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The Marks & Spencer Supply Chain

Title	Marks & Spencer Supply Chain Activity
Key Stage(s)	KS4 and KS5
Subject(s)	Business Studies, Geography, Maths, Critical Thinking, Problem Solving
Objectives	To apply problem solving skills To develop an understanding of global supply chains To raise awareness of issues that can occur in supply chains and how best these can be rectified To demonstrate critical thinking regarding cultural, economic, environmental and social issues and how these may apply to supply chains To experience working as part of a small team
Duration	30-45 minutes
In Brief	An 'information exchange' exercise that introduces the Marks & Spencer supply chain and where products are sourced from. Discussion will include transport methods, issues which arise with supply chains and the benefits and difficulties of international trade.

PREPARATION:

Read through the various documents, especially the sample list of 50 Marks & Spencer products, detailing the main material component, country of origin and associated sourcing region (= part of the world where Marks & Spencer manufacture garments). This garment list will form the basis of the activity.

The garment list is divided into four sections with 13 + 13 + 12 + 12 garments in each section, a total of 50 garments.

Printing off one copy for every eight students in your group should be sufficient.

In addition, you will require one copy of the team banners document (= four pages of A4).

You will need to print one copy of the World map and one copy of the Student activity document for every two students in your group.

With regard to Task 4 you may prefer to adapt the sentences into a card format?

INTRODUCTION:

Ask group members to read any easily accessible label on their clothes or footwear to find out which country they come from. You may use this question as a quick starter for the activity or, if you prefer, log the answers in a tally chart.

Draw out the idea of how (and why) we import products into the UK from all over the world.

This activity explores this feature of the UK economy by using the example of Marks & Spencer.



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Explain that the purpose of this activity is to get the students to think about the economic, financial and social implications of changing the supply chain process, and the separate stakeholders involved in (and impacted by) the decisions made throughout the supply chain. Gathering and exchanging information carefully is crucial in all this.

Split the group into four teams and distribute their A4 team banner, one for each sourcing region:

- Europe and North Africa
- China (so big, it is a sourcing region on its own)
- Southern Asia (excluding China)
- Indian Sub-Continent

Give out the 'Team activity' document and the world map.

Instruct teams only to carry out the specific task you indicate so that the whole group is working together.

Hand each team sufficient copies of **one quarter** of the list of 50 Marks & Spencer garments. Each of the four teams must have information only known to them!

(Answers to discussion points are provided in green in the pages that follow)

TASK 1:

Research data for own sourcing region:

Restricted at this stage to their own information only teams must work out:

- a. How many products are there for their own sourcing region?
- b. Within the sourcing region, which countries supply many products for Marks & Spencer?
- c. Repeat this task for the other three sourcing regions.

It is useful to keep a team log of what each team thinks the numbers are compared to the actual answers below (for your eyes only at this point).

	Europe & North Africa	China	Southern Asia	Indian Sub-continent	Total
Team 1	3	1	1	8	13
Team 2	2	4	2	5	13
Team 3	1	3	2	6	12
Team 4	2	5	2	3	12
Total	8	13	7	22	50

- In Europe and North Africa the main supplying country is Turkey.
- In Southern Asia (excluding China) the main supplying countries are Cambodia and Indonesia.
- In the Indian Sub-Continent the main supplying countries are Sri Lanka, Bangladesh and India.
- China is so large, it is a sourcing region on its own.



TASK 2:

One member from each group should visit each of the other teams, and tell them how many garments they have found that belong to **their** sourcing region and which countries they are from. Each team will therefore receive three visits.

Each team can then tally up their region's numbers and finalise their list of countries.

	Europe & North Africa	China	Southern Asia	Indian Sub-continent
	4 Turkey	13 China	3 Cambodia	9 Sri Lanka
	2 UK		3 Indonesia	7 Bangladesh
	1 Egypt		1 Vietnam	6 India
	1 Italy			
Total	8 (16%)	13 (26%)	7 (14%)	22 (44%)

- a. Which two countries are the source of the most products for Marks & Spencer, in each sourcing region?
 - i. By the end of this process each 'sourcing region' should know how many garments originated from which countries in their area, creating a group overview of all 50 garments (as in the table above).
 - ii. Cross-check the actual numbers and countries with teams; do they all agree with the table above?

b. How do these figures compare to the actual percentages for Marks & Spencer?

The real split is about:

- 47% from the Indian Sub-Continent
- 20% from China
- 18% from the Rest of Asia combined
- 15% from Europe and North Africa

c. Why are sourcing regions helpful to Marks & Spencer?

Apart from the geographical reasons, sourcing regions also help organise accountability in the supply chain and allow Marks & Spencer to establish regional offices that can liaise with particular sourcing regions.

TASK 3:

Each team must now imagine they are the Marks & Spencer sourcing office that works with their sourcing region. As problems arise within their sourcing region, they must decide what to do. More specifically:

- a. What will be the likely impact of the problem on Marks & Spencer?
- b. What do they recommend should be done to overcome the problem?

The problems can be distributed as one document, 'Supply Chain Problems', or printed out on card and divided into individual problem cards.

Teams should refer to the document, 'Supply Chain Solutions', to assist them. Sometimes apparent solutions may conflict with one another and judgements have to be made e.g. between paragraphs (a) and (b).



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Supply Chain Problems

EUROPE and NORTH AFRICA

- Strike action interrupts production of the 'Best of British' range, a flagship range that is meant to launch shortly. Understandably, there is a lot of media focus on the range and it is essential it launches successfully.
- Political instability and civil unrest in North Africa mean it becomes more unreliable and dangerous to move products through the region. Other routes to the market will have to be found, which could take longer.

CHINA

- Chinese New Year closes down factories for one week. Although the closure is temporary, production will cease altogether, and another solution will have to be found.
- Difficulties in coordinating and communicating between different businesses in the supply chain in China results in a batch of stock becoming delayed. Although the stock will now be late to market, the company has now located the stock, and understands what clothes are in it.

SOUTHERN ASIA

- Limited capacity in Southern Asia, caused by labour shortages, means that the company cannot increase production in line with a period increased sales. As a result, Marks & Spencer may miss out on potential profit from this popular line.
- Wasteful production in Cambodia adds to costs and potentially damages the reputation of Marks & Spencer. Although products are arriving on time and in the correct condition, this doesn't seem like a sustainable or responsible way to manufacture products.

INDIAN SUB-CONTINENT

- Materials used in Sri Lanka are of inconsistent quality, causing varying levels of production and poor experiences for certain customers.
- Flooding in Bangladesh introduces complications to the infrastructure transporting garments from the manufacturer to port.

Possible Supply Chain Solutions

If relationships with suppliers break down then any business will face difficulties that will need to be overcome. This is particularly true for large companies, such as Marks & Spencer, who trade internationally and who have complex supply chains. Making supply chains as strong, as reliable and as flexible as possible is an important way for any business to improve its performance.

What follows overleaf are different ways supply chains may be improved, but all depend on the specific circumstances involved:



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- Diversify sources of supply. Over-reliance on one supplier will cause huge problems if that supplier runs into any problems and cannot meet orders in the right quantities of the right quality and at the right time. Expanding the range of available suppliers can reduce this risk and exposure to such disruption and cost.
- Focus on a limited number of suppliers. Having many suppliers may reduce reliance on any one supplier, but it can make the supply chain so complex that it becomes too difficult to manage. Limiting supplier relationships to as few as possible enables a business to build long term relationships and reduces vulnerability.
- Sourcing products from different countries. In our increasingly unpredictable world, disruption can quickly spread from one country to another. There might be a natural disaster, such as an earthquake or tsunami, economic sanctions might make trade difficult or war could even make goods impossible to move. Being able to source goods from different parts of the world makes business sense.
- Require suppliers to use leaner production methods. Make it a contract requirement for a supplier to minimise stocks of raw materials, work-in-progress and finished products. Seeking to produce more by using less will improve efficiency and reduce costs.
- Change transport methods. Goods can often be delivered in different ways - by air, sea, rail and road. Choosing the most appropriate method will depend on many factors such as cost, weight, bulk, relative value and how urgent an order might be. An efficient supply chain will normally be able to offer flexible delivery methods to meet changing customer needs.
- Plan ahead. It is inevitable that any business, and especially one utilising global supply chains, will experience problems. Planning well ahead and for differing contingencies, should 'things go wrong', can be an effective way to manage risks. Working with suppliers able to adjust their own capacity as demand fluctuates and able to make design changes can only assist in this regard.

TASK 4:

International trade is not easy. As we have seen early in the exercise, problems may arise. Being able to import goods such as clothes and footwear from overseas, however, clearly brings benefits too.

A report has landed on teams' desks which is intended to summarise the benefits of and difficulties faced by Marks & Spencer from international trade. Unfortunately a computer crash has unformatted the whole document and it must be reconstructed urgently.

There should be four sections and each section should have a "Benefits" part and a "Difficulties" part, eight parts in all. Which team will be fastest to correctly re-assemble the right sentences in the right order in the right section so the document reads logically?

The re-formatted document should look like the one overleaf:



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	Benefits	Difficulties
Cost	Some goods are cheaper to buy from overseas. It makes sense for Marks & Spencer to source goods from abroad which costs less and can then be sold to customers at lower prices.	Importing goods from foreign countries outside the European Union requires extra work. Import duties must be paid, import regulations must be obeyed and fluctuating exchange rates planned for, all of which take time and add to business costs.
Demand	Marks & Spencer does sell lots of goods produced in the UK. Importing goods such as clothes for example, does give Marks & Spencer customers a much bigger variety to choose from. Improving consumer choice is an important way for any business to increase demand and build market share.	Improving consumer choice has its downside. The greater the number of countries Marks & Spencer trades with, then the greater the complexity. Complexity inevitably adds cost to a business such as setting up regional offices for different sourcing regions.
Supply	Some goods (such as tea and bananas) can only be sourced from the countries where they are grown. If Marks & Spencer wants to offer them for sale to its customers, it must import them.	Importing goods from overseas means larger transport distances. Longer distances will lengthen the supply chain. Investments may also be needed in specialist transport and/or local infrastructure. These will all add to Marks & Spencer's costs.
Social, Cultural and Political factors	Buying goods from abroad is a powerful way to support the creation of jobs and higher living standards overseas. This is especially the case in less developed parts of the world.	Language barriers make communication more difficult. Other countries may measure goods in different ways and have different operating systems too. These complications will add to costs.

EXTENSION TASK:

1. List goods that the UK has to import because we cannot provide them ourselves (such as diamonds and raw materials).
2. List goods that the UK does import but which are also made in the UK (such as cars and furniture).
3. Create two pie charts, one showing UK imports and the other UK exports.