

‘Future of Supply Chain Management Logistics Driven Manufacturing’

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INTRODUCTION:

Supply chain management (SCM) is the management of the flow of goods and services. It includes the movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption. Interconnected or interlinked networks, channels and node businesses are involved in the provision of products and services required by end customers in a supply chain. Supply chain management has been defined as the "design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally."

SCM draws heavily from the areas of operations management, logistics, procurement, and information technology, and strives for an integrated approach.^[5]

Origin of the term and definitions

The term "supply chain management" entered the public domain when Keith Oliver, a consultant at Booz Allen Hamilton (now Strategy&), used it in an interview for the Financial Times in 1982. The term was slow to take hold. It gained currency in the mid-1990s, when a flurry of articles and books came out on the subject. In the late 1990s it rose to prominence as a management buzzword, and operations managers began to use it in their titles with increasing regularity.

Commonly accepted definitions of supply chain management include:

- The management of upstream and downstream value-added flows of materials, final goods, and related information among suppliers, company, resellers, and final consumers.
- The systematic, strategic coordination of traditional business functions and tactics across all business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole
- A customer-focused definition is given by Hines (2004:p76): "Supply chain strategies require a total systems view of the links in the chain that work together efficiently to create customer satisfaction at the end point of delivery to the consumer. As a consequence, costs must be lowered throughout the chain by driving out unnecessary expenses, movements, and handling. The main focus is turned to efficiency and added value, or the end-user's perception of value. Efficiency must be increased, and bottlenecks removed. The measurement of performance focuses on total system efficiency and the equitable monetary reward distribution to those within the supply chain. The supply chain system must be responsive to customer requirements."
- The integration of key business processes across the supply chain for the purpose of creating value for customers and stakeholders (Lambert, 2008)
- According to the Council of Supply Chain Management Professionals (CSCMP), supply chain management encompasses the planning and management of all activities involved in sourcing, procurement, conversion, and logistics management. It also includes coordination and collaboration with channel partners, which may be suppliers, intermediaries, third-party service providers, or customers. Supply chain management integrates supply and demand management within and across companies. More recently, the loosely coupled, self-organizing network of businesses that cooperate to provide product and service offerings has been called the Extended Enterprise.

A supply chain, as opposed to supply chain management, is a set of organizations directly linked by one or more upstream and downstream flows of products, services, finances, or information from a source to a customer. Supply chain management is the management of such a chain.

Supply chain management software includes tools or modules used to execute supply chain transactions, manage supplier relationships, and control associated business processes.

Supply chain event management (SCEM) considers all possible events and factors that can disrupt a supply chain. With SCEM, possible scenarios can be created and solutions devised.

In many cases the supply chain includes the collection of goods after consumer use for recycling. Including third-party logistics or other gathering agencies as part of the RM re-patriation process is a way of illustrating the new endgame strategy.



Supply chain” ...how often do you think about your business’ supply chain? Unfortunately, most small business owners don’t even consider the dynamics of their business’ supply chain because they think that it’s a waste of time.

The truth is, though, that the small business supply chain does matter and has a tremendous impact on how your business functions.

The good news is that, if you manage your supply chain correctly, it can give you an incredible competitive advantage over your competition. Let’s dig in.

What is a supply chain?

Before we get into supply chain strategies, let’s answer the obvious question; what is a supply chain? In short, a supply chain is everything required to get your product or service to your customer.

Below is a great video I found from ASU that describes what a supply chain is. It’s a bit cheesy at times but, if you have a few minutes, it’s definitely worth watching.

As you can see, there’s a lot that goes into providing your customer with an end product. Just because you are the only one who sells a product doesn’t mean you are the only one involved in the production of that product.

Every product or service has a supply chain; they just differ in their complexity.

Essentially, three things typically flow through a supply chain:

1. Materials
2. Information
3. Money (Cash)

The idea is to make those things flow through your supply chain smoothly and improve how your business functions.

Supply chain strategy for small business

When it comes to determining the best supply chain strategy for your small business it’s important to remember that no two businesses are exactly the same.

That means you’ll have to do some leg work here to figure out the specifics of your supply chain strategy.

The best way for me to help you layout a meaningful supply chain strategy is to walk you through the steps:

1. **Consider your overall business strategy** – Before you can create a supply chain strategy you first need to have an overall business strategy for your organization. Your business strategy should describe the overall direction in which you want to go, whereas your supply chain strategy describes the business operations and extended supply chain needed to meet those company objectives. Your supply chain strategy and business strategy should make sense together.
2. **Map out and assess your supply chain** – Once you’ve identified your business strategy, you need to take a close look at your internal capabilities and the capabilities of your extended supply chain to make sure that you have the capabilities to achieve your strategy. Use a tool like Gliffy to map out your internal processes and then the processes of your extended supply chain. Next, find the benchmarks for your industry and compare them to your own. Do the same thing for your extended supply chain. I like to think about the supply chain in stages. For example, first consider where you source your material comes from. Then consider how you make your product or service. And lastly, consider how you deliver that product or service to your customer.

3. **Develop an implementation plan** – Once you’ve identified the strengths and weaknesses of your supply chain, you then need to create a supply chain strategy that will allow you to accomplish your company objectives. It’s important here to have specific performance metrics and roles to know exactly how you will meet those company objectives. If you were able to find benchmarks for your industry, most likely you can use those metrics as key performance indicators.

Why is supply chain management important?

Once you have your supply chain strategy up and running, you then need to focus on supply chain management and meeting your goals.

Of course, before you narrow in on supply chain management it’s fair question to ask, why is supply chain management important?

I like to relate this to health and nutrition; if your business is a person, the supply chain is the environment that provides your business its nutrition (money).

If the idea is to feed your business the healthiest food possible (lots of money), it’s in your best interest to make sure that your supply chain stays healthy.

Here are a few additional reasons why managing your supply chain is important:

1. **Reduced supply chain costs** – If you have never even considered how your supply chain looks, it’s likely that your supply chain costs are too high. By effectively managing your supply chain you can gradually bring down your supply chain costs as well as reduce the risk of costly breakdowns in your supply chain.
2. **More resources to spend elsewhere** – If you reduce your supply chain costs, you have more money to spend



elsewhere. I’ll let you dream about where you’d like to spend that extra money

3. **Improved operations management** – A healthy supply chain is a stable supply chain. A stable supply chain means that operations management should become more efficient and effective.
4. **Improved overall business functions** – If you eat healthy, don’t you perform better? Sure you do. The same is true for your business; as your supply chain strengthens, so do your business functions. A healthy supply chain doesn’t just make operations management more efficient, it has an impact on all of the business functions throughout your organization.
5. **Happier customers** – This should be all the motivation you need; a better supply chain makes it possible to deliver quality products to your customers in a shorter period of time. This should literally be visible through measuring the metrics you use within your customer service process.
- 6.

Common supply chain issues

In my experience, most supply chain issues don’t come from lack of executive planning, they come from lack of execution. In other words, people love to talk about “how to make it happen” but actually fail to make those things happen.

In today’s world, it’s about making things happen. Sure, strategic planning is important but, if you can’t make your plans work, then all you’ve done is just waste your time.

More specifically, though, below are a few supply chain issues that you will likely face:

1. **Strategy alignment** – as we discussed earlier, you need to make sure that your business strategy aligns perfectly with your supply chain strategy. This is one of those supply chain issues that you can’t afford to avoid. If you don’t get this right, nothing else works.
2. **Poor supply chain strategy** – to take this one step further, it’s important that you actually have a good supply chain strategy. This comes down to thinking about your customer. Make sure that your supply chain strategy works towards something that your customer actually values; not something that YOU value.
3. **Delegating responsibility** – you can’t simply have a supply chain strategy and expect your team to adopt it. You need to find ways to delegate responsibility and motivate your team to actually accomplish those company objectives.
4. **Poor communication with strategic alliances** – your strategic alliances are an incredibly important aspect of your supply chain. That means that information, material, and cash need to flow between you smoothly. To make that happen you need to have incredible communication with those strategic alliances.

Future Supply Chain Solutions Ltd. (FSC) is an Indian supply chain and logistics company.

FSC is the only company in India which has Contract Logistics (Warehousing & Distribution), Express Logistics, Cold Chain services and FSC E-Comm Logistics services. These services are provided through a pan-India network of state-of-the-art Logistics Parks, technology-enabled warehouses and transport hubs and branches.

FSC caters to corporates in Food & FMCG; Apparels, Footwear & Accessories; Home and Furniture, Consumer Electronics & Hi- Tech; Automotive; Pharma and Light Engineering domain. Future Supply Chain Solutions has established capabilities to study customer's supply chain processes and re-engineer, build & implement customised Supply Chain Solutions through scientific Supply Chain Management.

FSC has made significant investments in Infrastructure & Technology and has been a pioneer in modernizing supply chain and logistics by implementing global best practices in the Indian context. This has enabled FSC to provide customized Supply Chain Solutions & Services which reduce Time- to- Market and Cost- to- Market of customers.

History

FSC (Future Supply Chain Solutions Ltd.) was co-founded by Mr. Anshuman Singh, CEO and Managing Director, in April 2007 as a part of the Future Group. In 2009, looking at the potential, Fung Capital the family owned private equity arm of one of the worlds largest supply chain and distribution companies Li & FungGroup invested \$ 30 mn to buy a 26% stake in the company.

2008 saw the implementation of basic ERP-SAP as well as the launch of Vendor Relationship Management portal (VRMP), Warehouse management system (WMS) became operational in 2009 and the year also saw the implementation of advanced Transportation management system (TMS). 2010 brought in place Put to Light (PTL) sortation system for better logistics Automation followed by implementation of Vehicle tracking system (VTS) / Global Positioning System (GPS) system in the following year.

Highlights

2013 Formally launched Distribution Centre in MIHAN, Nagpur

2012 Future Supply Chains changes to FSC.

2012 CMS (Complete Movement Solutions) launched under FSC Express Logistics

2012 Distribution Centre at Nagpur crosses throughput of 400,000 pieces of Apparels in a day.

2011 Acquisition of warehousing business of Transmart

2011 Distribution Centre for Food & FMCG launched at Bhiwandi, Maharashtra with Infra, Automation, WMS, PTL and unitised delivery with Roll Cages

2011 Brand Distribution Services business launched

2011 Contract Logistics (Warehousing) business launched

2011 Vehicle Tracking System (VTS) a GPS enabled system, implemented in dedicated fleet of vehicles for customers

2010 Auto Replenishment System (ARS) implemented

2010 For the first time in India, Put to Light (PTL) Sortation System, implemented in Apparel Distribution Centre

2010 Express transportation business launched

2009 Transport Management System (TMS) implemented to improve visibility in and optimise transportation operations

2009 Major Distribution Centres converted to state- of- the- art with the best Infrastructure like Multi –level Racking MHE's, RF guns etc.

2009 Infor WM 9.0 Warehouse Management System implemented across 18 locations in 6 months

2009 Hong Kong-based PE firm Fung Capital picks up 26% stake

2008 ERP- SAP Module and Sambandh (Vendor Relationship Management) portal launched to increase visibility in operations

Conclusion

The management and structures of supply chains in India have transformed since the early 1990s when they were perceived as linear chains of companies and managements focused on improving the efficiency of material flows. Indian firms are quite aware of the best logistics and SCM practices, but many of them are yet to practice them actively. They are generally adopting these practices piecemeal and supply chain integration is yet to take place in most of the chains. Increasing customer requirements and improved ICT have affected SCM efforts. Today the extended multi-tier structure of supply chains as well as the need for better forecasting, collaborative planning, effective logistics and information sharing is better understood. In future, ongoing outsourcing and specialization are expected to result in demand-supply networks, with shared technology and systems, extended decision rights and non-

territorial services. The awareness of planning and control techniques and communication means is high and work on increasing and improving supply chain integration and collaboration is likely to be intensified in the near future. I know for some small business owners, thinking about your supply chain is something you'd rather not do. However, that's exactly why you should do it. Because most small businesses ignore this particular part of their business, it leaves an incredible opportunity for those who optimize their supply chains.

Quick Side Note: If you're still looking to start a business, this article should still be valuable to you. Having a solid grip on this information will help you grow your business faster once you've launched it.

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