

# Procter & Gamble Supply Chain Management

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## Introduction

Supply management systems have emerged as imperative organizational management and success enhancement components. Consequently, strategic management, a new management approach, incorporates organizational supply chain management as one among the relevant organizational success factors. In this review, it is imperative to evaluate the adoption and practicing of this concept in organizations. This term paper seeks to review the application of supply chain management systems at Procter and Gamble Company. This is a multinational consumer goods organization. As such, the organization interacts with a wide range of suppliers, distributors, supply chain partners, as well as consumers. This term paper develops an analysis of its supply chain management system framework, policies, strategies and practices. In order to narrow down study focus to enhance clarity, the paper reviews the organization's Pampers brand.

## Brand Suppliers Management

The Procter and Gamble Company in its Pampers brand supply chain management has established a wide range of suppliers. In this regard, the organization has a diverse supply base that allows for increased. This is evidenced in the 2013 supplier diversity award offered to the organization by the US department of Commerce minority business development Agency (MBDA). The organization has in the last decade developed a supplier diversity program aimed at increasing its supplier base as well as increasing its representation. This can be evidenced in the widened geographical suppliers' representation for the Pampers brand raw materials ("Procter& Gamble", 2014). Therefore, based on the brand suppliers list, this term paper concludes that the organization adopts a geographically diverse supplier base. Moreover, a review of the suppliers' involvement in the organizational and brand strategic planning process, it is evident that the organization increasingly involves the suppliers.

An example of such involvement is the organizational first tier supplier consultative forums. Through these forums, the organization actively involves the suppliers in strategic planning and decision making processes. Among the issues addressed in these forums include methods to reduce indirect procurement and supplies costs (Sandholm, Levine, Concordia & Martyn, 2006). Such aspects are meant to benefit both the organization brand production costs reduction as well as increasing suppliers' revenues in the long run through reduced indirect suppliers' expenses. Finally, a review on the supplier management evaluation on the organizational suppliers negotiation approaches, establishes that the organization enlists in supplier negotiations with an aim of obtaining fair material prices in the market, this is often conducted at the supplier evaluation and selection stages.

## Distribution Management

Under the distribution management system, the organization seeks to utilize external distributors in the industry. In this regard, the organization presents distribution opportunities for willing and potential brand distributors. Under the external distribution approach, the organization offers the brand ownership, possession and rights to the respective distributors. However, it is imperative to note that the organization has fully owned or franchised regional distributors. These distributors are fully or partially managed by the organizational headquarters. This approach allows for increased distribution consistency and uniformity across the organization distribution chain. However, the organization empowers the respective regional brand distributors to seek out other local interested and potential distributors. Such distributors due to product ownership transfer operate as independent contractors with liberties to use their respective unique business model in distributing the brand into the local market. Due to their large capacities, the organization offers the regional distributors the opportunity and mandate to store and manage regional warehouses. As such the distributors determine stock levels in the brand supply chain. Therefore, this incorporates them in strategic organizational decision making process on production and distribution stock levels and inventory management system adoption. Consequently, this increase the regional distributors' role and relevance in the brand supply chain imperatively increasing their overall negotiation power ("Procter& Gamble", 2014).

For instance, the organization negotiated with Wall-Mart, to have the Pampers brand stocked in the organizational shelves. In essence, the regional brand distributors determine and influence the brand inventory management system, with the diverse distributors at liberty to develop own inventory systems based on their market structure, demand sequence and consumer base values. Nevertheless, it is imperative to acknowledge that such strategic planning decisions by the distributors are subject to approval by the brand manufacturer through inspections, evaluation and appraisal processes.

## Brand Order Process Management

The organization employs an electronic ordering system. In this case, customers place their orders with the respective regional brand Procter and Gamble distributors. It is imperative to establish that the organizational brands share the regional distributors in some instances. Once the orders are placed whether manually or electronically, the regional distributors process them and distribute the products. In order to enhance reduced lead times, the regional distributors have established brand warehouses where the products are stored in locations near the consumers. Consecutively, the regional distributors place orders with the organization to replenish their stock levels. In doing this, the organization has established an electronic ordering system with all its brand regional distributors. The system electronically links the distributor's warehouse systems with the organizational supplier department. Once a distributor's stock levels attain the re-order levels, the system automatically initiates an ordering process.

In order to facilitate consumers ordering process satisfaction, the organization initiated the perfect order system. Through this system, the organizational management and the procurement and supplies function seek to perceive service and ordering process quality from the consumers' perspective. This strategic initiative is derived from the principle that consumers have a diverse quality perspective from that of organizational internal stakeholders. Consequently, the P&G Company developed the Services as measured by the Consumer (SAMBC) initiative as an ordering process improvement approach ("Procter& Gamble", 2014). Through this approach the organization has significantly reduced its overall ordering lead time as well as eliminating unnecessary ordering and delivery costs.

#### Marketing Strategy

The P&G Company serves in the consumer market industry on a global platform. As such, its Pampers brand is one among the many consumable products demanded globally. In conducting business in the consumer market it is imperative to identify the consumer internal and external factors influencing their decision making processes. On one hand, the consumable products industry is vulnerable to seasonal demand changes. For instance pampers demand is subject to seasons with baby booms or low birth rates. Further, impulse buying characterizes this market. Moreover, increased competition and substitutes leads to irregular market demand and sales. Therefore, in order to increase the P&G Company pampers sales in the global consumer market; the organization uses the push strategy. In this regard, upon the establishment of a market need in the industry, such as pampers for the new born with special pad and absorption capacities, the organization involves its research and design department in developing an appropriate and market fitting product ("Procter& Gamble", 2014). Once the product is developed, the organization involves and engages in increased market product promotion and advertising activities, informing the market of the products existence and features. In addition, the organization contracts its distributors and sells to display the products in order to influence impulse buying as well as supporting social events to develop the pampers brand popularity. Therefore, based on this production, distribution and marketing approach, it is evident that P&G uses the push demand strategy in marketing its pampers brand.

#### Conclusion

In conclusion, the term paper establishes the P&G Pampers brand supply chain management system framework. In this case, the paper establishes the brand supplier's management framework, distribution system and approach used in its order process management as well as the adopted marketing strategy. On one hand, it establishes that the organization has a supplier diversity program that ensures its global geographical presence as well as increased minority groups representation. Further, it establishes that the brand has appointed regional distributors managing respective brand regional inventories. Further, the term paper establishes that the brand ordering process is electronic as well as that the brand adopts the push demand marketing strategy.

#### References

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