

STRATEGIES IN SUPPLY CHAIN MANAGEMENT

A REVIEW

**Prof. M. L. Harugade¹, Prof. K. D. Ghatage², Prof. C. G. Harge³,
Prof. N. V. Hargude⁴**

^{1,2}Assistant Professor Mechanical, ^{3,4}Associate Professor, PVPIT, Budhgaon, Sangli

ABSTRACT

Managing the supply chain is a challenging function in corporate world. Supply chain management not only includes the Manufacturer or Supplier but also the Transporters, Ware houses, retailers, & Customers themselves. Directly or indirectly almost all the departments in the organization are involved in supply-chain management. Due to the uncertainties and some factors which are beyond control of organization, it is very important thing to handle the supply chain related activities in responsible manner. This paper discusses the strategies and techniques of supply chain management and takes a glance at current techniques used in supply chain management field.

Keywords: *Supply chain management, Strategy, Transportation, case-study*

I. CONCEPT OF SUPPLY CHAIN

The supply chain involves all the departments, directly or indirectly in fulfilling the customer's requirement. Along with the supplier and manufacturer it includes transporters, Wholesalers, Retailers. It is process which is dynamic and which results into the constant flow of information, product, and finance in between different stages. The supply chain may involve variety of stages .A typical chain is explained in the following figure.

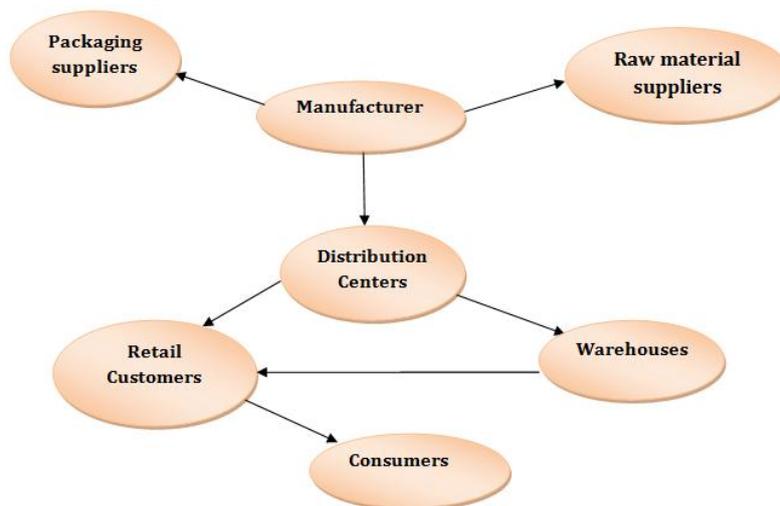


Fig1.1. Elements of supply chain

II. OBJECTIVES OF SUPPLY CHAIN MANAGEMENT

The following are the main objectives of the supply chain management

- a. Satisfaction of customer
- b. Protection against fluctuations in demands
- c. Optimum use of available resources
- d. Protection against fluctuation in output
- e. Lead time

Every activity in the supply chain management should be carried out by considering these objectives.

III. FACTORS AFFECTING SUPPLY CHAIN MANAGEMENT

3.1. Customer

While considering to customer, following factors are important.

- a. The quantity of product needed by customer.
- b. The response time that the customer can tolerate.
- c. Variety expected by customer.
- d. The price of product.
- e. The service level expected by customer and his satisfaction.

3.2. Supply Chain strategy

Considering the needs of customers and their demand, the important question is how the company can or meet the demands of customers. Various models of supply chains are available there. But it is a challenging task to select the right model in many conditions customization of the model should be present. If there is any mismatch exists between the performances of supply chain strategy and the customer demand then it is essential to organization to change their supply chain strategy.

3.3. Drivers

Inventory, Transportation, Facilities, & information are crucial drivers of supply chain management. Let us discuss all these in a nutshell.

- a) Inventory:-All types of raw materials, work in process, and finished goods can be treated as inventory. It is an important driver because changing inventory policies can affect supply chain efficiency and responsiveness.
- b) Transportation:-Various methods of transportations are available for transporting the product. There are certain advantages and limitations of each mode. Let us see some modes.
- c) Facilities:-These are the points in supply chain, where inventory is stored; facilities are also dealing with fabrication and assembly of the product. The production sites and storage sites should be close to each other; these two factors have great importance.
- d) Information:-Information always acts as a link between different stages of supply chain stages. It is also crucial to the daily operations of each stage in supply chain.

Table.3.1 Transportation Modes

Sr. No.	Mode	Characteristics
1	Air	Expensive but fast
2	Truck	Relatively quick & Inexpensive
3	Rail	Inexpensive& Carry heavy load
4	Ship	Slowest but economical
5	Pipelines	Carries oil -gas

3.4. Obstacles

There are various obstacles for organization to achieve the strategic fit or to maintain balance between demand and supply. Some of them are listed below

- a. Increasing variety of product
- b. Decreasing product life cycle
- c. Increasingly demanding Customers
- d. Globalization

IV. RECENT STRATEGIES IN SUPPLY CHAIN MANAGEMENT

Considering the various challenges of SCM, which are discussed earlier, the organizations have developed various strategies to tackle the situations. Let us take a brief review of the modern techniques in SCM.

4.1 Integrated Supply Chain Management

It is the modern design in the field of supply chain management which crosses the boundaries of organizations and establishes direct links of communications and information across the firms. ISCM firmly supports the cross organizational affairs by creating the mutually beneficial procedures and policies. It avoids many problems like lack of proper communication systems and interdepartmental politics.

4.2 Digital Supply Chain

Digital technology is disturbing traditional practices in every field. It also have huge impact in the field of supply chain management. Digital technology aids to business and improve it performance always improves business performance. To switch from traditional to digital approach following factor has to be considered.

- a. Modify SCM techniques.
- b. Develop the Digital Supply Network (DSN).
- c. Relate the all the stakeholders including customers to DSN quickly.
- d. Develop the new Markets.
- e. Use the proper software

The following some IT giants like Accenture, Capgemini are in the field of development of DSN.

4.3 Sustainable Supply Chain Strategy

This particular technique is developed to deal with changing environments in supply chain management field. JIT (Just In Time), Shrinkage in transportation time, eco friendly products led many organizations to look at supply chain sustainability as new measure of profitable. In 2008 the Future Laboratory has developed 3 tier sustainability. It is explained below.

- a. Getting basic right:-In this very simple policies are defined, such as switching of lights, PC when not required To take decisions to reduce daily carbon emission.
- b. Learning to think sustainability:-Supply chain operations of the company should be assessed on ecological basis
- c. The science of sustainability:-In this auditing and benchmarking is necessary in supply chain operations. It provides precision and clarity of impact of supply chain operations on the environment. Green operations are maximized in the supply chain to reduce the cost to the environmental conditions.

V. CASE-STUDY

Domino's Pizza is very popular across India. Also there is challenge is that after 30 minutes from booking they will deliver the order freely. That means they are binding to close the order in 30 minutes. In how many they are achieving it. Some following observations are made by Rumana Shaikh .

- a. Cutting in duplication of operations like procurement and processing of raw materials.
- b. They have identified special crop from each region of country, so that they can be purchased at least price.
- c. They have their refrigerated trucks, which can carry the materials like Cheese.
- d. They have classified their outlets in to four types according to traffic density. So its easy to supply according to this classification.

VI. CONCLUSION

As we have seen earlier, there are various factors which are affecting the SCM. Some factors are in the control of managers, while some are beyond the controlling. Some issues like environmental issues are becoming crucial in the operations of the SCM. Also the concept of SCM is becoming wider than earlier due to the integrated approach of SCM. The software's are being developed in the field of SCM. In this scenario the important thing for the organizations are to adopt changes in strategy as well as technology quickly.

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