CASE STUDY

A case study on the Performance of Timbuk2
The two categories of products that Timbuk2 make and sell include custom messenger bags manufactured in the headquarters in San Francisco and the new laptops sourced in China. The products are well attached to their customers

**COMPETITIVE DIMENSIONS**

Different customers also tend to be attracted by different attributes provided by different firms.

The key competitive dimension that drives sales in the custom messenger bag includes:

*Cost position*

This is the extent to which the Timbuk2 seeks the low-cost position in manufacturing and distribution through investments in cost-minimizing facilities and equipment. The products are sold on the basis of cost after considering the price of other similar commodity in the market. (Nagle, Holden 2002)

*Quality*

This is defined by the design quality and the process quality. Design quality is the set of features a product or service contain. The San Francisco-based company is known for producing high quality custom and classic messenger bags.

The level of product quality is determined in terms of raw materials, specifications, adherence to tolerances, and features. For some years Timbuk2 has fine-tuned their production
line to make it as perfect as possible which in turn yields the highest quality messenger bags available (Michael, 2010).

Berry (2009) summarizes that process quality relates directly to the reliability of the product. The customer needs the product without defects adhering to the product and service specifications. To achieve this, the company has a team of approximately 25 hardworking cutters and sewers in their San Francisco plant.

**Delivery speed**

This is the ability to deliver the product quicker than its competitors. The custom messenger bag can be ordered through the internet which makes a first delivery.

**Delivery reliability**

This relates to the firm’s ability to supply a commodity before a due date, Timbuk2 has recently begun making some of the new product in China which has catered for some of its long standing customers.

**Specialization**

The extent at which the firm directs its efforts considering the width of its line, the target customer segments, and the geographic markets served. The local manufacturing has focused on the custom messenger bag, where the order is taken through the internet.

**Brand identification**

This is the degree at which the firm looks out for brand identification rather than competition based mainly on price or other variables. Brand identification is accomplished through sales.
force, advertising, or a variety of other means. Timbuk2 has successfully advertised their brand in their website where each bag is custom designed by the customer and is tailored according to the specifications (Michael, 2010).

**Service**

This is the extent at which the firm gives extra services along with its product line. The customers are given the privilege to design their own bag in Timbuk2 so that the bag is tailored according to the customer’s specifications.

Some of the competitive priorities of the dimensions may be different with the new laptop bags sourced in China but most of them are similar. The degree of service may be different but the company argues that it has designed its new products to produce the best possible features in terms of quality and prices. (Drypen, 2010)

**ASSEMBLY LINE**

An assembly line is an industrial process in which prefabricated interchangeable parts are added to a product in a sequential manner using optimally planned logistics to assemble a finished product. An assembly line was designed to improve the efficiency, and become cost effective. The focus of the workers is basically on a small part of the overall whole, which makes them not to require extensive training. (Smith, 2010)
Volume of production

The type of production used in both is mass production where large amounts of standardized products are produced.

In San Francisco standards are set and dispatched in their website where the customers are given many configurations to choose from which makes them appear to manufacture specifically to order. Batch production is also used in San Francisco where an approach to design production is used. Customers are allowed to give their own specification of the bag and it’s tailored to the exact specification leading to the production of individual designs in limited quantities. Volume therefore is dependent on the orders placed by the customers. (Beaudreau and Bernard 1996).

In china, continuous production is used since the products are made in a similar manner. The products are designed in San Francisco and produced in China providing a flow of the best features possible, quality and value at reasonable price reducing the manufacturing cost. China has an increased capacity for production and the laptop bag requires more labor and assembly. These requirements are met by the Chinese workers and machinery. In comparison of China and San Francisco the Chinese factory can give more products and adapt to the market demand since China has long standing customers.

Required skill of the workers.
A skilled worker is one having some special skills knowledge or and ability to do his work.

In china the assembly is larger and hence more labor is required. China factory has employed a team of hardworking people who may not necessarily be skilled. The nature of the work is repetitive and mechanical hence special skills are not required as workers can learn from experience. Division of labor is likely to be used since a number of sections must be set out in the factory.

In San Francisco, the assembly line is not repetitive since customized bags are produced. Some skills are therefore required to meet the process of putting together a different bag each time a set of specifications are given by the customer. The work varies and incorporates more than one specific task hence the workers have more technical skills. Design is done at San Francisco justifying the skills level to be higher than that of China.

*Level of Automation.*

Automation is the technique of making a process or a system run automatically

In the Chinese factory, specialized machines to handle the complexities of the laptop bag are available. The factory is expected to produce particular product with maybe some slight variations making it necessary to set up expensive machines to help in the production process for
mass production. The new bag is noted to be more complex to build hence requires a variety of expensive machines which makes the setup cost to be high.

San Francisco factory focuses on the custom messenger bags which may not depend too much on automated systems. Complex automated systems cannot be set up since each bag is made according to a given set of customer instruction.

Amount of raw material and finished goods inventory.

The Chinese factory requires a massive flow of raw materials which are processed to finished good inventory during a production run. The factory uses raw materials continuously in making the laptop bags which means that raw materials are accumulated prior and during the production run. Finished goods inventory therefore increases for a particular design until the end of the process run. The raw material at a given time may comprise of only that of a particular design.

San Francisco’s factory operates on customer’s order and therefore may have raw materials stored away for longer periods. The raw material here may be composed of different materials depending on the offer put on their website and may not necessarily be stored in large numbers. The factory can also have large quantities in process inventory since they may have partly assembled products waiting further detailing. The factory may have no finished good inventory since they are sent to their customers as soon after their completion.
Figure 1: Loop bag supply chain for products sourced in China.

The supply chain from explained from the left.

The suppliers provide raw materials to the factory in China, which manufacture laptop bags out of the raw materials. It serves as a warehouse depending on the factory function while awaiting the entire order to be completed. The production runs and after the order has been fulfilled, the bags are shipped overseas to San Francisco to be stored in a warehouse. Customers can either order the bags through the Timbuk2 website or just purchase them directly from the retail outlet. For Internet orders, the bags may ship directly from the warehouse.
Customized messenger bag supply (Manufactured in San Francisco)

![Diagram of supply chain]

*Figure 2: Customized messenger bag supply (Manufactured in San Francisco)*

The factory sources the raw materials from different suppliers and places them in storage for easy access. Customers exclusively place their orders through the website, which communicates the information to the factory/warehouse. Since the raw materials are stored nearby, the factory easily assembles the custom bag according to the specifications given by customers through the website. The factory/warehouse then ships out the customized bags to the customers.

**Costs to be considered when making the sourcing decision.**

Transportation costs - stock is transferred every time from one location to another. A high cost is incurred in having the bags shipped from China.
Storage costs—Timbuk2 has to account for all the expenses incurred when it stock items, whether raw materials or inventory, such as warehouse rental.

Other costs include subsidiary costs such as processing, handling fees, and taxes.
REFERENCES


