over the last few years. Original equipment manufacturers (OEMs), such as Toyota, are now sourcing components on a global basis at the lowest possible cost. In order to survive, the South African ACMs need to compete with the best in the world from a cost and quality perspective.

Toyota Motor Corporation and Toyota South Africa thus employ world best practices in the management of their supply chain. This includes the Toyota Production System, aimed at a waste reduction, lean principles, quality, just-in time approach and continuous improvement. Likewise, inventory and suppliers are managed according to best practice. The result is quite clear: in South Africa, Toyota South Africa ranks among the top 10 international distributors- they have a good reputation and have received numerous awards over the past decades for product quality and performance in many areas (Rudansky- Kloppers, 2016: 217-218).

Source: Ambe, M., Badenhorst-Weiss, J.A., Cilliers, J.O., & Dhlamin, W (2018). *Purchasing and Supply Management*, Van Schaik Publishers, 7<sup>th</sup> Edition.

## Question 1

1.1 Toyota needs an uninterrupted flow of goods, materials and services to operate successfully. Explain how Toyota South Africa's Purchasing and Management function influences other enterprise or organisational functions. (15)

- *Operations/production function department*
- *Marketing function*
- *Human resources function*
- *Administrative and finance functions*
- *Public relations*

### Comments

You were expected to discuss the link between the purchasing and supply function and other enterprise functions of Toyota. Although some of you correctly identify them you just describe them instead of explaining how they manifest in Toyota. Thus, some of you could not score full marks on this question. Further note that logistic is not an enterprise function but a component of supply chain management. The same applies to quality control. Quality control is a function of operations and production function. Thus you could not score marks on those functions. Nevertheless, congratulations to those that did well on this question, your understanding of the subject was well demonstrated.

1.2 Outline the most outstanding features or success of Toyota South Africa's Purchasing and Supply Management function. Motivate your answer. (25)

- *Long term relationships*
- *Integrated systems*
- *Coordination within the organisation*
- *Cultivation of good relationships (suppliers are partners)*
- *Evaluation of suppliers leading to improved performance*
- *Sustainable purchasing*
- *Development of suppliers*
- *Awarding of top suppliers*
- *Employment of best practices e.g lean, JIT*

### Comments

This was a give-away question since most of Toyota's outstanding features of their purchasing and supply function are well highlighted in the given case study. Those were supposed to be the major highlights of your answer. Although most of you correctly identify them, you simply copied descriptions from the case study without any attempt to be creative. Thus, you could not score full marks. Once again, I reiterating that knowledge application requires that you answer these questions when analysing: WHAT? WHY? & WHO? & HOW? In addition, please note that the insertion of the company name (Toyota) MUST does not imply application.

Nonetheless, I should congratulate those that did well in this question. I was impressed by your understanding and application of the subject knowledge in this question.

## Question 2

[10marks]

Read the case below and answer the questions that follow.

### Health Care for Truckers

Truck drivers in Africa have a new navigation tool to help them find healthcare centres along the subcontinent's major transport corridors. In a partnership between Shell, Maplecroft and North Star Alliance, four maps have been published showing the exact locations of more than 160 roadside wellness centres in west, east and southern Africa.

Some of the services provided by the wellness centres include sexual health education and counselling, HIV/Aids testing, blood pressure testing, TB screening, treatments of minor infections and wounds, and the distribution of free condoms.

The maps are produced by Maplecroft and funded by Shell. Shell recognises that the wellbeing of the drivers has a direct impact on the business.

Shell distributes the maps to its road transport managers in various sub-Saharan African countries. North Star Alliance also distributes the maps to drivers who visits their roadside wellness centres, and to other roadside clinic networks in sub-Saharan Africa.

Source: Abstracted from Export and Import South Africa (2010:33) as cited by Badenhorst-Weiss (2013)

- 2.1 What impact can the health of truck drivers have on the performance of purchasing and supply and the supply chain as a whole? (4)

*The ultimate aim of any supply chain is to meet or exceed the expectations of the end user who is the final customer the whole chain. Hence, if truck drivers are not healthy there could be delays in deliveries, accidents could occur, drivers could lose their lives due to accidents or illnesses and all this will have a negative impact on all parties in the whole supply chain.*

#### Comments

Those were supposed to be the main highlights of your answer to this question.

- 2.2 To which categories of corporate social responsibilities does the effort of taking care of the health of truck drivers contribute to? Motivate your answer. (6)
- *Ethics*
  - *Human rights*

- *Safety*

### **Comments**

Majority of you correctly identified these categories and you could apply them well to the given case.

### **Overall Comment**

Although most of you did well in this assignment, there are still some that scored below 50%. Your inability to apply concepts to cases is a clear indication of a low understanding of important/core concepts in this course. Thus, I urge you to consult me to avoid a repetition of the same mistakes in the examination.

Lastly, congratulations to those that made it to exams!! I wish you all the best with your exam preparations. To those that could not make it to the exams, please remember that every time you fail, you move one step closer to succeeding. Embrace failure as part of success and get going. Below are some motivational quotes for overcoming failure.

Our greatest glory is not in never failing, but in rising up every time we fail.

**Ralph Waldo Emerson**

Satisfaction lies in the effort, not in the attainment. Full effort is full victory.

**Mahatma Gandhi**

Character consists of what you do on the third and fourth tries.

**James A Michener**

Defeat is not the worst of failures. Not to have tried is the true failure.

**George E. Woodberry**

Sometimes by losing a battle you find a new way to win the war.

**Donald Trump**

Experience is not what happens to you; it is what you do with what happens to you.

**Aldous Huxley**

What the caterpillar calls the end of the world, the master calls a butterfly.

**Richard Bach**

If you are going through hell, keep going.

**Winston Churchill**

The most important element in the failure equation is your personal commitment to keep trying.

**Cathrine Pulsifer, *Failure Is A Golden Opportunity***

"Some people use failure as an excuse to give up, to become bitter, or cynical. Other people look at failure as an opportunity to revisit past decisions and to devise new strategies."

**Catherine Pulsifer, *Do Not Be Discouraged***

My grandmother never had a word for 'failure' in her vocabulary. She called it 'life lessons'.

**Svetlana Kim**

Please be encouraged that not all hope is lost. Hence, if at first you don't succeed, **try, try, try, try**..... again.

**END OF ASSIGNMENT 2 FEEDBACK TUTORIAL LETTER**