

The Supply Chain of the IKEA Company

Hamad Mohammed Abouhenidi

Abstract — This Research is based on the supply chain of the IKEA Company, which is the largest retailer company, which deals with the furniture appliance. IKEA Company have the strong and larger supply chain system in the world but due to the supplier issues, IKEA Company faced many problems because suppliers are the backbone of any organization and they provide their good and service at the international level. With the help of international logistic which deal with the inflow and out flow of the IKEA Company product and with the help of supply chain management we can collaborate with the suppliers and solve the problem of the IKEA Company (Jonsson, 2012).

1 INTRODUCTION

IKEA is retailer companies, which deal with the designing and selling of the ready to assembly furniture and belong to the Swedish country. It is world largest furniture selling company and have the name at international level

The product line of IKEA Company

- Furniture appliance
- Bookcase ranges
- Curtain accessories
- Children items
- Bathrooms articles
- Home accessories
- Kitchen articles
- Upholstered furniture

These are the product line of the IKEA Company. Based on this product line IKEA collect the greatest revenue as well as famous at the international level due to their quality product. Supply chain is a process which deal and run the whole organization function in a chain and the flow of the good is depend upon the supply chain that how to use the raw material then process it and the main thing how much produced for the delivery of the good. Supply chain is the mixture of the both science and arts subjects. In science, scientifically calculate the advantage, disadvantage and the quantity of the goods, which tell about the network, and the flow of the goods. Supply chain analyzes the market demand related to the products and then starts the production function according to the demand of the product. The concept of the supply chain based on the two ideas one is produced the products and reached to the end user which have the demand of the product. Secondly, it is a long-term process of the organization because it linked with the all function of the organization that is why for the effectiveness and efficient production of the good

based on the effective supply chain of the good. for the effectiveness companies have to pay money for the update of technology as well as linked all the function with supply chain because if one function of the organization changed then the whole system will be disturbed and the company will not be achieved their targets Bozarth, C. (2013).The effective management of the supply chain is based on the maximum customer's values as well as sustainable competitive advantage. The maximum customer value can be achieved though analyzing the demand of the customers that what they have demand related to the products and how can an organization fulfill the demand of the customers. If the company will successful by analyzing the demand of the customer then they can get the maximum customer values. Other is sustainable competitive advantage, its means retain the customer for a lifetime and understand their demand related to the innovation and delivery of the product then a company gets the sustainable competitive advantage which give the value to the organization. See diagram number 1.

1.1 ISSUES AND PROBLEM

The main issues and the problem of the IKEA Company is the supplier selection because they do not supply the goods in an effective and all the thing is done due to lack of collaboration and coordination. If there is good collaboration and the coordination among all the partners of the company then they can easily deal with all the function of the company as well as it improves the productivity of the IKEA Company.

- Coordination in the traditional businesses within the company its means that the company should be coordinate outside the company before staring any work for the organization. In addition, coordinate

- inside the traditional functions of the marketing, human resources, logistics, sales, production as procurement department of the company because without coordination a company cannot create a chain within all function. In supply chain, the first condition is to link all the function with each other's. Because without the coordination a company cannot achieve their target of sustain able competitive advantage if coordination is strong then ultimately other department will be linked with each other.
- On the other hand, the collaboration with partners in the non-core competency functions and achieves synergy. In which firstly discussed about the coordination that how to coordinate all the functions and after then collaboration with the partner on the basis of win-win situation means if one partner will be win then the other partner ultimately will be win and get the benefit. The top management is liable to differentiate the customer segment and handle the entire segment appropriately. IKEA company use out-of- market supply chain strategy, for the better utilization of the product. However, the out of market strategy is Limited local demand, minimal product customization and high product value density. That is why it create problem to meet the demand on international level. Therefore, this strategy create hurdle in the way of dealing with international demand. so the IKEA company should used those policies which gives them to meet the demand at the both level international and the domestic level because the company have the first right to meet the demand of the domestic level then think about the international level for the better export of the goods Bozarth, C. (2013).

2. STRATEGIES

2.1 Push based strategy

The IKEA Company use the push based strategy to maintain the relationship with the customers as well as collaborate with all the partners and the members of the IKEA Company. However, due to the supplies problem the relationship between a company and its customers is going to be loose and demand uncertainty is high, the supply chain needs to be managed based on realized demand. Therefore in push based strategy firstly we analysis the need of the customer and the make

planning to make the outlet and design the product to meet the need of the customer. On the other hand, IKEA Company follow the supply chain strategy that is build to stock in which the customer segment is online and popular configuration and the product are based on small number of configuration designed for market with the large production size. Moreover, have the smooth production to cut the cost and have the stock due to mass distribution at multinational level and planning horizon is medium due to change the production level with some little modification Handfield, R. (2013).

This strategy will be helpful for the IKEA Company because this supply chain strategy with all the attributes of this company and the leading time is also long from manufacturing to stocking locations and short to customer location. This is the major problem which IKEA Company facing now a days. See diagram number 2.

2.2 ALIGNING SUPPLY CHAIN WITH THE COMPANY STRUCTURE

The IKEA Company use the strategy of aligning your supply chain strategies and your reward structures to achieve the sustainable competitive advantage defined that the supply chain strategies, which are used by the company, must be link with the structure of the company. If the strategies will not match with the structure then the entire system of the organization will be disturbed. The strategies of the companies are the asset of the company because the strategies are used by every organization but how to manage that strategy and produce the maximum output is not the common in all the organization for example. The IKEA Company has the largest supply chain management in the world according to the furniture appliance. In addition, prefer the collaboration and coordination strategy before doing any work. Therefore, if the strategy will not match with the structure of the organization then it will create problem for the IKEA Company. Because IKEA Company has flat structure in which they gives the preference to all the employees. there are senior manager of all function and all location that is why if they will aligning their strategy with the structure then IKEA Company run smooth supply chain which helps for the inflow and out flow the material of IKEA Company Antley, T. (2013).

3. CONCLUSION

The IKEA Company dealing with the largest supply chain due to have the large business at the international level related to the retailing of the furniture appliance and does the work on customization. there are some points are more important for the IKEA company because without the coordination, we cannot link the function and without the collaboration we cannot satisfies their partners of the organization and the last thing the supply chain strategies must matched with the organization structure. IKEA company should be used the renewable recourses, which will cut the cost of the company as well as provide the products for the customers at the reasonable prices. Use the sustainable practices, which help to increase the value of the product and useful for competitive advantage. However, this IKEA Company can control the problem related to the supply of the good and deal with the international along with the dealing of the domestic level (Jonsson, 2012).

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