

Supply Chain Management

According to Lamb, Hair & McDaniel, (2011): The goal of supply chain management is to coordinate and integrate the activities of supply chain members into a set of homogeneous end processes and, finally, to enable "full visibility" to managers in the supply chain supply, both inside and outside the company. The philosophy behind the supply chain is that by visualizing it complete, managers can maximize strengths and efficiencies at each level of the process to create a highly competitive, customer-oriented supply system that is capable of responding immediately to changes in supply and demand. The companies that are oriented to the supply chain are the ones that recognize and adopt this philosophy and, therefore, see the impact of the management of the flows of products, services, etc., between direct and indirect suppliers and customers.

An important element of supply chain management is that it is fully customer-oriented. During the era of mass production (1865-1980), manufacturers produced standardized products, which were driven along the consumer supply channel. In contrast, today, products on the market are driven by customers, who expect to receive product configurations and services tailored to their unique needs. For example, Dell only builds computers based on the precise specifications of its customers, such as the amount of RAM; type of monitor, modem or CD driver; as well as amount of disk space.

Benefits of Supply Chain Management

Supply chain management is a key piece of differentiation for a company and a crucial component in corporate and marketing strategies. Supply chain-

Supply Chain Management

oriented companies typically report lower inventory, transportation, warehousing, and packaging costs; greater flexibility in the supply chain; better customer service and higher revenue. Research has shown a clear relationship between supply chain performance and profitability. The specific benefits of effective implementation of supply chain procedures include an increase of nearly 20% in cash flow, a more than 50% increase in flexibility in supply chain activities, and a 5- to 10% reduction in supply chain activities, and a 5- to 10% reduction in the n supply chain costs, among other potential benefits.

REFERENCE:

Lamb, C., Hair, J. and McDaniel, C. (2011). Marketing. Ohio: Cengage Learning.