

# Operations Management

## Case Analysis: Barilla SpA (A)

*JRL Consulting*

**Cross-Cultural Technology Management**

E-Mail: [tech@jrleeconsulting.com](mailto:tech@jrleeconsulting.com)

Website: [www.jrleeconsulting.com](http://www.jrleeconsulting.com)

- 1. What are the underlying causes of the difficulties that the JITD program was created to solve?*
- 2. What are the benefits and drawbacks of this program?*
- 3. What internal conflicts or barriers does the JITD program create? What causes these conflicts?  
How would you deal with them?*
- 4. As one of Barilla's customers, what would your response to JITD be? Why?*
- 5. a. If you were Barilla's CEO, how would you convince your customers that the JITD program was worth trying? b. If unsuccessful, what alternatives would you try to combat some of the difficulties that Barilla's operating system faces?*

1. What are the underlying causes of the difficulties that the JITD program was created to solve?

**JITD was created to solve the problems of a) effects of fluctuating demand (Bullwhip Effect) b) stockouts issue that strain Barilla's Manufacturing and logistics operations.**

2. What are the benefits and drawbacks of this program?

**Benefits:**

**Barilla can make better delivery decisions and improve its demand forecasts, be more effectively meet end-consumer's need and more evenly distribute the workload on its manufacturing and logistics systems. The inventories of Distribution Centers (customers) could be reduced.**

**Drawbacks:**

**Sale Persons lost their incentives, because the sale will be predictable or flat.**

**It will be difficult to run trade promotions with JITD.**

**Cost might increase due the needs to increase internal inventories**

**It might create stockouts problem instead of solving it.**

**Customers need to improve their equipment (computer, bar-code scanner, etc) and share their sales data that they are reluctant to do.**

**The customers might work with other vendors for their extra space for inventories.**

3. What internal conflicts or barriers does the JITD program create? What causes these conflicts? How would you deal with them?

**The implementation will take away some needs for sale and marketing that Barilla depend so much for their success as documented in the case study. The sale will be flat that takes away the bonus for the sale persons and since the trade promotions will be difficult to run with JITD, the function of marketing will be reduced somewhat.**

**I am not Donald Trump, so I will provide opportunities for both sale and marketing personnel that might be impacted by this program do cross training for other company's functions and provide a new way of doing sale or trade promotion using JITD as a tool. The incentive or bonus for sale persons could be fixed and be more customer service oriented.**

4. As one of Barilla's customers, what would your response to JITD be? Why?

**I will be gladly accepted the program.**

**The reasons**

**The program if implemented can smooth out the bullwhip effect and reduce the needs to monitor goods and replenish them that can save the cost for inventories and warehouse space.**

5. a. If you were Barilla's CEO, how would you convince your customers that the JITD program was worth trying?

**The program can help them smooth out the bullwhip effect and the product delivered to them won't be charge until sold. Barilla will monitor goods and replenish needed inventories when supplies are low. The inventories will reduce to needed level thus save them cost for inventories and space.**

b. If unsuccessful, what alternatives would you try to combat some of the difficulties that Barilla's operating system faces?

- 1. Reduce the varieties of products provided to the customers (consumers), the easiest way is to drop the least value-added products. This will reduce the needs to have so many different inventories and SKU for both Barilla and customers.**
- 2. The company is vertically integrated, instead of JITD approach, try JIT (lean production) approach for its manufacturing that Barilla has control and can be done within the company.**