Case Notes

# Chapter 8: Supply Chain Design and Location Planning

# Countering the Counterfeiters

## Case Summary

*This case describes the negative impacts of counterfeiting in the health care industry. The costs of local supplier counterfeiting must be taken into account when manufactures make location decisions in developing their overseas supply chain.*

Case Analysis *This case illustrates the complexity in making global location planning decisions. Besides considering the more common factors of ease of operations, or political conditions, this case calls attention to a less considered factor: local supplier counterfeiting. The health and safety risks associated with such counterfeiting in the pharmaceutical industry are too important to ignore.*

## Sample Answers to Case Questions

1. What are some of the most common reasons for the counterfeiting of materials at a company’s overseas supply source?

Some of the most common reasons for local supplier counterfeiting include increased profit from using inferior and cheaper materials, increased sales by piggybacking on authentic product’s brand recognition, and inability to meet quality standards required by the manufacturer.

2. What are some steps a company can take to lessen the impact of counterfeiting their raw materials or finished goods through supply chain partners?

To lessen the impact of local supplier counterfeiting, a rigorous quality control and monitoring program for the company’s supply chain should be implemented. The trustworthiness of local suppliers should be considered as a critical factor in selecting overseas suppliers. The potential for counterfeiting and the related damages should be included as costs in making global location decisions.