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Horse Meat Scandal and Supply Chain Management



Student Name:

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Executive summary

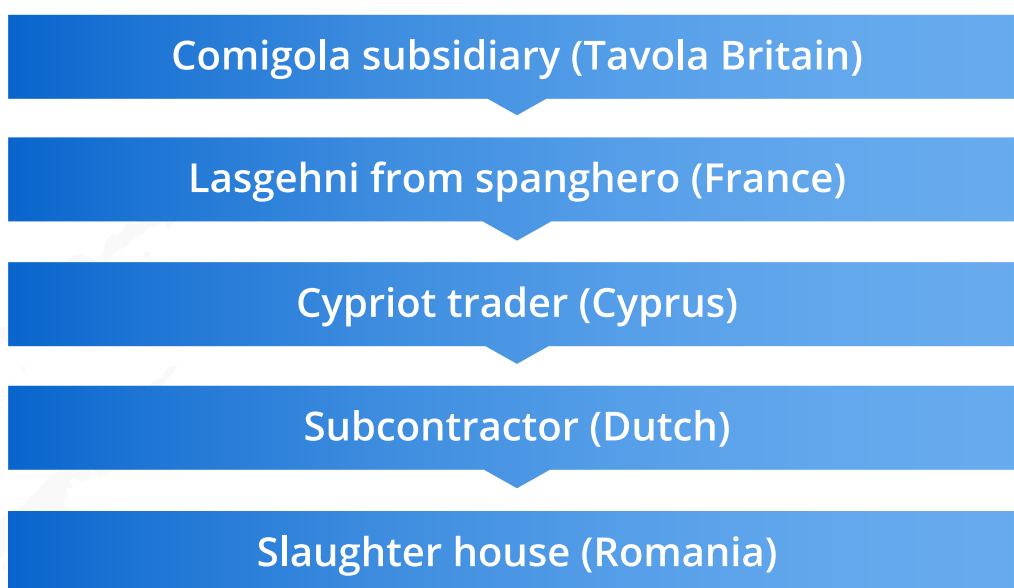


This study explores the horse meat scandal that was discovered in Europe in 2013 where horse meat is trading as beef and other meat products in the region. The study identifies long chains as the main source of cover up and lack of understanding as to what point horse meat is mislabeled. The study recommends sourcing for meat from local slaughterhouses and only procuring meat from external markets (directly from the slaughterhouse) when local supply does not meet demand. DNA testing is recommended for both locally and internationally sourced meat. For both upstream and downstream supply chain, short supply chains are recommended. Big organizations such as Tesco could equally establish their slaughterhouses through horizontal integration.

Task 1



In early 2013, horse meat storm broke all over Europe. This has led fear among people on what else could be served them as beef yet it is not (Sohel-Uz-Zaman, A.S, & Anjalin, 2013). Food poisoning is a major cause of illnesses in US as well as in Europe. Today, supply chains have become extremely complicated, reducing the authenticity of food supplied. It becomes very difficult to monitor what is actually going to a particular product. Enhancing food transparency has equally been hampered by these long supply chains. Tesco, whose spaghetti Bolognese was found to contain 60% of horse meat, has indicated its desire to cut supply chains and to source its meat locally. The organization equally indicates its desire to undertake DNA testing to ensure that the right form of meat is delivered in its premises. The supply chain from the slaughterhouse in Romania to British stores has become too complicated to verify the type and quality of food supplied. The complexity of the chain was cited by one trader and presented as below;



The above supply chain indicates the diverse stakeholders and countries that handle meat before it is turned to a ready meal. This reduces chances of quality control and meat authenticity assessment (Volkery, 2013). The mislabeling of meat is equally occurring along the meat supply chain. The slaughterhouse in Romania indicated that horse meat was labeled as such as it left the stores; hence it was mislabeled along the way (Smith, Tatum, Belk, Scanga, Grandin, & Sofos, (2005). The problem further indicates that the retailers of meat products are not testing them as they run along the supply chain.

Task 2 (efficiency, quality and customer satisfaction)



Performance measurement

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Sourcing

Strategic sourcing is a critical step in avoiding the current scandals in the meat industry (Sundkvist, Jansson, & Larsson, 2001). By procuring products locally, supply chain will be short ended increasing chances of procuring quality meat (Trienekens, Hagen, Beulens, & Omta, 2003). Equally, procuring from reputable local firms would eliminate chances of producing the products from suppliers whose products are compromised in terms of type and labeling (Tarantilis, Diakoulaki, & Kiranoudis, 2004).

Lean

Lean refers to a supply chain whose main focus is value maximization to the end consumers while at the same time reducing waste as much as

possible (Van Donk, Akkerman, & Van der Vaart, 2008).. In this particular case, lean could be employed by adopting lean or short supply chains, reducing potential points of mislabeling. This will boost efficiency in transport expenses enhancing consumer confidence and satisfaction when they are sure that meat is sourced from the slaughterhouse that they trust (Oum, & Park, 2003). Short supply chain would equally ensure that meat is sourced directly from government inspected meat, eliminating instances of mislabeling of meat. It would equally ensure that other operating wastes are reduced, reducing cost of production and enhancing the organization's ability to deliver the product to customers in a more affordable manner (Royal Commission on Environmental Pollution, 1995). Lean would ensure that meat is not stocked in excess, guaranteeing consumers' fresh meat and meat products, thus boosting meat quality and customer satisfaction (Rushton, Croucher, & Baker, 2006).

TQM

Total quality management refers to a well structured and comprehensive improvement of quality of goods or services based on feedback. Total quality management involves assessing outcome and acting on the outcome (Opara, 2003). In this particular case, organizations dealing in the meat business should define the kind of meat they intend to purchase, check the DNA and quality of procured meat and return any meat that is found to be unsuitable for consumption and those that are mislabeled (Russell, & Taylor, 2009).

This will ensure that customers are served only with the right quality of products that are safe for consumption thus boosting their satisfaction.

Six sigma

Six Sigma refers to management approach, which aims at boosting profits through minimization of variations. It involves defining, measuring, analyzing, improving and controlling (Smith, Tatum, Belk, Scanga, Grandin, & Sofos, 2005). In this particular case, organizations in the meat industry should define clearly what type of meat they will be dealing with, genetically sample the goods and only accept meat that is correct in terms of source and labeling (MangaL, & Chandna, 2011). Random sampling should be employed as a control process after the meat is acquired to avoid mislabeling of the product. This will facilitate verification of food products. Such organizations should equally verify the source of its food products and ensure that products are sourced only from the certified suppliers of good reputation in the industry (Scientific Committee, 2002). This will eliminate losses emanating from disposal of mislabeled products, reduce customer doubt and enhance their satisfaction (Beamon, 1998).



Task 3



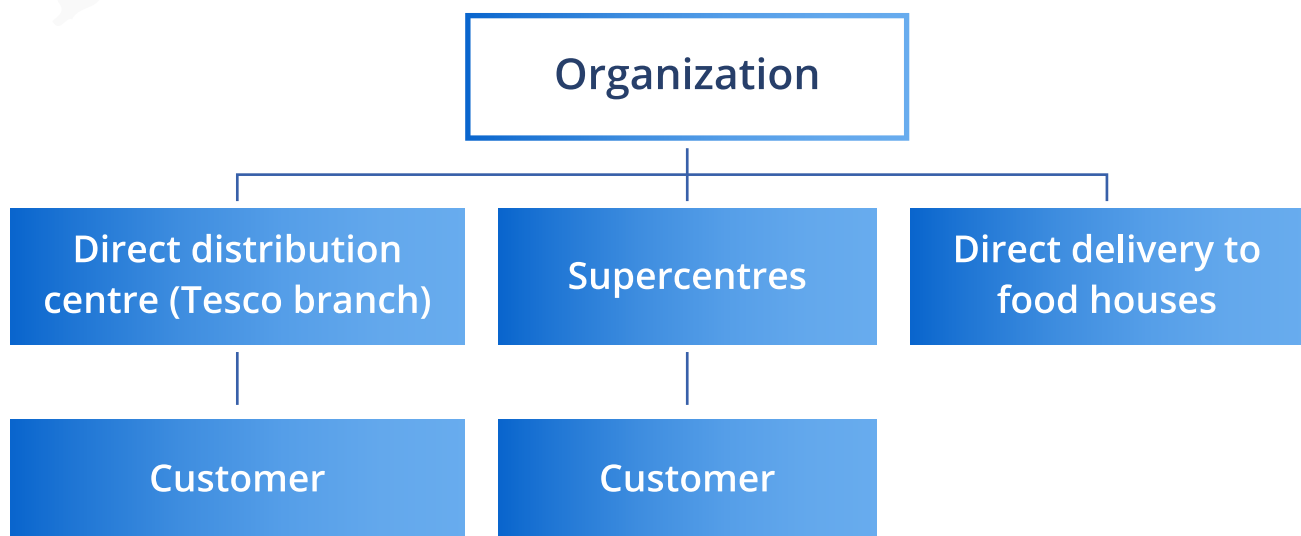
The sustainability's three dimensions refer to the economic, social and environmental sustainability (WHO, 2011). For effective development to occur, the economy needs to grow. This growth should be accompanied with a society whose welfare is improving, enhancing stability and the quality of human life as well as equitability (Cohen, & Moon, 1990). The sustainability of these developments is dependent on the environmental sustainability and stability. For this sustainability to be obtained, there is a need for designing an upstream as well as downstream logistic network for Tesco especially in the right of the emerging meat scandal (Wallen, Brandt, & Wennersten, 2004). Such a logistical network should be capable of being cost efficiency, boost the quality of products and customer satisfaction (CMA, & Lee, 1988). It identifies the logistical flow of meat all the way from the farm to fork. In this particular case, an effective logistic management should be established. Logistic management involves planning, implementing, controlling, effective and efficient management of both the reverse and forward movement of goods and information (Beamon, 1996).

Upstream logistics

The upstream logistics would involve delivery of products from Tesco to the consumers. In this case, the organizations will keep the chain of supply short. This reduces instances of having the meat mislabeled or the product quality compromised (Sofos, 2008). A short supply chain will equally ensure that products (meat is delivered within a very short period of time. This prevents deterioration of quality during distribution

(Zajfen, 2010).

Moreover, it ensures close contact between the organization and its customers. This creates an opportunity for timely and immediate customer feedback while boosting customers' confidence on the authenticity of the food provided by the organization to the consumers. In its logistical assessments and control, organizations in the industry, including Tesco, should carry out a random DNA check at customer product reception to avert any form of mislabeling of products to its products, thus resulting to the delivery of the wrong type of meat to customers (Barker, 1996). The upstream structure is as indicated in the diagram below;

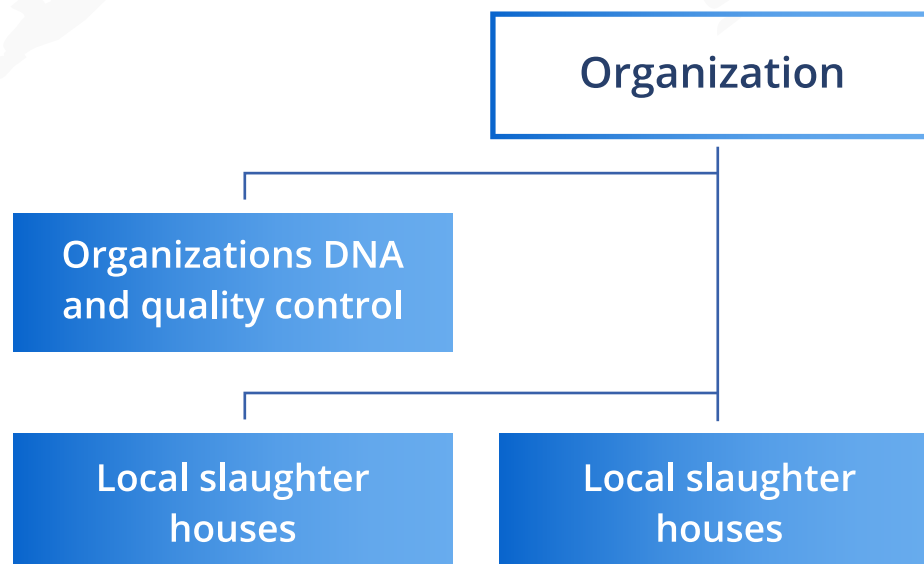


Downstream logistics

Organization in the food industry especially those carrying out business in the meat industry, including Tesco, need to adopt an effective supply chain for their products if they eliminate the current scandals and boost efficiency and customer satisfaction (Arntzen, Brown, G.G., Harrison, &

Trafton, 1995). There will be a need for organizations to procure products from short supply chains when possible. This will involve sourcing for meat from the domestic markets, ensuring that all the products are certified by the food products standards in the country.

Equally, organizations may opt for securing for meat from outside the country in countries where products are fully certified, and they are acquired at a cheaper price than products in the domestic market (Altiok, & Ranjan, 1995). The supply chain of the product should be done as per the indications below.



The above supply chain indicates that there is a need for short procurement chain for meat by organizations in the food industry. While sourcing from domestic markets results to sourcing of products with high quality, since it is evident that local supply may not always be adequate to support, then material needs of an organization such as Tesco whose customer base is very wide. In such case, there will be a need for the organization's procurement department to liaise with its

quality control and testing department in identifying international markets where products are reliably safe and secure. Even in the international markets, the organization will need to shorten the supply chain, only sourcing for meat directly from the slaughterhouse where the real animal type could be verified. In so doing, the organization will equally be avoiding legal responsibility that may arise from consumption of meat belonging to unidentified animals as the sole responsibility would lie with the slaughterhouse rather than the organization.

Last but not the least, there will be a need for the organization to adopt a just in time supply chain, in its pursuit of lean sigma. Just in time implies procuring of meat products, mainly locally, as per demand of short time such as two days demand. This implies that the organizations quality controller could visit slaughterhouses and ascertain that the animals slaughtered are identified during labeling. Finally, organizations such as Tesco are big firms capable of undertaking horizontal diversification. This would entail having a unit that procures live animals from the animal market and setting up a slaughterhouse in a strategic location, boosting quality and confidence of consumers on its products.