

Activity 5.5

Some firms adopt multiple-source policy. This policy followed for the explicit purpose of having available a reliable and experienced second source of supply.

Firms adopting a make-or-buy policy recognise that they may not always be able to meet their internal production schedules for certain parts. In case of an emergency, an experienced outside source is usually willing to increase its delivery of the part in question on a temporary basis until the situation is under control.