

SUPPLY CHAIN MANAGEMENT

INTRODUCTION

A supply chain is the network of all the individuals, organizations, resources, activities and technology involved in the creation and sale of a product. A supply chain encompasses everything from the delivery of source materials from the supplier to the manufacturer through to its eventual delivery to the end user. The supply chain segment involved with getting the finished product from the manufacturer to the consumer is known as the distribution channel.

STEPS IN THE SUPPLY CHAIN

The fundamental steps of a supply chain in order are as follows:

- Sourcing raw materials.
- Refining those materials into basic parts.
- Combining those basic parts to create a product.
- Order fulfillment/Sales.
- Product delivery.
- Customer support and return services.

The amount of time it takes any one of these processes from start to completion is known as lead time. Supply chains are managed by supply chain managers, who monitor lead time and coordinate the processes in each step to maximize customer satisfaction.

The purpose of the value chain is to give the company a competitive advantage in the industry.

SUPPLY CHAIN CHALLENGES

Potential lack of transparency

Having transparency enables stakeholders to understand the status of the supply chain.

Waste due to inadequate production cycle

Businesses that inaccurately gauge their supply, demand or capabilities may end up with an overstocked inventory.



Unsatisfied business partners and customers

The ultimate goal of SCM is to meet customer expectations. This involves managing those expectations realistically, but also providing a valuable product.

Lost or delayed goods

Goods that go missing at any point in the chain ultimately delay the whole process and can impact customers negatively.



SUPPLY CHAIN MODELS

There are several common supply chain business models that supply chains fit into. The models have two main focuses: responsiveness and efficiency. Each model strives for some combination of both but approaches those goals differently.

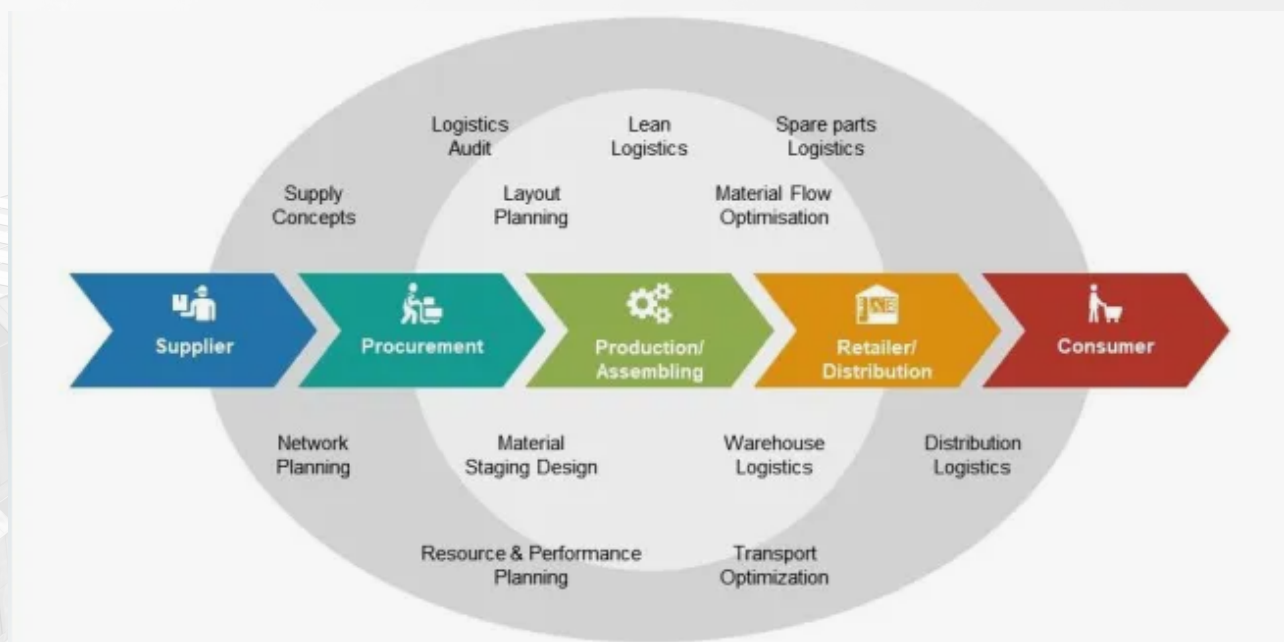
The model types are:

- **Continuous Flow Model**

Works best for mature industries with a degree of stability.

- **Agile Model**

Works best for industries with unpredictable demand and products that are made to order.



- **Fast Chain Model**

Works best for products with a short lifecycle, such as fashion items.

- **Flexible Model**

Works best for industries with a level of stability and a few relatively predictable demand peaks.

- **Custom Configured Model**

Focuses on customizing.