

# GLOBAL SOURCING AND LOGISTICS

Research Team

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## Project Synopsis

Global trade has always been associated with economic development. Over the past hundred years, economic development in industrialised nations has been accompanied by a higher than proportional increase in world exports. In the UK, it is estimated that 20-30% of the GDP derives from international trade in goods.

Outsourcing is increasingly popular management approach that seeks competitive advantage by contracting-out products and services to external suppliers. Through this process the companies not only purchase the product or service from external sources, but also transfer the responsibility for the physical business functions and often the associated knowledge to the external organisation. The term offshore outsourcing or off shoring is used to denote outsourcing activities contracted out to foreign suppliers and hence is an important contributor to global trade.

Despite the correlation between global trade and economic development, the consequences of the increase in offshore outsourcing are not all positive. The implications of this trend can be analysed at three different levels: Environmental, infrastructural, and organisational.

## 1. Objectives and Outcomes

The project aims to address the issue of offshore outsourcing from a total cost perspective, looking at the implications for individual firms as well as for the UK as a whole. To achieve this, four main objectives are proposed:

- To gain a better understanding of why and how companies make offshore outsourcing decisions
- To uncover the hidden costs and risks of offshore outsourcing
- To assess the environmental and infrastructural implications of offshore outsourcing for the UK
- To develop a model that can support offshore outsourcing decisions, based on a holistic analysis of the implications

The main outcome of the project is the model, which will help companies make better outsourcing decisions, by providing them with a complete picture of all the costs and risks involved.

This research will also provide insights for public policy in relation to the future development of the UK's transport infrastructure and the impact of global trade on the environment.