

TAKING NURSERY PLANTS TO THE WORLD

SGC is a well-established garden nursery company which has both retail outlets (garden centres) and a wholesale nursery business that sells mature plants to companies undertaking large-scale landscaping projects. The company was started many years ago by a brother and sister who have since died and left the business to several family members. It is a well-respected company in the industry, known for the quality of its plant stock and the old fashioned values of its company members. However, in a difficult economic environment they face increased competition from overseas companies, who can produce young plants at a much lower cost due to lower labour overheads. The company considered the option of expanding its operations to overseas in order to increase its competitiveness with market rivals. The only challenge was how to study the business environment factors that would affect its overseas supply chain operations as the company lacked experience in international supply chain operations. Even so, they have a niche market selling large, mature plants to landscaping companies, who need a reliable supply of quality shrubs and trees, with a guaranteed lifespan of many years. Most notably they sold many plants to contractors (at local level who happened to be the middle men). Due to their family expertise in horticulture, they have neglected the administrative side of the business and are currently trying to 'catch up' with the rest of the industry in computerising their stock, procurement and accounting systems. For the past year they have invested a considerable sum of money in trying to develop bespoke hardware and software for their business, but this has been slow and beset with many design problems as the company they contracted for the work failed to recognise the complexity of their business. The complications were due to distortions in their supply chain operations that caused failures towards accurate demand forecasts as well as planning inventory delivery schedules from vendors. Thus, the bullwhip effect (distortions) was highly affecting the company operations in terms of inventory (stock) holding operations in the system as well as forecasting future sales.

The company after a long hustle they decided to hire a consultant who advised them to consider the outsourcing strategy whereby the strongly suggested they should outsource the administrative/managerial function. Hence, the owners should concentrate on production side which is their area of expertise and the rest of managerial/administrative operations had to be

performed by a trusted third-party of their choice basing on management outsourcing agreement to be reached. After considerations of the options the governing board decided accept the consultant advice of outsourcing the managerial functions. KZZ Consultants were selected to take care of the managerial and administrative functions of the company. The consultant introduced a number of changes towards the strategies used for procurement and supply chain operations. The most notably change was adoption of early supplier involvement in order to address the problem of late supplies and poor raw materials. Also, the company adopted a business model based on supply chain strategy of direct-to-customer that was considered a source of competitive advantage especially towards selling large and mature plants to landscaping companies. Spring Garden Centres Ltd differentiated from competition by providing a channel for customers to place orders of their choice which in return helped to cut down intermediaries as well as achieving order fulfilment at least cost.

To guarantee customer satisfaction, logistics operations had to be streamlined to ensure the timely delivery of customised products. The company was required to design its supply chain approximately across the globe to give similar experience to all customers, wherever they may be. This involved defining strategy with respect to the location of facilities and structuring of relationships among suppliers, assembly points and delivery operations. The adopted business model facilitated immediate market feedback as the company had direct links with customers. With such advantage, the company quickly influenced demand trends and influenced all players to be accountable for their roles and responsibilities. The model laid a tremendous emphasis on fulfilling customer orders and approach which required the customer to be treated with respect.