

3. Globalisation has changed the way many businesses operate. VKW makes cell (mobile) phones. It uses just-in-time inventory control. VKW exports 40% of its products. It imports most of its raw materials to help reduce total costs. All 800 of VKW’s employees understand the importance of quality assurance. The Operations Director has asked all suppliers to ensure they do not use child labour. She is also concerned that many governments are planning to increase import controls such as quotas.

(d) Explain **one** advantage and **one** disadvantage to VKW of using just-in-time inventory control.

Advantage: *Lower storage costs*.....

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Explanation:

because smaller warehouse needed which also helps reduce total costs

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Disadvantage: *Parts may not arrive on time*

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Explanation:

especially as many are imported causing production delays

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