

# Supply chain management

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**Supply chain:** A supply chain is a network of facilities and distribution options that perform the functions of procurement of materials, transportation of these materials in to intermediate and finished products, and the distribution of these finished products to customers.

**Supply chain management:** Supply chain management is the management and coordination of a product's supply chain for the purpose of increasing efficiency and profitability.

## **Objectives of SCM:**

1. **Distribution:** Get the right product to the right place at the least cost.
2. **Inventory management:** Keep inventory as low as possible and still offer superior customer service.
3. **Reduce cycle time:** SCM seeks to reduce cycle time from procurement of raw material to distribution of finished goods to customers.

## **Benefits of SCM:**

(i) An integrated Supply Chain Management (SCM) application helps in improving relationship with customers and suppliers by:

- Quick order processing and delivery of goods.
- Ensuring availability of goods.
- Correct product and price information.
- Timely payments.

(ii) The SCM application helps in reducing costs of operation by:

- Reducing manpower requirements through greater automation.
- Lowering the levels of inventory.

(iii) The SCM application helps in greater co-ordination within the departments by providing single source of information which results in:

- timely response among departments; and
- lesser conflicts in views.

The company is expected to undertake the following **changes** in order **to implement** a Supply Chain Management System:

- (i) Implementation of international e-business standards.
- (ii) Standardization of taxonomies (product classifications / catalogs), terms and semantics (meanings), both general as well as industry specific.
- (iii) Integrating the system with suppliers and customers.
- (iv) Developing the ability to deal with different languages, laws and customs.
- (v) Ensuring 24/7 availability of systems.
- (vi) Enhancing logical and physical controls on data.
- (vii) Centralized storage of information.
- (viii) Hardware and software upgrades.
- (ix) Training of existing staff.