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SUPPLY CHAIN MANAGEMENT – A BOON



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ABSTRACT:

It is a concept of chain which implement according to the nature of operation in manufacturing or in service sector. This chain fulfills the criteria from the initial stage unto a stage of production. Only because of SCM the merchandise is properly distributed to a right location in right time.

Two levels that is strategic and tactical level exist in SCM. Various key factors make the chain a successful. Due to SCM the industrial activities are being understood and are undertaken in an integrated and cohesive manner. Today almost major of the organization have adopted SCM to bring the Company to achieve the target.

KEY WORDS:

Distribution network configuration , inventory control, supply contract, Distribution strategies , supply chain integration and strategic partnering, outsourcing and procurement strategies, product design , IT and decision support system and Customer value.



Aparna S.
Chorghade

INTRODUCTION:

It is an essential prevailing practiced aspect of modern day's business.

A Supply Chain is a sequence of supplier, warehouse, and operation and the retail outlets .Different Companies may have different supply chain according to the nature of their operation and whether they are primarily a manufacturing sector or service sector.

A Supply chain consists of all stages involved, directly or indirectly in fulfilling a customer's request. It not only includes the manufacturers and suppliers, but also transporter's warehouse, retailer and customer themselves.

Supply chain management (SCM) is a network of organization that are involved through up stream and down stream linkages and the different processes and activities that produces value in the form of products and service in the hands of ultimate customer.

Supply Chain Management (SCM) is a set of approaches utilized to efficiently integrate



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supplier's , manufacturer's, warehouses, and stores., so that the merchandise is produced and distributed at right quantity to right location and at right time, in order to minimize system wise cost while satisfying service level requirement.

It has an impact on cost and plays a role in making the product a service to fulfill the customer's requirement. Its object is to be efficient and cost effective across the while system. It is a dynamic system and may vary over time.

The issues in the supply chain could be at the strategic level or at the tactical level or at the operational level.

The strategic level decision includes decision relating to the members, location, and capacity of warehouse and flow of material through the logistic network.

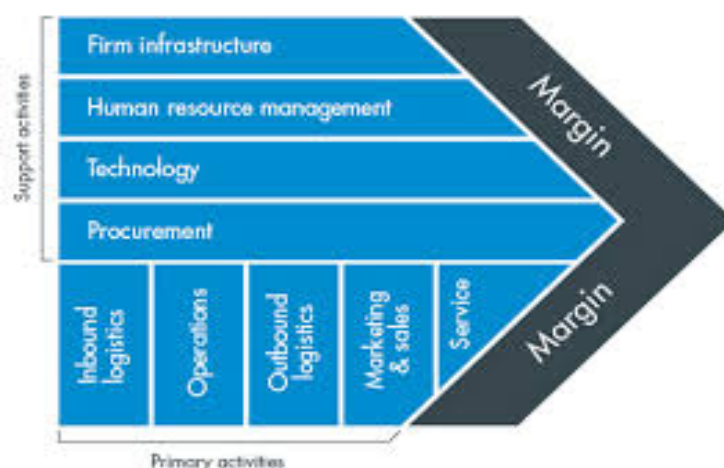
The tactical level includes purchasing and production decisions inventory policies and transportation strategies.

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The value created at ultimate destination along with the product make huge difference, when directly implies to SCM. Every manufacture wants to earn more profit by providing more value to their product. The product is produces through many operation, but when utilizes the proper Supply chain, it produces finished product with less time, low labour, adequate quantity and at dynamic demand, thus saving everybody's cost. The saved cost is being transferred to next level, where that level saves further cost and transfers that to the next level, likewise the product travel through such chain said above, resulting low cost product beneficial to user, that too in time, when it was actually required.

It start from conceive to consumption or womb to tomb. The supply chain takes care from innovative idea of producing any thing up to utilizing the products, leaving behind nothing residuals. That's why every manufacture and producers utilizes SCM concept, for enhancing their profit and delivering good services in return. That why SCM is boon to industry. In current scenario, where transferring value is as essential as the product, SCM plays pivotal role in that, almost compelling person involved to utilize benefit of SCM.

The simplified diagram elaborate the value chain



Following are the Key Factors, which states that SCM is a boon:-

1.DISTRIBUTION NETWORK CONFIGURATION:-Here management may redesign the distribution network due to the change in demand pattern. By change in demand pattern here we mean the change

in plant production level, selection of new source of supply or a new flow of pattern of goods with the help of network.

2. INVENTORY CONTROL: - change in customer's demand is uncertain and so is the change in supply process. If there is a mismatch in demand-supply process, it results in blocking of funds. At the same time non-availability of stock may result in loss of customer on a permanent basis. To sum up the situation it becomes a ropewalk for the executives.

3. SUPPLY CONTRACTS:-Every decision is taken with a view to earn profit .Relationship between suppliers and buyers are based on various aspect such as pricing , discounts, delivery lead time ,quality return etc. If all these aspects are properly fulfilled the performance is achieved properly.

4. DISTRIBUTION STRATEGIES:-To optimize profit company decides as to which strategies should be adopted; where the stock is to be kept?

5. SUPPLY CHAIN INTEGRATION AND STRATEGIC PARTNERING:-As the Company does not have any choice in the competitive market, they are pressurized to adopt the supply chain and engage in strategies partnering. The Company gets the pressure from both the customer and the partners. To integrate the concept information sharing and operational planning is needed.

6. OUTSOURCING AND PROCUREMENT STRATEGIES:-It is very important to know or to make out that what should be done internally or within the organization and what should be bought from outside or external. It depends on one's own core competencies and the risk associated with outsourcing.

7. PRODUCT DESIGN:-Product design plays a very critical role in supply chain. Certain product designs increase inventory holding or transportation costs when compared to other designs. Some other designs may need a shorter manufacturing lead time. Redesigning a product could be quite expensive. A cost –benefit analysis needs to be carried out to take a proper decision.

8. INFORMATION TECHNOLOGY (IT) AND DECISION SUPPORT SYSTEMS (DSS):-IT is a critical enabler of an effective SCM. There is abundance of data. However, what are important are the availability of quality data and the proper use of this data for the optimum benefit. Using both IT and DSS to achieve competitive advantage is very critical in any Supply chain.

9. CUSTOMER VALUE: - Customer value is the ultimate measure of what has been provided to a customer by way of products or services. However, customer value is a very subjective parameter and evaluating the same may not be easy.

CONCLUSION:-

Before SCM concept industries were doing all activities with disintegrated frame of mind and were giving more emphasis on each, very small, un-unitized activity carried out to produce a product, leaving behind some residual as waste. As the entire department were watertight and not bothered about anything other than his own job. Ever since the emergence of SCM all activities, they got understood by industry that those activities were done with integration and cohesively, by saving the resources (man, machine, money and time), thus giving more financial liberty ,more focused

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manpower ,précised machinery and most ultimate was saving of time to produce a product.

Today all most all companies utilizes SCM concept and ridding high on many front like TATA ,M&M ,Bharti AIRTEL,MAFCO ,L&T,GODREJ and many more. Look at any industry, invariably of its segment, we found SCM played foremost role to bring those company to apex level, registering that SCM is boon for everybody in today's life.

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