

## Supply Chain Management

A supply chain is the network of all the individuals, organizations, resources, activities and technology involved in the creation and sale of a product, 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.

Supply chain management (SCM) is the oversight of materials, information, and finances as they move in a process from supplier to manufacturer to wholesaler to retailer to consumer. The three main flows of the supply chain are the product flow, the information flow and the finances flow. SCM involves coordinating and integrating these flows both within and among companies.

Source: <http://whatis.techtarget.com/definition/supply-chain>

See a video exploring the complex supply chain behind a plastic water bottle:

[https://www.youtube.com/watch?time\\_continue=4&v=M1QBxVjZAw](https://www.youtube.com/watch?time_continue=4&v=M1QBxVjZAw)

How it works: A supply Chain is entire network of entities, directly or indirectly interlinked and interdependent in serving the same consumer or customer. It comprises of vendors that supply raw material, producers who convert the material into products, warehouses that store, distribution centers that deliver to the retailers, and retailers who bring the product to the ultimate user. Supply chains underlie value-chains because, without them, no producer has the ability to give customers what they want, when and where they want, at the price they want. Producers compete with each other only through their supply chains, and no degree of improvement at the producer's end can make up for the deficiencies in a supply chain which reduce the producer's ability to compete.

Source: <http://www.businessdictionary.com/definition/supply-chain.html>



Source: <https://www.swtc.edu/academics/programs/business/supply-chain-management-td>



### **Best Practices for Supply Chain Management Process**

- Establishing a supply chain governing council – good management
- Aligning right staff to the supply chain organization – key people
- Making technology work & fit for the actual need – tracking and tracing etc.
- Establishing alliances with key local & global suppliers - partnerships
- Engaging in collaborative strategic sourcing – joint planning sessions
- Focusing on total cost of ownership, not price – cost versus selling price
- Optimizing company-owned inventory – do not overproduce or over-ship
- Establishing appropriate levels of control and minimize risk – less damage
- Implementing "green" initiatives and social responsibility process

<http://www.hummingbirdinnovations.com/portfolio/professional-services/supply-chain-management/>  
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**Transportation refers to the movement of product from one location to another as it makes its way from the beginning of a supply chain to the customer's handle. This requires a new broad look at the business of transportation supply chain, including supply chain management, logistics, & procurement.**

Source: <http://cerasis.com/2015/05/21/transportation-supply-chain/>

In order to avoid incidents of mismatch between supply and demand, establish more efficient manufacturing and lower costs, it is necessary to establish an environment of consistent supply chain visibility. In order to implement this visibility, it is crucial that companies take into consideration many elements. Everything from sourcing raw materials, manufacturing, to the sales channels which feed supply for a finished product are essential factors. One of the often missing links, however, in supply chain visibility, is transportation management. Basically the act of getting the needed finished goods from start location to destination. We call this the transportation supply chain.

Transportation refers to the movement of product from one location to another as it makes its way from the beginning of a supply chain to the customer's handle. This requires a new broad look at the business of transportation supply chain, including supply chain management, logistics, & procurement. Freight transportation costs in the United States amount to about 6% of the GDP, which means that a large portion of a company's supply chain costs come from transportation.

Usually supply chain management simply becomes a balancing act of time versus cost. This is seen most easily in the transportation element. There are many ways available to ship goods from one place to another, but with foresight, the cost of shipping can be balanced through different practices and compared against relative shipping times. When manufacturers plan ahead to make sure the materials are arriving in the most time efficient way, they can then achieve the lowest freight costs.



