

Supply Chain Management – Strategic Importance

Abstract

To manage the entire supply chain is a very challenging task. Over the last four decades supply chain has evolved dramatically. The ultimate goal of the supply chain management is to deliver the better customer services with coordination of material, finances and information flows across a network and the entire customer including the external and internal customers. The main feature of the supply chain system is the increasing the use of information technology which enables to customer and suppliers at all the levels of organisation. In this emerging competitive environment, the resulting success of the business depends on management's ability to integrate the company's complicate network of relationships of business. Supply chain management is mostly facilitated by the use of resources planning on enterprise level and integration system with the latest technology in transportation, distribution and restoration of stock.

Keywords: Supply Chain Management, System, Resource Planning, Products and Manufacturers.

Introduction

A supply chain consists of the flow of products and services from manufacturers of raw materials intermediate products, end product, wholesalers, distributors and retailer connected by transportation, storage activities and connected through planning, information and integration activities. To fulfill a customer request, a supply chain consists of all parties involved, directly or indirectly. The supply chain includes the manufacturer and suppliers, transporters, warehouses, retailers, and customers themselves. These functions include new product development, marketing, operations, distribution, finance, and customer service. A supply chain is dynamic and involves the regular flow of information, product, and funds between different stages. Similar information, material, and fund flows take place across the entire supply chain. The customer is an integral part of the supply chain.

From the existence of any supply chain the primary purpose is to satisfy customer needs in the process to generate profits for it. Supply chain activities begin with a customer order and end when a satisfied customer has paid for his or her purchase. The term supply chain evokes up product image or supply moving from suppliers to manufacturers to distributors to retailers to customers forming a chain. It is important to see information, funds, and product flows along two way directions of supply chain. At each stage, only one player is involved in the term supply chain. Originally, a manufacturer may receive material from more than one supplier and then supply more than one distributor. Thus, these are mostly actual networks. To describe the structure of most supply chains it may be more accurate to use the term supply network or supply web.

The appropriate design of the supply chain depends the stage roles involved a variety of stages-

1. Customers
2. Retailers
3. Wholesalers/Distributors
4. Manufacturers/Producers
5. Component/Raw material suppliers

Aim of the Study

Main aim of the study is to summarise the supply chain management at all levels of organization by using technology,

Evolution of Supply Chain Management

In the 1980s, companies discovered new technologies in manufacturing and strategies that allowed them to cost reduction and hence better compete in different markets. Strategies such as just in-time



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manufacturing, lean manufacturing, total quality management(TQM), and others became very popular, and very large amount of resources were invested in implementing on these strategies. In the last few years, however, it has become clear that manufacturing costs of many companies have reduced as much as is practically possible. Many of these companies are finding that effective supply chain management is the next step they have to take in order to increase market share and profit.

Materials Management

Ensures various aspects in relation to flow of material within organization including services, transportation, inventory management, acquisition, storage and handling of materials.

Physical Distribution Management

Ensures the various inventory issues such as raw materials and finished goods at the time of sale, all transportation, warehousing, storage and communication from the local firm. More emphasis on ensuring safe and timely delivery of finished goods to customer as well as transportation storage, packaging and warehousing activities.

Logistics Management

To get required materials, the movement of huge supplies, rising interest's rates high, oil crisis, severe Competition made it tough.. Easily and sell the products at required profit. This development emerged Logistics Management wider importance to managing flows of materials, components, manufactured parts, and packaged products through and out of the firm.

Integrated Logistics Management

To optimize and control the entire process of materials, products, and information moving into, through, and out of the firm, integration of logistics function as a unified single system has taken. At different levels, inbound materials from different suppliers, their transportation, handling work in progress, as well as outgoing transportation and traffic requirement together with the flow of information.

Supply Chain Management

It was coined in the mid 1980s. It is the expanded version of logistics processes. Logistics is concerned with a single individual firm while supply chain management is concerned with all the activities in a logistical channel of environment. It is the accumulative efforts and coordination of all channel partners. Some of the key elements are as follows.

1. Customer relations as well as long term relations with supply chain partner's, suppliers, 3PL, distribution centers, retailers, subcontractors etc.
2. Free flow of information among chain members.
3. Focus on vendor development with long term partnership with vendors.

Integrated Supply Chain Management

It was started in the mid 1990s. As the part of a single integrated system, at each level the use of materials facilities, people, finance and system must be coordinated and harmonized. Channel alignment creates a balance between material order quantity, capacity requirements, and prices, ownership of materials, transportation, and information processing across all the channel partners of the firm.

Management of information and materials flows at strategic, tactical and operational levels.

Definition of Supply Chain Management

Supply Chain Management is primarily concerned with the systematic integration of suppliers, factories, warehouses and stores so that commodities is produced and distributed in the right quantities, at the right time and to the right locations and also to minimize total system cost related to satisfy service level requirements.

Participants in the Supply Chain

There are particular combination of companies in some given supply chain who performs different functions. There are companies that are suppliers, manufacturers, producers, wholesalers, retailers, and companies or individuals and finally consumers of a product. Supporting to these companies there will be other companies which provide a range of needed services by service providers.

Suppliers

These are one of the most important parts of successful supply chain management who provide the raw material to the manufacturers. The suppliers timely deliver the required raw material to manufactures so that industry can fulfill the customers demand in a particular time. Therefore the selection of the suppliers is a most important part of the supply chain management.

Manufactures/Producers

Manufacturers or produces are organizations that makes a product plays a major role. This includes some producers of raw materials companies and some producers of finished goods companies. Producers of raw materials are those organizations that do some work like drilling for oil and gas, mining for minerals, and also cutting timber. It also includes organizations that raise and feed animals, farms the land, or catch some seafood. Unlike producers of finished goods use the raw materials for products and also assembles the products separate made by other producers to produce their products. Manufacturers can create products that are intangible items such as entertainment, music, software or designs. A product can also be a service such as mowing a lawn, cleaning an office, performing surgery or skill teaching.

Distributors

Distributors are also known as wholesalers. These are those that takes inventory in bulk quantity from producers and deliver a bundle of related product to desired and needed customers. They sell to other businesses and further sell products in larger quantities than an individual consumer can buy. They buffer the producers from fluctuations in demanding product by stocking inventory and doing as much of the sales work to find and service desired customers. For the needed customer, distributors fulfill the function of "Time and Place". Products are delivered by them when and where the customer wants them. A distributor is also an organization that takes an ownership of important inventories of products that they can buy from concerned producers and sell to consumers. In addition to product promotion and

sales, other functions which the distributor performs are inventory management, warehouse operations, and product transportation as well as customer support and Post sales service.

Retailers

Retailers generally stock inventory and sell them in small quantities to the general public or customers. The retailers are also an organization that also relatively tracks the preferences and demands of the customers that it sells to them. It advertises the products to its customers and often uses some combination of price, product selection, service, and convenience. Their primary aim is to attract customers for the products retailers can sell them. Department stores also attract customers using price discount and wide range of product selection.

Customers

Customers or consumers are any organization that purchases the product demanded by them and uses a product or consumes it. A customer may purchase a product in order to incorporate it with another product that they in turn sell to other desired customer which may be the final end user of a product who buys the product in order to consume it and use it.

Benefits

Supply Chain Management improves satisfaction levels of internal and external customers.

1. Ensures certain flow of in process/work in process material and finished goods.
2. Brings about accurate inventory forecasting and planning.
3. Reduction in time to market through disintermediation and better logistics improvement.
4. Various orders at different levels and locations are optimized of workforce across.
5. Re-engineering, optimization and simplification of process across different components and stages at different levels.

6. Reduces working capital deployment cost.

Challenges

1. Throughout the supply chain it increases costs.
2. Supply chain complexity due to multiple channels to market.
3. Consumer demands drive need for improved speed, quality and service.
4. Risk in the supply chain creates pressure.
5. The impact of supply chain volatility.
6. Other demands on the supply chain.

Conclusion

Thus to conclude we can say that supply chain strategies are becoming the critical backbone to business organizations in today's world. Availability of products at all places and effective market coverage at locations holds the key to revenue recognition which depends upon the effective supply chain strategy. It is very simple that when a product is introduced in the market and advertised, the entire market in the country and all the sales counters and retail stores need to have the product where the customer can buy and take delivery to consume it. Any fault in the product not being available at the right time in need, can result into the drop of sales in customer interest and demand which can be disastrous for concerned company.

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