

# Supply Chain Management

Source: Mentzer, et al (2001)

## Supply Chain

“A set of three or more entities (organizations or individuals) directly involved in the upstream and downstream flows of products, services, finances, and/or information from a source to a customer.”

3 degrees of supply chain complexity

- ⌘ Direct supply chain.
- ⌘ Extended supply chain.
- ⌘ Ultimate supply chain.

## SCM - Management Philosophy

- ⌘ Systems approach.
- ⌘ Manage the total flow of goods inventory from the supplier to the ultimate customer.
- ⌘ Strategic orientation toward cooperative efforts.
- ⌘ Customer focus, leading to customer satisfaction.

## SCM - Set of Activities to Implement A Management Philosophy

- ⌘ Integrated behavior.
- ⌘ Mutually sharing information.
- ⌘ Mutually sharing risks and rewards.
- ⌘ Cooperation.
- ⌘ The same goal and the same focus on serving customers.
- ⌘ Integration of processes.
- ⌘ Partners to build and maintain long-term relationships.

## **SCM as A Set of Management Processes**

- ⌘ Process of managing relationships, information and materials flow across enterprise borders to produce specific output for a particular market or customer.
- ⌘ All firms within the supply chain must adopt a process approach.

### **Key processes:**

- ⌘ Customer relationship management, customer service management, demand management, order fulfillment, manufacturing flow management, procurement, product development & commercialization.

## **Supply Chain Orientation (SCO)**

- ⌘ Companies implementing SCM must first have a supply chain orientation.
- ⌘ SCO orientation is a management philosophy, and SCM is the sum total of all the overt management actions taken to realize it.
- ⌘ SCO is the recognition by an organization of the systemic, strategic implications of the tactical activities involved in managing the various flows in a supply chain.

## **Antecedents to SCO & SCM**

### **Factors that enhance or impede the implementation of a SCO philosophy**

- ⌘ Trust
- ⌘ Commitment
- ⌘ Interdependence
- ⌘ Organizational compatibility
- ⌘ Vision
- ⌘ Key processes
- ⌘ Leader
- ⌘ Top management support

## SCM - Functional Scope

All traditional business functions

Logistics is one of the functions of SCM

- ⌘ “Logistics is that part of the supply chain process that plans, implements and controls the efficient flow and storage of goods, services, and related information from the point of origin to the point of consumption in order to meet customers’ requirements” (CLM 1998).

## SCM - Organizational Scope

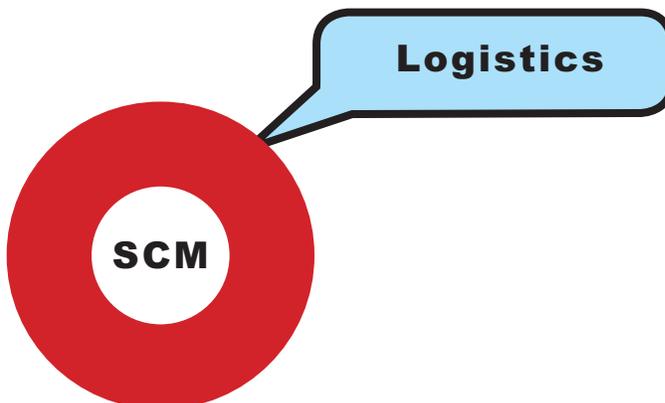
- ⌘ The implementation and process of SCM across 3 or more companies, all having a SCO.
- ⌘ Fully managed supply chains are in competition with each other.
- ⌘ Successful supply chain relies on forming strategic partnerships with long-term orientation.
- ⌘ A network is a well-recognized organization for SCM.

## SCM Definition

The systemic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole (Mentzer et al 2001).

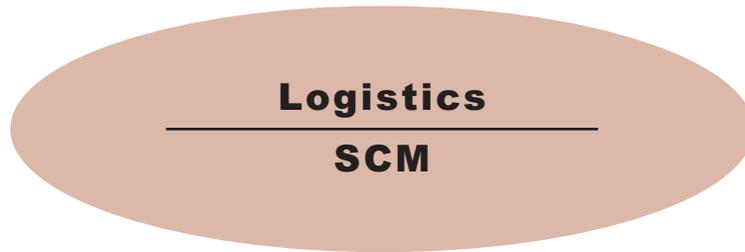
## Perspectives on Logistics Vs SCM

Traditionalist

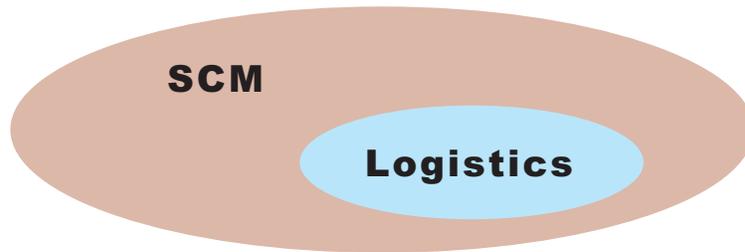


# Perspectives on Logistics Vs SCM

Re-labeling



Unionist



Intersectionist

