

The distribution network and inventory strategy in global logistics
--The case study of industrial computing

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ABSTRACT

The purpose of this research is to study the inventory control problems faced by companies who are taking steps toward globalization. The study focuses on the issues of the construction of distribution network and adjustments in inventory policies for the industrial computing in Taiwan as they go international. The strategy of “Taiwan Direct Shipment”(TDS) for the distribution network is discussed. The concepts and application of risk pooling, transshipment, and mass customerization on inventory management are investigated.

It is shown that the case company studied in this research will be able to eliminate inventory stored in bench offices around the world by the construction of regional logistic centers and centralized inventory control. As a result, the total inventory value decreases by 30% under the same service levels. The study also shown that, with the application of TDS, the total inventory costs of the American logistic center decreases by 20%. Finally, this study illustrates the vital role the real-time information flow plays in the above achievement.

Keywords: Industrial computing, Distribution network,
Risk pooling, Taiwan direct shipment