

TALE OF DFP GOING GLOBAL.

Dogo Fabric Products (DFP) was formed in the late 1990's in the Republic of Kenya to supply fabric materials that required strong, robust machinery capable of making 600 tonnes of cloths per day. As the market developed DFP became a leading global supplier in the supply of fabric products. DFP production facilities expanded from one factory site to four (4) factory sites in the Republic of Kenya. The main focus for DFP became new product development and ensuring that it maintained the quality and reliability synonymous with its brand. In the last decade new low-cost competitors have entered the market and are starting to reduce DFP's market share. DFP needs to concentrate on costs if it is going to sustain its market share leadership. DFP directors insist that it must maintain its brand image but achieve the same quality product at a lower cost. This may involve the use of low-cost country sourcing. Areas of concern for low-cost country sourcing are as follows:

- Availability of good quality product
- Availability of cheap raw materials
- Maintaining price once a commitment to supply has been made
- Reducing lead time which includes orders shipping on time and 'premium' transport arrangements having to be made
- Transparency business dealing between DFP and Low-cost country suppliers

This may result in good quality.

Mr. Omondo is one of DFP's Procurement and Supply Manager and is responsible for the procurement of the fabrications for his site. The fabrications supplier base for DFP is mainly local. Mr. Omondo realizes that if he is to reduce costs, he needs to expand his supply base, introduce competition and consider global sourcing from lower cost countries. Mr. Omondo needs to review the range of fabrications and find product lines that would be suitable for low-cost country sourcing. Mr. Omondo decides that the best way to do this is with the next planned new product introduction in 6 months' time.

Sourcing from low cost countries DFP has a set time-frame of 6 months for the launch of its new product and needs to ensure no risk of failing to meet this deadline. DFP total supplies being

dependent to local fabrication suppliers to approximately 80% of all raw material supplies. Mr. Omondo believes that it is time for change and global sourcing from low-cost country may remove some of the complacency, DFP feels they are experiencing a challenge on its supplies due to the robust existing competition in the market with the local supplies. Mr. Omondo therefore started to search for international suppliers from various sources including through internet. He discovered several international companies that may supply fabrics to DFP with lower cost compared to local suppliers.