

# Squeezing in profit through supply chain

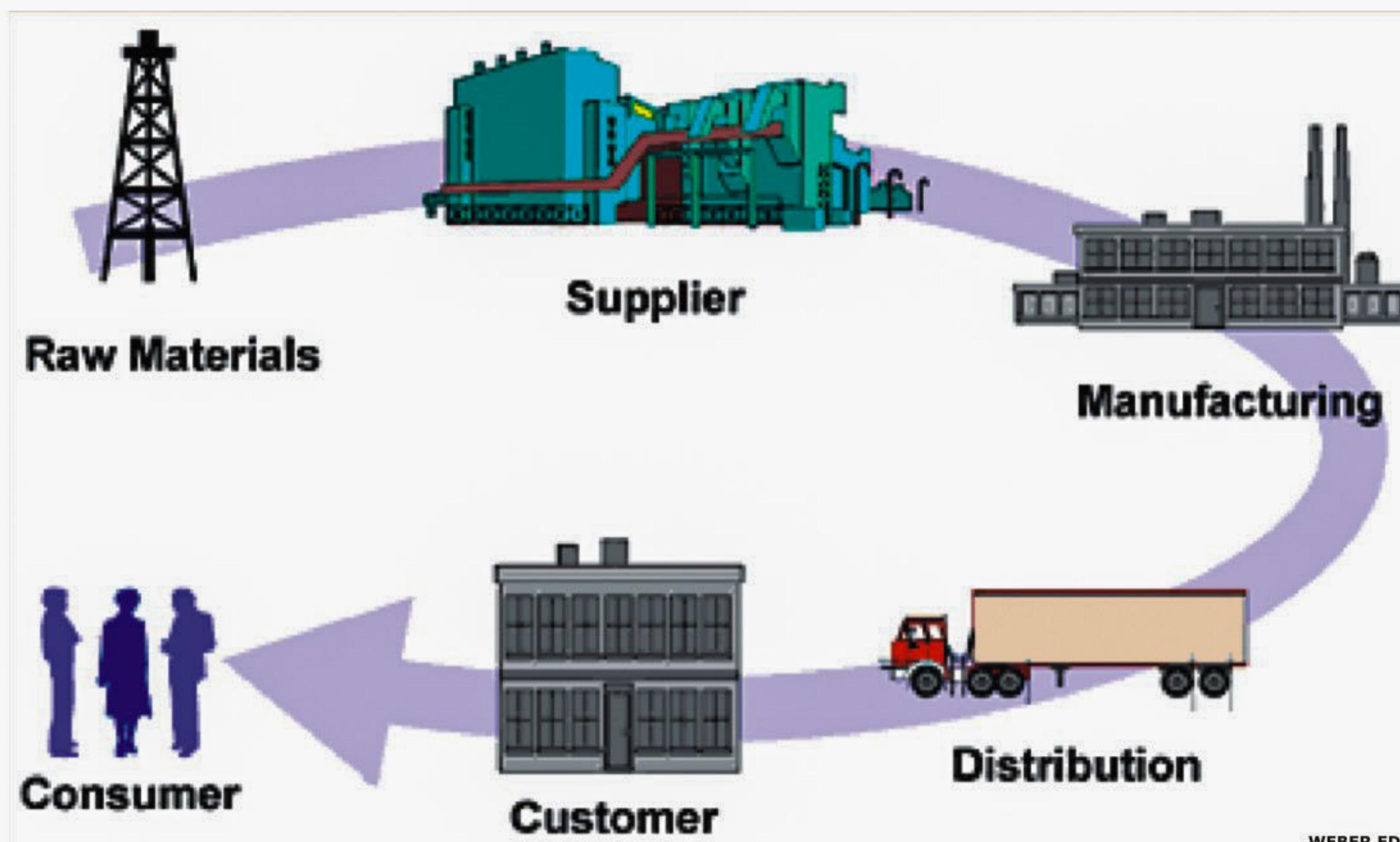
SARWAR AHMED

In today's fiercely competitive and transparent world, a company wanting to make reasonable profits needs to look at all aspects of its business to squeeze in margins. The upper and lower price band of a product is more or less determined by the market's willingness to pay and our competitors' game plan.

So how do we survive? A company can either take the route of being a cost or a brand player. If the strategy is to drive costs down, the business will look at all avenues of its cost base to make reductions and become the lowest cost and price player. On the other hand, if the strategy is to build the brand, the additional brand-building marketing costs would need to be absorbed. As such, the price cannot be the lowest in the market. And of course, if you are a brilliant strategist like Apple's Steve Jobs, you can make wholesome margins on iconic brands beyond the dreams of the average.

Another middle of the road strategy is a combination of both, a relentless pursuit of cost minimising and building brands through reliable product offerings. This is where the Japanese have excelled.

I was fortunate enough to visit a Toyota manufacturing plant in Japan to see first-hand, the excellence of Japanese car manufacturing. The plant was producing a car a minute. As we walked through the especially designed gallery for visitors, it was an amazing sight to see. Each car was a different model in terms of colour, model,



WEBER.EDU

Raw Materials

Supplier

Manufacturing

Customer

Distribution

Consumer

Supplier

Manufacturing

Distribution

Customer

Customer

Raw Materials

Supplier

Manufacturing