

Vendor Managed Inventory: A Case Study on Faragalla Food Industries in Egypt

Abdallah Shaalan, Khaled Abbas, Sara Elzarka and Eman Elakkad

Department of Logistics & Supply Chain Management
College of International Transport & Logistics
Arab Academy for Science, Technology & Maritime Transport
Alexandria, Egypt
sara_elzarka@aast.edu

Abstract

Egypt suffers from overpriced products mainly due to the mismanagement of the logistics activities in the business sector and the high level of wastes in the supply chains. This research would therefore attempt to demonstrate how the implementation of Vendor Managed Inventory (VMI) can be one of the effective solutions in achieving more efficient supply chain operations. VMI is the continuous replenishment or supplier-managed inventory, and it is one of the most widely discussed partnering initiatives for encouraging collaboration and information sharing among trading partners. Faragalla Food Industries is one of the most diversified food companies in the Middle East with 28 factories producing over one thousand products in the field of processed meat and chicken, frozen vegetables and fruits, confectioneries and more. In this research, the researchers are attempting to show through the use of simulation how the implementation of VMI can assist Faragalla Food Industries in reducing the transportation and inventory cost which proved to be quite high as a result of the lack of collaboration between the trading partners. Implementing VMI would improve the relation between Faragalla and its first tier suppliers, regulate the reorder points consequently leading to cost reduction and a more efficient supply chain.

Keywords

Vendor Managed Inventory, efficient supply chain, food industries, Egypt.

Biography

Khaled Abbas and Abdallah Shaalan are two undergraduate students in the final year of their BSc in the logistics and supply chain management department at the college of international transport and logistics, at the Arab Academy for Science, Technology & Maritime Transport. T

Sara Elzarka is currently a fulltime senior lecturer and Head of The Logistics and Supply Chain Management Department in the College of International Transport and Logistics at the Arab Academy for Science, Technology and Maritime Transport. Dr. Sara holds a PhD degree in supply chain management from the University of Huddersfield in the UK. She has taught courses in logistics, supply chain, management, research methodology and marketing. She is the Education Chairperson in the CSCMP Egypt roundtable.

Eman Elakkad is currently a fulltime teaching assistant in The Logistics and Supply Chain Management Department in the College of International Transport and Logistics at the Arab Academy for Science, Technology and Maritime Transport. She holds a MSc degree in Industrial Logistics from the University of Høgskolen i Molde in Norway. She has taught courses in operation research, supply chain modelling and logistics management.