

Production System and CSR

1. Why “Value Chain” is important?

Value Chain is a series of activities involved in designing, producing, marketing, delivering, and supporting any product. Each link in the chain has the potential to either add or remove value from the product the customer eventually buys.

2. What is the difference between outsourcing and offshoring?

Outsourcing refers to an organization contracting work out to a 3rd party, while offshoring refers to getting work done in a different country, usually to leverage cost advantages. It's possible to outsource work but not offshore it; for example, hiring an outside law firm to review contracts instead of maintaining an in-house staff of lawyers. It is also possible to offshore work but not outsource it; *for example*, a Dell customer service center in India to serve American clients.

Offshore outsourcing is the practice of hiring a vendor to do the work offshore, usually to lower costs and take advantage of the vendor's expertise, economies of scale, and large and scalable labor pool.

3. Why the companies should embrace CSR?

- *Cost savings* : One of the easiest places for a company to start engaging in sustainability is to use it as a way to cut costs. Whether it's using less packaging or less energy, these savings add up quickly.

- *Brand differentiation* : In the past, brand differentiation was one of the primary reasons companies embraced CSR. Companies such as Timberland were able to find their voice and incorporate the company's values into their business model. However, as CSR has become more commonplace, using it to differentiate your brand is getting harder to do.

- *Long-term thinking* : “The only reason we're doing sustainability is to drive the growth of Unilever,” McDonald said in the video mentioned above. Indeed, CSR is an effort to look at the company's long-term interest and ensuring that the company's future is well sustainable.

- *Customer engagement* – What's the point of doing CSR if no one knows about it? Using CSR can help you engage with your customers in new ways. Since the message is about something “good,” it can often be an easier way to talk to your customers. This is an underused tool for business-to-business company communication.