

Essentials of Success for Supply Chain Management

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It's the process of active management of [supply chain](#) actions to achieve a better competitive advantage and maximize customers' values. It shows an alert effort by the firms involved in the supply chain to run and develop supply chains efficiently and effectively. Therefore, supply chain processes and activities comprise everything from the development of the product to production, sourcing, and even logistics. Also, an information system is included to coordinate all these activities.

Therefore, supply chain management can also be described as "planning, design, control, monitoring, and execution of the supply chain activities with goal and objective of creation of net values, leveraging logistics worldwide, building competitive infrastructure, measuring performance and synchronizing demand with supply." Thus the functions of supply chain management involve the management of the raw material by the firm or organization, internal processing of the raw material into finished products, and the movement of those finished products to the end user or consumer. At some point, some of the functions are normally outsourced for better organizational performance.

Currently, a new form of management paradigm exists that extends to organizing the entire business processes throughout the value chain of the multiple companies, (Drucker's 1998). For example, in the question, three firms plan to cooperate for better performance in the market: Jean firm (Central Transport), Susan firm (SAB Distribution), and Wegman's Food Market. The firm plans to cooperate to expand its markets and improve its performance in the market for effective competition. The firms that are in the supply chain are linked together through information flow and also physical flow.

Characteristics of the effective supply chain

Successful supply chain firms like Central Transport, SAB Distribution, and Wegman's Food and Marketing always embrace innovation. Their leaders normally look for the next big thing that will improve their performance and operations. This can be adopting new technology that will keep the firm ahead of the competition.

This firm's supply chain is data-driven. Previous information and data about the firm's supply chain performance are very significant. They normally analyze that information using data software, such as data optimization and visualization software, to track the movement of the firm's supply chain, which assists in increasing the efficiencies in its operation (Kildow, 2011).

Employees at Central Transport, SAB Distribution, and Wegman's Food and Marketing are empowered to achieve better supply chain performance. It's through effective management of labor; that

employees are encouraged to give their best service for better performance of the firms

These firms should be prepared for unexpected risks. As the firm expands its supply chain on the market, it should be aware of some issues that may arise that will hinder its operation. Therefore possible solution issues should be put in place for faster recovery in case it occurs.

Transparency between these joint firms regarding the supply chain as a means of growth is very important. It assists in better strategizing for the future.

Issues in customer service and demand management

The following are some of the issues Central Transport, SAB Distribution, and Wegman's Food and Marketing supply chain faces on the market:

Customers' big events are not forecasted or managed. Potential customers' demands and needs are not considered, which results in shifting customers to other goods.

At some point, abnormal demands for the products may arise. However, the firms may not have identified that demand growth at the correct time. This will lead to a scarcity of goods for consumers. In another case, erratic demand may exist, which is very difficult to plan for. In that situation, the firm should maintain its production level.

Incorrect forecasting of firms: This is based on the strategic plan of the firm's operation, according to the previous information. At some point, the firms may increase production while the demand is low. This leads to a high surplus of goods on the market that may interfere with a targeted price.

Some supply chain firms may not have a sales plan or forecast. In this situation, other firms do not have a strategic plan for their operations. Also, the firm does not have objectives and goals to achieve. Therefore, the firm may lack a mission and vision to do business. In this case, the overall service to the customer is poor, and the customer complaint is not handled.

Order fulfillment is the process from when the order is inquired to when that order is delivered to the customer. In some cases, it is used to define logical functions. Therefore, it refers to how these firms respond to the customer's order. The firms should develop a strategic plan for order fulfillment that may assist in improving services derived from the customers.

Order management is the process of keeping track of all the processes involving an order. This involves keeping track of all orders, keeping details of the previous order, managing the labor involved, partnering with another firm to fulfill orders delivery, and providing other services to the customer if needed. Hence, Central Transport, SAB Distribution, and Wegman's Food and Marketing have well-defined order management strategies to facilitate their operations. Order management is

complex. Currently, there is software that is used to assist in the management of orders and document details in the database. Order management software like NetSuite and Trade Gecko automatically handles some of the order tasks and analyzes previous details to assist management in making decisions.

Customer service: It is the process of taking care of the customers' needs by delivering and producing helpful, professional, assistance, and high-quality service during, before, and after customer requirements are met. This meets the desires and needs of each customer. The characteristics of good customer service involve politeness, promptness, personalization, and professionalism. These firms need to satisfy the needs of their customers and develop customer loyalty. Each firm must have good customer service that would handle customer demands. A section should exist that handles customer complaints and uses them to develop quality products and deliver the best service to the customer. Therefore, customer service is important to maintain long-term customer relationships, which are essential to increasing revenue generation for the firm.

Costs of inventory

It's the cost related to maintaining and storing the inventory for the specified period. It's seen as a percentage of inventory value. Inventory costs are categorized into the following categories: ordering costs, stock-out costs, and carrying costs. Therefore, the inventory cost of Central Transport, SAB Distribution, and Wegman's Food and Marketing firm is taken into consideration to reduce cost.

Fixed order quantity is a system of arrangement in which the level of inventory is continuously monitored to maintain the stock level. The firm should set its maximum and minimum stock levels depending on the available space. When the stock reaches the minimum point, the firm should order the product depending on the sales trend.

A fixed order interval is a system where the stock level is regularly reviewed at a fixed interval. However, when the stock level is below a certain level set by the firm, an order is placed to replenish it to maintain the required level.

Economic order quantity is the process of determining the number of orders the firm should purchase at a given set of production, customer demand rate, and other variables that may affect inventory. Economic order quantity is used to reduce variable inventory costs. It's an essential tool used by firm management to minimize the amount of cash tied and the cost of inventory in the inventory balance.

Economic order quantity model

The strategy developed by the firm is used in inventory management to calculate the number of units the firm should add to the inventory. The inventory cost includes order and holding costs.

Total inventory cost = holding cost + ordering cost

The total inventory cost of the Central Transport, SAB Distribution, and Wegman's Food and Marketing is reduced when both holding cost and ordering cost are minimized. There are several EOQ models, but we concentrated on one model, which is the basic EOQ model. It illustrates a formula that is used to determine the optimum order size which will reduce the sum of the ordering cost and carrying the cost. The assumption of this model is as follows: no shortage of product is allowed, demand is constant over time and is known with certainty, there is a constant leading time of the receipt of order, and order quantity is got at once.

Basic warehousing decisions

Warehousing is the process of storing goods in the warehouse. The process is facilitated by broad factors that include the wide spectrum of locations and facilities that provide warehousing. Products stored in the warehouse include raw materials for the firms, finished products for consumers, and industrial products for firms like Central Transport, SAB Distribution, and Wegman's Food and Marketing. Warehouses play a significant role in macroeconomics. It usually creates time utility for all products, increasing the availability of goods to the customer.

Basic warehouse decisions are made by the leaders of the firms. Therefore, a CEO like Susan is responsible for deciding which warehouse is suitable for SAB Distribution's goods by considering factors like warehouse type, cost, and location. There are two types of warehouses: public and private warehouses. The public warehouse is rented to individuals or firms at specified charges, and the government owns it. However, a private warehouse is owned by the individual. Therefore, it operates under the owner's regulations and policies. It is very costly to store goods in a private warehouse because of the cost of operating the warehouse and another charge they give to the government as tax.

Another factor that the firm manager or CEO should consider is the warehouse's location. If the product is finished goods, the firm should store it near the customer or keep it near the firm if it is raw material. This will assist in reducing time and transport costs when the product is needed for processing or consumption.

References

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