**CHAPTER CASE 2.2: Pete`s** p.74

**Case Notes:**

1. What interactions and discussion need to take place among the marketing, manufacturing, logistics, and finance departments? Explain the logistics department`s role in the introduction of the new product.

The functional areas of marketing, logistics, manufacturing and finance should hold weekly sales and operations planning (S&OP) meetings to address the following:

* Identify firm planned orders which may be delayed to the customer. Notify key account managers and focused operations planning team(s) to expedite orders in jeopardy
* Address any resource constraints to meet firm planned orders for the current month and planned orders for the following three months (manufacturing capacity, labor)

The focused operations planning team(s) which consists of production, procurement, manufacturing and master production scheduling (logistics) must meet daily to ensure the requirements identified in the S&OP meeting are carried out.

Logistics ensures the following:

- ensure that raw material inputs to peanuts arrive on time without freight damage

- ensure that finished goods inventory from the manufacturing facility to the warehouse, distribution center and eventually the customer arrive on time- in full without freight damage

- minimize transportation costs by utilizing full truck load (FTL shipments) and in certain instances, intermodal (rail) shipments for cross country transport

1. Why is it necessary for the logistics department to be cognizant of all the details (quality, timing) of the new product introduction? Discuss the issues that might arise (e.g. the drop in demand after the Final Four) and what responsibilities the logistics department would have as a result of these changes.

This necessity comes out of the need to have the right quantity at the right time in the right place to meet customer demand. Without this close coordination between timing and quantity, deliveries would be delayed, inventory carrying costs would increase and as a result profits would be negatively impacted. In situations where the demand drops after the Final Four, the production planning and scheduling aspect comes into play. By utilizing a master production schedule which is closely aligned with S&OP meetings, the master production scheduler can adjust the production amounts to meet decreasing demand. This ensures that product produced is delivered to the customer and does not sit in the warehouse of Pete’s. To summarize, the logistics department is responsible for reacting to market/demand changes to maintain profit margins for the business.