COURSE DESCRIPTION:
The fiercely competitive retail environment has led to supply chains stretching across the globe. This course explores the supply chain challenges of retailers ranging from emerging Internet retailers such as Cooking.com in California to integrated retailers such as Zara in Spain to small stall operators in Morocco. It also views the issues through the lens of manufacturers selling to and through these retailers including pasta maker Barilla in Italy and cherry producer Alara Agri in Turkey and Mattel in the US. Using a mix of readings, cases, simulations, field projects, and exercises this course explores the strategic rationale and challenges of global supply chain management.

COURSE OBJECTIVES
Designed for students with an interest in Retail Management, this course links what happens inside the store to the supply chains that operate beyond the store walls. Focused on the operations rather than marketing side of retailing but extending from traditional stores to online retailing the course draws upon two books by leading academics—the New Science of Retailing (by a pair from Wharton and Harvard) and Internet Retail Operations (by the instructor)—as well as new material in the business press. The readings and accompanying lectures will explore five topics: Retail Innovation, Risk & Responsibility, Assortment Planning, Inventory Fundamentals, Supply Chain Dynamics, Vendor Innovation, Logistics Management, and Operations Execution. Complementary exercises and case studies will allow students to reflect more deeply on each topic.

REQUIRED TEXTBOOKS

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<tr>
<td>Timothy Laseter and Elliot Rabinovich</td>
<td>Internet Retail Operations</td>
<td>CRC Press/ Francis &amp; Taylor</td>
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<td>First Edition, July 19, 2011</td>
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TOPICAL OUTLINE OF COURSE

C1- June 19: COURSE INTRODUCTION

Reading: Chapter 1, Retail Valuation, The New Science of Retailing (2010), Fisher & Raman

Chapter 1, Internet Retailing: From Experimentation to Execution, Internet Retail Operations (2011), Laseter & Rabinovich

Retail Isn’t Broken. Stores Are, (December 2011) Harvard Business Review, Johnson by Morse

Assignment: Read the materials and reflect on the role of retailing in the global economy. Specifically come to class prepared to answer the following questions:

1. Why might a knowledge of retail be of importance in your future career?
2. What are the key trends you observe in retailing and what is driving them?
3. How can you contribute to the learning of your peers over the coming two months?

C2- June 20: RETAIL INNOVATION


Reading: Chapter 4, Flexible Supply Chains, The New Science of Retailing (2010), Fisher & Raman

Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. What are the reasons behind Zara’s success? What does it do well and how does it do them?
2. What are the key decisions encompassed by Zara’s operations strategy? As the VP of Operations at Zara, what would be your major concerns? What changes, if any, would you recommend in Zara’s operations strategy?
3. What recommendations would you make to Inditex management about the geographic focus of Zara’s stores in the future? Why?
4. In what other retail segments could enhanced supply chain flexibility provide a competitive advantage?

C3- June 21: RETAIL INNOVATION

Reading: Chapter 9, *The Last Mile Challenge.*
Internet Retail Operations (2011), Laseter & Rabinovich

Case: Chapter 17, *RelayFoods.com, Inc.*
Internet Retail Operations (2011), Laseter & Rabinovich

Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. Compare and contrast the Operations Strategies of RelayFoods, Webvan and FreshDirect. What are the key capabilities of each?

2. Examine the basic economics of each competitor and speculate on the impact of key cost drivers including scale and utilization.

3. Does the RelayFoods business model look destined for success?

C4- June 22: RETAIL INNOVATION

Harvard Business Publishing, Raman and Winig

Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. What are the unique challenges of retailing in emerging markets, especially in “megacities”?

2. How do you think retailing will evolve in the emerging regions of North Africa and the Middle East? Will it follow a similar pattern to the western markets? Why or why not?

3. What recommendations do you have for Kishore Biyani regarding a growth strategy for Big Bazaar?

June 23-June 26: Casablanca

C5- June 27: RISK & RESPONSIBILITY

Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. Is Wal-Mart a positive force in retailing?
2. Does being the world’s largest retailer impose additional responsibilities?
3. How effective has Wal-Mart been in pursuing a green agenda?

C6- June 28: RISK & RESPONSIBILITY
Social Enterprise Knowledge Network, Vernis, Vilanova and Figueroa
Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. What motivates a retailer to pursue a social responsibility agenda? What seems to be motivating Inditex?
2. Should Inditex take responsibility for the supplier’s workers directly or simply leave that to the management?
3. Should the company openly communicate its CSR efforts or pursue a low-profile approach?

C7- June 29: ASSORTMENT PLANNING
Reading: Chapter 2, Assortment Planning
The New Science of Retailing (2010), Fisher & Raman
Richard Ivey School of Business, Dedeke
Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. What are the keys to successful assortment planning?
2. How should a company balance the use of mathematical models with the instinctive merchandising skills of an experienced buyer?

3. What is working well with the GOLD program? What is not?

4. Should Linens ‘N Things continue the roll out? If not why? If yes, how?

**C8- July 1:**  ASSORTMENT PLANNING

**Case:**  Cherries with Charm: Turkey’s Alara Agri, Ivey 909A19, (2009)
Richard Ivey School of Business, Mitchell

**Assignment:**  Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. Apply an assortment planning mindset to the product offering of Alara Agri. How can Kerim Taner convince a buyer to accept the new packaging?

2. Which markets should Taner pursue if at all? Why or why not? What’s the business case?

**C9- July 2:**  ASSORTMENT PLANNING

**Reading:**  Chapter 8, *Understanding the Drivers of Cost-to-Serve Internet Retail Operations* (2011), Laseter & Rabinovich

**Case:**  Chapter 16, *Cooking.com.*
*Internet Retail Operations* (2011), Laseter & Rabinovich

**Assignment:**  Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. What are the most important cost-to-serve elements for the fulfillment center? What are the primary drivers for the elements?

2. Develop a cost allocation model to convert the current “gross margin” into an “operating margin” that captures all of the costs of operating the in-house fulfillment center?

3. Which product categories look most promising for expansion based upon gross margin? Which look most promising based upon operating margin?

4. What are the tradeoffs of operating an in-house fulfillment center versus a “drop shipping” model from the suppliers? How would you decide which model to use for an individual SKU?
C10- July 6: INVENTORY FUNDAMENTALS

Case: Jeni’s Splendid Ice Cream, UVA-OM-TBD, (2012)
Darden Business Publishing, Laseter, Hawkes, and Barnett

Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. What are the strengths and weaknesses of the inventory management system at Jeni’s Splendid Ice Cream?

2. How might you improve the process? Which approach would you use: Reorder Point, Periodic Review, or JIT/Kanban?

3. What do you recommend as the inventory targets and reorder quantities for each of the following three products:
   - Cream
   - Flour
   - Fresh Mint

C11- July 7: INVENTORY FUNDAMENTALS

Reading: Chapter 5, Supply Chain Management for a Virtual World Internet Retail Operations (2011), Laseter & Rabinovich

Case: Musictoday, LLC, Managing Inventory for Night Train, UVA-OM-1204

Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. What are the strengths and weaknesses of the Musictoday Inventory Management Process? What might you change?

2. When should Musictoday place an order? How much should be ordered at a time?

3. Specifically using the data in Exhibits 3 and 4, propose a reorder point as well as an order quantity for each of the six Night Train products.
Exercise: Supply Chain Coordination Simulation (AKA “The Beer Game”)

Assignment: During class, we will conduct an exercise known as “The Beer Game” which explores the challenges of managing a multi-tier supply chain using the beer industry structure of retailers, distributors, wholesalers, and manufacturers as a model.

C13 - July 13: SUPPLY CHAIN DYNAMICS
Reading: Chapter 5, Goal Alignment, The New Science of Retailing (2010), Fisher & Raman


Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. Assess the performance of the Supply Chain Optimization program. What has worked well? What has not?

2. Should the pilot be expanded to other products? What criteria should be used to decide?

3. What are the financial implications?

July 14-17: Piraeus

C14 - July 18: GROUP PROJECT WORKSHOP
Assignment: This session will be used to push the group projects forward. We may schedule the time for teams to meet with the instructor individually or we may ask each team to prepare and present a status report.

C15 - July 19: VENDOR INNOVATION

Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. What role should product manufacturers play in retailing?

2. Is Academia an appropriate growth strategy for Barilla? Why or why not?
3. Which of the four growth options do you recommend? Why?

C16- July 20: VENDOR INNOVATION
Case: Autocar Accessories: Pay-on-Scan, UVA-OM-1098
Assignment: Imagine yourself in the role of the case protagonist and come to class
prepared to discuss the following questions:
   1. Why would a retailer implement pay-on-scan? What are the
      downsides?
   2. What are the economics for both the supplier and the retailer?
   3. How should Autocar respond to the ultimatum from FAPA?

July 21-23: Livorno
July 24-26: Civitavecchia

C17- July 27: LOGISTICS MANAGEMENT
       Harvard Business Publishing, Ton and Wheelwright
Assignment: Read the assigned article and then the case. Imagine yourself in the role of
the case protagonist and come to class prepared to discuss the following questions:
   1. Why would a retailer outsource the logistics function? Why not?
   2. Does it make sense to also outsource the planning processes? Why or
      why not?
   3. Should Excel expand its offering to Haus Mart? Should Haus Mart
      accept the offering?

C18- July 28: LOGISTICS MANAGEMENT
Case: Dollar Tree Logistics, UVA-OM-1180
Assignment: Imagine yourself in the role of the case protagonist and come to class
prepared to discuss the following questions:
1. What are the components of the cost structure of Dollar Tree’s Logistics system? What are the cost drivers for each of these components? What tradeoffs can you see between the cost drivers?

2. How important is Economy of Scale for the distribution centers? Please compute the Utilization Curve for the Briar Creek DC and the Scale Curve of all the automated DCs.

3. What other operations strategy opportunities should Dollar Tree consider to further decrease total supply chain cost?

4. Which of the two options of DC capacity expansion, using the scale and utilization curves do you recommend? Why?

   Hint: Keep the analysis simple. Back-of-the-envelope analysis using the scale and utilization formulae with some sensitivity analysis should suffice. No need for extensive NPV calculations.

July 29-31: Malta

C19- August 1: OPERATIONS EXECUTION
Case: Zappos Customer Loyalty Team, UVA-OM-1452, (2011)
Darden Business Publishing, Laseter and Carter

Assignment: Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. What is Zappos’s strategy? How does it compete? How does the Customer Loyalty Team feed into this strategy?

2. Determine the number of Customer Loyalty Team members needed for each half hour slot of the day during the first full week of January 2011 based upon the goal of achieving 80% utilization and an average caller wait time of 20 seconds.

3. How many operators will you need to employ using the current set of schedule options? What impact does that have on utilization?

4. Looking forward, what approach better fits the Zappos business strategy—filling shift requests by seniority or performance? Which do you recommend? What else might improve performance?

C20- August 2: OPERATIONS EXECUTION
Case: IBM Retail Assessment at Dillard’s, Inc., HBS Case 9-610-051, (2010)
Harvard Business Publishing, Ton
Assignment: Read the assigned article and then the case. Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. Why would a retailer outsource the logistics function? Why not?
2. Does it make sense to also outsource the planning processes? Why or why not?
3. Should Excel expand its offering to Haus Mart? Should Haus Mart accept the offering?

August 3-5: Marseille
August 6-8: Barcelona

C21- August 9: OPERATIONS EXECUTION
Reading: Chapter 10, Managing Product Returns
Internet Retail Operations (2011), Laseter & Rabinovich

Harvard Business Publishing, Kulp, Dehoratus and Kanji

Assignment: Read the assigned article and then the case. Imagine yourself in the role of the case protagonist and come to class prepared to discuss the following questions:

1. What problem is Geoffrey Ryan facing? What is the root cause?
2. How can the vendor scorecard help address the issues? What should be measured and why?
3. What do you recommend Melissa Norville do?

C22- August 10: OPERATIONS EXECUTION
Darden Business Publishing, Laseter

Assignment: This session will require no preparation. The case will be distributed in class along with a spreadsheet. You will compete in teams to lower the cost of packaging for the retailer Boxer World.
August 11-13: Cadiz
August 14-16: Lisbon

C23- August 17: GROUP PROJECT PRESENTATIONS
Assignment: This session will be used for group projects report outs. Groups will submit their written reports to the instructor and present an overview to their peers to encourage shared learning.

August 18: Study Day

C24-August 19: Final Exams

August 20: Packing/Reentry
August 20: Convocation/Packing
August 22: Southampton

FIELD WORK

Students will conduct first-hand observation of various retailing formats at each port-of-call documenting key metrics such as footprint, product breadth, foot-traffic, inventory turns, and staffing levels. This information will be used to estimate the economic model of various business models. The information will contribute to academic research underway at the University of Morocco who will host the initial field visit during that port call. The work offers a number of benefits:

1. First-hand observation of various retail formats
2. Appreciation of the tradeoffs of quality, variety, service, and cost in the retail landscape.
3. Insight into the particular challenges for retailers and suppliers in developing markets

Students will write a group paper on their observations and present an executive summary to their peers during the final class session.

METHODS OF EVALUATION / GRADING RUBRIC

Grading will be comprised of four components:

- Class Contribution: 25%
- Case Write-Ups: 25%
- Field Lab Paper: 25%
- Final Exam: 25%

RESERVE LIBRARY LIST

None

ELECTRONIC COURSE MATERIALS
Current articles from the business press will be identified during 2013 and added to the syllabus and posted to the ship Intranet.

**ADDITIONAL RESOURCES**

None

**HONOR CODE**

Semester at Sea students enroll in an academic program administered by the University of Virginia, and thus bind themselves to the University’s honor code. The code prohibits all acts of lying, cheating, and stealing. Please consult the Voyager’s Handbook for further explanation of what constitutes an honor offense.

Each written assignment for this course must be pledged by the student as follows: “On my honor as a student, I pledge that I have neither given nor received aid on this assignment.” The pledge must be signed, or, in the case of an electronic file, signed “[signed].”