

Supply Chain Management _ SCM

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Supply Chain Management

Introduction

SCM as defined by the Global Supply Chain Forum (GSCF), who is a group aiming at improving the work done on SCM, is "the integration of key business processes from end user through original suppliers that provides products, services, and information that add value for customers and other stakeholders" (Lambert and Cooper, 2000). The demand on supply chain has its roots in the current stand on global outsourcing and the open market; major and small sized corporations are heading east, and to the far-east in particular, building strong ties with suppliers to meet the demands of customers and guarantee a safe and fast delivery of products (Mentzer, DeWitt, and others, 2001).

Many elements line up to make the supply chain complete, planning being the strategic part of SCM that enables tracking the entire process. Choosing the appropriate supplier is a key factor in the success of the transactions, in addition to finding a manufacturer who can meet the quality standards of the business. Further more, companies must allocate the correct resource who can cover the logistic part of the work by guaranteeing proper delivery and return cycle to support customers with any problems they might have (Worthen, 2007).

Analysis

Implementing a supply chain within a company requires the successful understanding of the strategy required by the customers and the product predictive model of its functionality and supply demand certainty (Lee, 2002). M. Fisher explains the difference between functional products that have a long product life cycle and a stable market demand and between innovative products with short life cycle and uncertain or unpredictable demand (Fisher, 1997).

A supply chain for each category is fundamentally different because of the core actions provided by a supply chain, mainly, creating and transporting products and material, and ensuring that the product in the market is what the consumer wants (Fisher, 1997). Fisher elaborates further by directing companies that sell functional products such as food supplies and house hold items to focus on cutting cost and improving the price matrix, due to the fact that the demand on these items is very much guaranteed.

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On the other hand, we have products like computer items and fashion, the market stand for these items requires daily monitoring of the sales cycle and how consumers are reacting, the risk of running out of stock or not getting the lead in the market is the main concern in addition to the fear of the cost associated with the extra supplies. The battle is to overcome the uncertainty around the demand and the product, and the only defense is through continuous and accurate collaboration of information with suppliers and every one involved in the supply cycle (Lee, 2002). Collaboration goes further than plain exchange of data to include planning, material coordination, action integration among buyers, suppliers, in addition to extended chains. This process is entirely automated through the enhanced electronic business collaboration commerce applications running on the Internet, thus, cutting cost and increasing value for other SCM investments (McLaren, Head, and Yuan, 2004).

This era introduces software applications like product data management and online vendor catalogs that supports customers locate and order items electronically and directly from suppliers. An example here would be an online supplier like Abebooks.com, which lists books from different book sellers, and the online portal connects customers directly to any of the book stores associated with Abebook enabling them to make the actual order and complete the

transaction that will deliver the items to their locations (Lancioni, Smith, and Oliva, 2000). Along the same path, online portals connect businesses with their suppliers globally, establishing a downstream where plans and information that supports the supply chain can be shared (Lee, 2002).

Another key application is the transportation tracking and tracing software that is deployed on online websites and accessible to customers from any computer connected to the Internet. Delivery services such as United Parcel Service or DHL provide very easy tools with various search options for customers to inquire and locate their purchased goods (Lancioni, Smith, and Schau, 2003). World supply chain management software include transportation management, warehouse management, and manufacturing execution (Trebilcock, 2007) Companies like Ford Motors, PPG Industries use these applications through the Internet to track items shipped to customers, or monitor production plants and delivery status (Lancioni, Smith, and Oliva, 2000).

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One more strategic application that is commonly associated with SCM is enterprise resource planning (ERP) packages. ERP comes in the form of a complete IT solution that is deployed on the infrastructure of the company to collect information from other old systems and the database to help centralize the extraction of information that is vital to the supply chain and used by other SCM applications (Worthen, 2007). Most of the market leaders in IT software develop ERP packages to support SCM, mainly SAP, Oracle, Infor, Manhattan Associates and i2 Technologies (Trebilcock, 2007). The variation in the support is directly derived from the mix of platforms and the large geographical distribution of those involved in the supply chain management systems (Trebilcock, 2007).

Conclusion

In applying CRM as a methodology within an organization, senior management needs to consider an approach with gradual calculated steps to smoothly move the process into a successful transformation (La Valle, Scheld). Accomplishment with CRM are based on building on the value of the system, analyzing the priorities, getting the first prototype, and setting the support system that moves every single entity within the company to the new platform. The steep shift in CRM is in moving from a focus to acquire customers to retaining them (Winer, 2001). The transformation begins with understanding customers and what they need, the relationship paradigm as defined by Don Peppers and Martha Rogers, PH.D., in their recent book, Return on Customers, is to identify your target consumer, differentiate them based on value and needs, interact with them with efficiency and proficiency, and customize your enterprise behavior around this relationship. (Pepper, Rogers, 2006).

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