

# AN STUDY ON GROWTH OF SUPPLY CHAIN MANAGEMENT

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## Abstract:

*Fierce competition on today's global markets, the introduction of products with shorter life cycles and the heightened expectations of customers have forced business enterprises to invest in, and focus attention on, their supply chains. This together with continuing advances in communications and transportation technologies (e.g., mobile communication, internet, and overnight delivery), has motivated the continuous evolution of the supply chain and techniques to manage it effectively. Traditionally, marketing, distribution, planning, manufacturing, and the purchasing organizations along the supply chain operated independently. These organizations have their own objectives and these are often conflicting. Marketing's objective of high customer service and maximum sales dollars conflict with manufacturing and distribution goals. Many manufacturing operations are designed to maximize throughput and lower costs with little consideration for the impact on inventory levels and distribution capabilities. Purchasing contracts are often negotiated with very little information beyond historical buying patterns. The result of these factors is that there is not a single, integrated plan for the organization---there were as many plans as businesses. Clearly, there is a need for a mechanism through which these different functions can be integrated together. Supply chain management is a strategy through which such an integration can be achieved.*

*Supply chain management is a set of approaches utilized to efficiently integrate suppliers, manufacturers, warehouse and stores, so that merchandise is produced and distributed at that right quantities, to the right time, in order to minimize system wide costs while satisfying services level required. Modern day supply chains integrate the operations of a firm, its suppliers and its customers and involve all of them in the planning process for providing products and services to delight the customers. This article mainly focuses importance, problems of supply chain management and also importance for integrations of supply chain management to improve business.*

**Keywords:** Supply chain Management, Manufactures, Warehouse, Suppliers ect.,

## 1. INTRODUCTION:

Globalization of the market place is forcing companies to have world class delivery systems to survive the competition. Advances in technology in computing, communication and transportation have further made the situation more complicated. An increasingly demanding customers based is forcing companies to do things differently to keep customers happy. All purchase decisions are only on the dimensions of quality, price and time. In many companies considering the size and complexity of the operations and the frequency of the transactions, managing the supply chain only happen effectively with the support of information technology tools. It is the function of Supply chain management to set up and manage these tools. Companies have realized the seriousness of managing their supply chains well and are now focusing on supply chain management as a distinct function in their organization. A supply chain is a network of facilities and distribution options that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers. Supply chains exist in both service and manufacturing organizations, although the complexity of the chain may vary greatly from industry to industry and firm to firm.

## 2. OBJECTIVES OF STUDY:

1. To study on importance supply chain management.
2. To evaluate problems to manage supply chain management.
3. To analysis need for integrate to improve supply chain management.
4. To analysis applying supply chain management in the organization.

## 3. NEED OF THE SUPPLY CHAIN MANAGEMENT:

Supply chain management focuses on the process linking the generation of demand to the fulfillment of that demand.

1. Supply chain management creates the processes to fulfill customer services needs.
2. Supply chain management seriously concerned with the physical infrastructure structure required to support these operations like plants, warehouses and transport.
3. Supply chain management manages this infrastructure to maximize service level to customers.

#### 4. IMPOTENCE OF SUPPLY CHAIN:

Today, more than ever before, supply chain management has become an integral part of business and is essential to any company's success and customer satisfaction. Supply chain management has the power to boost customer service, reduce operating costs and improve the financial standing of a company. Supply chain management is a highly-detailed system used by small and large organizations alike to get products to consumers, from obtaining raw materials, manufacturing and delivering the final product to the customer. A well-organized supply chain management system involves optimizing operations functionality to be fast and efficient. Supply chain management is not only a process served to generate a cost reduction in the budget or a mission to create greater operational efficiencies within an organization. While these are a part of the whole ecosystem, modern supply chain management encompasses the strategic alignment of end-to-end business processes to realize market and economic value, as well as giving a firm the competitive advantage over their business rivals.

In recent times, the dawn of the digital age has brought wholesale transformation to the world of commerce. Only twenty years ago, these processes were arduous, labor intensive, time consuming and disorganized. It now may seem like ancient history, delivery times have gone from two weeks to a month down to a turnaround of hours in some cases. Automated systems and high-speed communication have paved the way for supply chain management and its increased demand.

#### 5. IMPROVE CUSTOMER SERVICES:

- Customers expect to receive the correct product mix and quantity to be delivered on time.
- Products need to be on hand in the right location.
- Follow up support after a sale must be done quickly.

#### 6. REDUCE OPERATING COSTS:

- **Decreases Purchasing Cost** - Retailers depend on supply chains to quickly distribute costly products to avoid sitting on expensive inventories.
- **Decrease Production Cost** - Any delay in production can cost a company tens of thousands of dollars. This factor makes supply chain management ever more important. Reliable delivery of materials to assembly plants avoids any costly delays in manufacturing.
- **Decrease Total Supply Chain Cost** - Wholesale manufacturers and retailer suppliers depend on proficient supply chain management to design a network that meets customer service goals. This gives businesses a competitive edge in the marketplace.

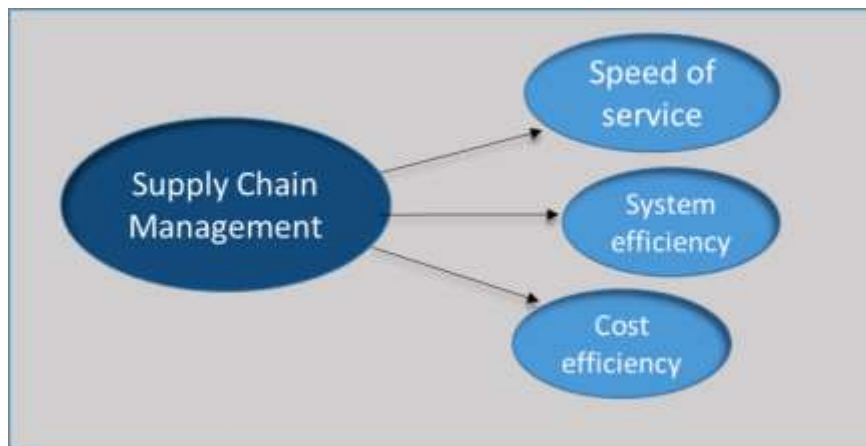
#### 7. IMPROVE FINANCIAL POSITION

- **Insert Profit Leverage** - Businesses value supply chain managers because they help control and decrease supply chain expenditures.
- **Decrease Fixed Assets** - Supply chain managers decrease the use of large fixed assets such as plants, warehouses and transportation vehicles, essentially diminishing cost.
- **Increases Cash Flow** - Firms appreciate the added value supply chain management contributes to the speed of product flows to customers.

Corporations of the world rely on supply chains when fulfilling their business and IT goals each year. Supply chain processes affect both the speed and efficient service delivery of a company. Speed and efficiency factors cost money, so it is very important to strike a balance between being highly efficient and adhering to cost reduction strategies.

Figure No:1

## Importance of supply chain management



1. Efficient Consumer response.
2. Category management.
3. Continuous Replenishment.
4. Quick response logistics.
5. Handling functional and innovative product.
6. Bench marking.

**8. PROBLEMS OF SUPPLY THE CHINE MANAGEMENT:**

1. Matching supply and demand
2. Inventory and back order levels fluctuate considerable cross the supply chain.
3. Forecasting does not solve the problem
4. Demand is not the only sources of uncertainty
5. Recent trends such as learn manufacturing, outsourcing and off shoring that focus on cost reduction increase risk.

**9. KEY ISSUES IN SUPPLY CHAIN MANAGEMENT:**

These issues span large spectrum of a firm's activities from the strategic through the tactical to the operational level. Distribution Network configuration, Inventory Control, Production Sourcing, Supply Contracts Distribution Strategies, Supply chain integration and strategic partnering, Out sourcing and off shoring strategies, Product design, Information technology and decision support system, Customer value, Smart pricing, Local issues. ect..

**10. THE NEED FOR INTEGRATION:**

Traditionally most organizations have viewed themselves as entities that exist independently from others and indeed need to compete with them in order to survive. The supply chain is the net work of organizations that are involved through upstream and downstream linkages, in the different process and activities that produce value in the form of productions and services in the hands of the ultimate consumer. In the extended enterprise the aim is to created seam less, 'end to end' process so that innovative products are created and delivered to market at higher levels of quality, in shorter time frames but at a price which in real terms is significantly less than it has ever been in the past. This achieved through a number of means including:

1. Supply base reationalization
2. Supplier development programmes
3. Early supplier involvement in design

4. Integrated information system
5. Centralization of inventory.

**Figure No:2**  
**Integration of supply chain management**



### 11. BENEFITS OF INTEGRATION OF SUPPLY CHAIN:

1. Reliable demand management – the forecasts are more accurate
2. High customer service levels – an efficient ‘pull’ system works
3. Reduced lead times—shared planning efforts helps in this
4. Optimum working capital costs—for example there is no need to keep additional inventories in anticipation of demand
5. Optimum supply chain costs—note that the supply chain costs need not necessarily be the lowest ,they have to be optimum

### 12. SUGGESTIONS:

1. Supply chain management able to meet all customer driven challenges in terms of the best price, excellent quality and delivery as specified by the customer.
2. Helps reduce costs of operation. It is a well know saying that companies do not any longer compete with each other. It is the supply chains of companies which compete with each other.
3. Improves services levels by maximizing time, place and possession utilities.
4. Enhances the speed. Companies not only commit and meet delivery dates, they can also take care of emergency requirements.
5. Planning and execution are synchronized in a manner as to provide consistent excellent service to the customer.

### 13. CONCLUSION:

Responsive supply chain is by definition highly integrated. They are internally integrated across functions and they are externally integrated with upstream suppliers and downstream customers. Many companies are impeded in their attempts to become more agile and responsive because of an entrenched functional structure. A key to supply chain integration is the open flow of information from one end of the pipeline to another. By sharing information supply chain partners are able to respond more rapidly to known demand and to do so with less inventory in the system as a whole and hence at lower cost. Efficient consumer response and quick response logistics are two methods which are catching up as better supply chain practices.

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