

# SUPPLY CHAIN MANAGEMENT

## MEANING AND DEFINITION OF SUPPLYCHAIN

“A supply chain is a network of supplier, manufacturing, assembly, distribution and logistics facilities that perform the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these products to customers.”



### According to Professor Douglas M Lambert:-

“ Supply Chain Management as the integration of business process from the end user through original supplier who provide products, services and information that adds value for the customers. ”

### According to Ganeshan & Harrison:-

“A supply chain is a network of facilities and distribution options that perform the function of procurement of material transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers.”

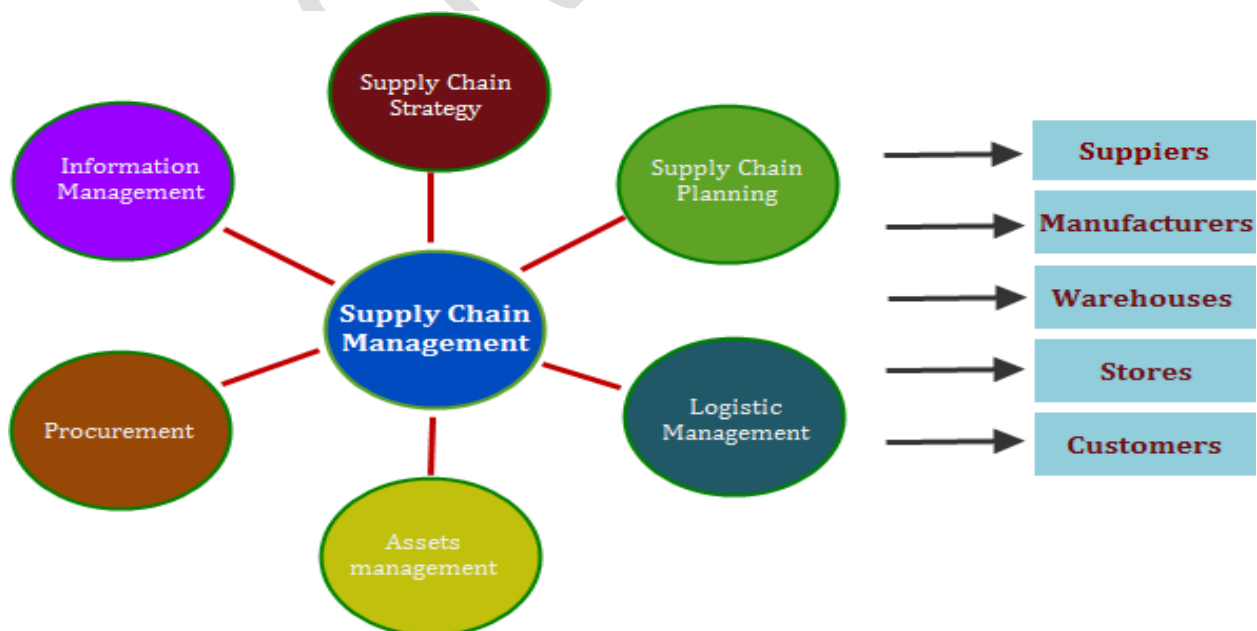
## TYPES OF SUPPLY CHAIN:-

- ✚ Raw supply chain.
- ✚ Ripe supply chain.
- ✚ Internal supply chain.

- ✦ Extended supply chain.
- ✦ Self monitored Supply Chain.
- ✦ Outsourced supply Chain.

## ESSENTIAL FEATURES OF SUPPLY CHAINMANAGEMENT:-

- ❖ **Integrated behavior-** SCM incorporates integrates integration of stakeholders from supplier to customers.
- ❖ **Mutually sharing information-** For effective SCM mutually sharing information among channel members is required, especially for planning and monitoring processes.
- ❖ **Mutually sharing channel risk and Rewards-** Effective SCM also requires mutually sharing channel risks and rewards that yield a competitive advantage. Risk and reward sharing should happen over the long term focus and cooperation among the supply chain members.
- ❖ **Co-operation-** Co-operation among channel members is required for effective SCM. Co-operation refers to similar or complimentary co-ordinated activities performed by firm in a business relationship to produce superior mutual outcomes or singular outcomes that are mutually expected over time.



- ❖ **Focus on serving customers** – Supply chain succeeds if all the members of supply chain have the same goal and the same focus serving customers. Establishing the same goal and same focus among Supply chain members is a form of policy integration.
- ❖ **Integration of Processes** – The implementation of SCM needs the integration of processes from sourcing to manufacturing and to distribution across the supply chain. The integration can be accomplished through cross functional terms, in plant supplier personnel and third party service provide.
- ❖ **Partners to Build and Maintain Long Term Relationship** – Successful relationships aim to integrates channel policy to avoid redundancy and overlap while seeking a level of co- operation that allow participants to be more effective at lower cost levels. Policy integration is possible if there are compatible cultures and management techniques among the chain members.

### **OBJECTIVES OF SUPPLY CHAINMANAGEMENT**

- + Service Orientation.
- + System Orientation.
- + Competitiveness and Efficiency.
- + Minimizing the Time.
- + Minimizing Work in Progress.
- + Improving Pipeline Visibility.
- + Improving visibility Demand.
- + Improving Quality.
- + Reduces Transportation Cost.
- + Reduces Warehousing Cost

**Service Orientation** – (i.e services to customers) The very basis of supply chains has been to provide superior customer service. Service is all about the value that the customer gets, which in turn depends upon his own perception about what constitutes value. The design, the alignment, the integration of the companies on the supply chain and the co-ordination between them are all for the customer- the ultimate customer, and these are performed as such.

**System Orientation**- System orientation is at the existence of any supply chain. Synergy due to co- operation and coordination is the main gain of a supply chain. This

entails that while getting optimal results for the chain as a whole, results for the partners on the chain may not necessarily be optimal, these could be less than optimal.

**Competitiveness and Efficiency** – Supply chain is a business organization. It provides value to the customers while being competitive. Competitiveness is essential for it to healthy sustain itself in order to be able to provide increasing value to its customer. Efficiency is an important element of competitiveness

**Minimizing the time** – Efficient supply chain is an organization reduces the time required for converting orders into cash. So there is minimal time lag and increase in productivity of the organization.

**Minimizing Work in Progress-** Supply chain minimizes total work in process in supply chain.

**Improving Pipeline Visibility** – Efficient supply chain improve the visibility of each one of the activities of the supply chain by each one of the partner.

**Improving visibility Demand-** Efficient supply chain improves visibility of demand by each one of the partners.

**Improving Quality-** Efficient supply chain management helps in improving the quality of operation of the organization. TQM has become a major commitment throughout all facet of industry. Overall commitment to TQM is one of the major commitment throughout all facets of industry.