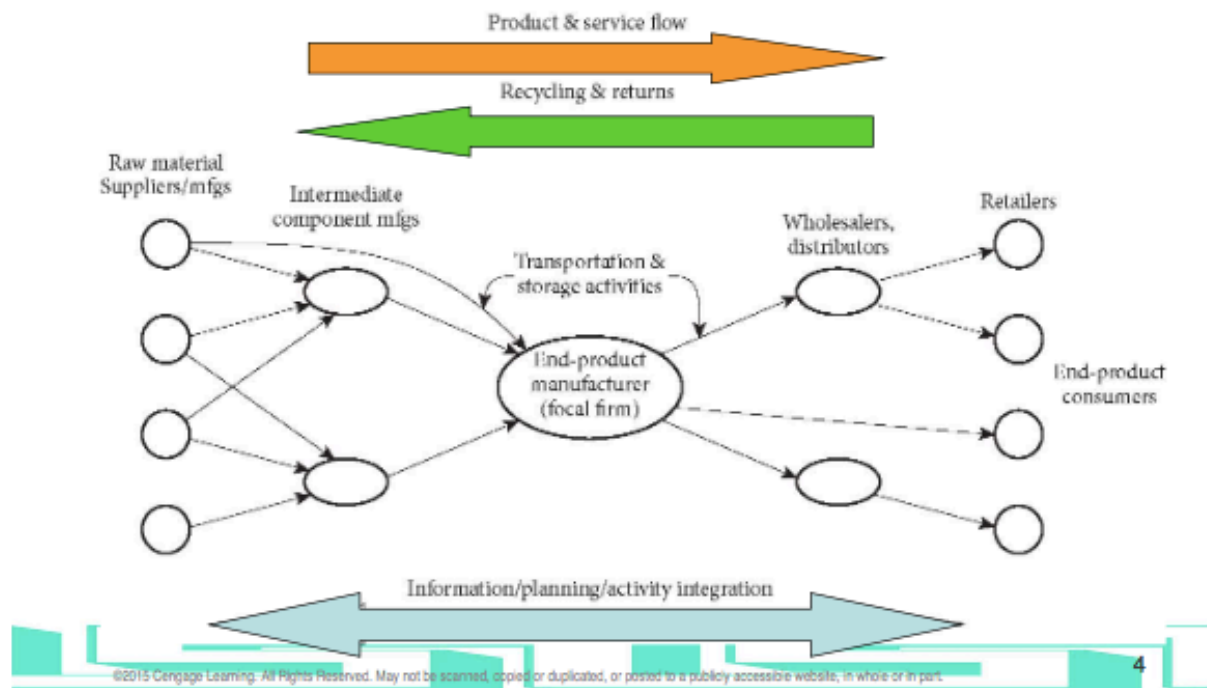


Business Logistics

Learning Objectives

Describe a supply chain and define supply chain management:

Supply chain:



Supply chain management: the design and management of seamless, value added processes across organisational boundaries to meet the real needs of the end customer.

- **Old paradigm:** firm gained synergy as a vertically integrated firm encompassing the ownership and coordination of several supply chain activities. Organisational cultures emphasized short-term, company focused performance.
- **New paradigm:** firm in a supply chain focuses activities in its area of specialisation and enters voluntary and trust based relationships with supplier and customer firms.
 - All participants in the supply chain benefit.
 - Boundaries are dynamic and extend from 'the firm's suppliers' suppliers to its customers' customers (i.e. second tier suppliers and customers)
 - Supply chains also include reverse logistics activities to handle returned products, warranty repairs and recycling.

Describe the objectives and elements of supply chain management:

Elements of supply chain management:

- **Supply:**
 - **Supplier management:** improving performance through:
 - *Supplier evaluation* (determining supplier capabilities)
 - *Supplier certification* (third party or internal certification to assure product quality and service requirements)
 - **Strategic partnerships:** successful and trusting relationships with top-performing suppliers
 - **Ethics and sustainability:** recognising suppliers impact on reputation and carbon footprint
- **Operations:**
 - **Demand management:** match demand to available capacity
 - Linking buyers and suppliers via **MRP and ERP systems**
 - Use **lean systems** to improve the flow of materials to reduce inventory levels
 - Employ **Six Sigma** to improve quality compliance among suppliers
- **Logistics:**
 - **Transportation management:** trade-off decisions between cost and timing of delivery/customer service via trucks, rail, water and air
 - **Customer relationship management:** strategies to ensure deliveries, resolve complaints, improve communications and determine service requirements.
 - **Network design:** creating *distribution networks* based on trade-off decisions between cost and sophistication of distribution system
- **Integration:**
 - **Supply chain process integration:** when supply chain participants work for common goals. Required *intra-firm* functional integration, with efforts to change attitudes and adversarial relationships.
 - **Supply chain performance measurement:** crucial for firms to know if procedures are working as expected.
 - High level supply chain performance will occur when strategies at each firm fit well with overall supply chain strategies.