

CASE SIXTEEN

The Bakery Depot: Managing the Supply Chain Effectively

These teaching notes were prepared by Ho Hui Yan Jemma and Lau Geok Theng.

Case Objectives

- To understand the importance of effective supply chain management
- To explore different methods to achieving an effective supply chain

Case Synopsis

- Yeap Cheng Guat founded The Bakery Depot in July 1997 with one objective in mind – to create wholesome and quality food. The Bakery Depot began as a small bakery at Upper East Coast Road in Singapore but its wide offerings of freshly made bread won a strong following which resulted in large volume orders.
- The Bakery Depot grew and now runs 13 outlets in downtown areas, shopping malls, and Changi Airport. Its outlets are grouped into three types – bakery cafes, café-restaurants, and bakeries. The Bakery Depot handles the large volumes of different ingredients and production of a wide variety of food items through the use of an integrated IT system comprising of resource planning, supply chain management, customer relations management, and sales system.

Case Questions and Answers

Question 1

Based on your knowledge and experience, describe the production-marketing-distribution and supply chain processes for a bakery, café bakery and café restaurant. What challenges will marketers face at each stage and in overall flow of the processes?

- The production-marketing-distribution processes refer to the processes which are associated with production and distribution. The supply chain process includes suppliers that provide raw material inputs to a manufacturer as well as the wholesalers and retailers that deliver finished goods to the final customer.
- For a bakery, the production-marketing-distribution process involves production at the bakery kitchen and goods are distributed to the customers

from the bakery. The supply chain process involves the delivery of raw materials from wholesalers to the bakery kitchen, the production of bread and other items in the kitchen, followed by the sale of these items at the front of the shop.

- For the café bakery, customers can not only purchase items for consumption elsewhere, they can also choose to consume selected items at the café bakery. This means that there is an additional element in this supply chain as compared to the bakery. This is because staff of the café must provide additional assistance in terms of serving food and drinks to the customers.
- For the café restaurant, the company must provide a higher level of service for the customers than the bakery and café bakery. There is the added element in the supply chain of food preparation and decoration as well as waiting on the patrons of the restaurant.
- At each stage of the supply chain process, marketers will face the challenge of how to produce/provide the required amounts of materials with the limited resources available and what is the best way to meet these requirements. In addition, marketers have to deal with the logistical aspects like transportation, the operation of distribution centers, the management of finished goods inventories, and order processing for sales. Marketers must also ensure that the right mix of items is delivered to the different locations.

Question 2

Why is it important to manage the supply chain effectively in this kind of business? How can information technology help? In what way can effective supply chain management help the expansion of business in the bakery, café, and restaurant business?

- The Bakery Depot is involved in producing and delivering perishable goods. These goods have a short shelf-life and freshness is of utmost importance. Thus, the supply chain needs to be effective in order to prevent increased production costs due to spoilage.
- Information technology helps to transmit and manage information in a supply chain. It allows real-time information to be captured and relayed from one station to another, increasing efficiency and responsiveness. This means that different departments within the company can react to each other and the volatile movement of supply and demand and their response time is much shorter.
- Information technology also aids in the handling of large volumes of materials and orders. This technology helps the company to keep track of the large volumes flowing in and out of the business, and can even help calculate

quickly the changes required in buying and production in order to meet the changes in demand.

- Information technology also helps to integrate all parts of the company's operations. This will help to enhance the operational efficiency and improve communication between the different members of the supply chain.
- Effective supply chain management provides the groundwork for companies. It thus allows the handling of large volume effectively and with great ease. As the businesses expand the volume of production and demand increase greatly. Effective supply chain management allows companies to quickly analyze how their production and distribution must change in order to cope with the expansion.

Question 3

What are resource planning, point-of-sale, and customer relationship management and why are they important? What benefits can be derived from integrating the three?

- Resource planning refers to the allocation and distribution of a company's resources based on the needs of the different departments and limited by the finite amount of resources and time constraints which face the company. Resource planning is important as companies have limited resources which must be planned carefully in order to make the best use of them and maximize output.
- Point-of-sale(POS) systems allow the company to monitor sales details and understand business trends, such as identifying the popular food items at each outlet. POS systems enable companies to quickly track the demand patterns and preferences of customers and make the appropriate changes in order to match this demand. It also helps to reduce wastage as companies can identify and eliminate slow-moving items and excessive buying.
- Customer relationship management refers to the use of information technology to manage customer relationships in an organized and systematic manner. Customer relationship management aids service staff in their dealings with customers, making it easier to remember their preferences and thus allowing the company to provide better service to their customers.
- Integrating the three allows a broader and more holistic view of the company and its current situation. This allows better organization and a more streamlined supply chain as different members of the supply chain can interact easily with each other. In addition, integrating the three will facilitate the process of expansion as the company can function more effectively and thus increase its production and sales.