



## CHAPTER 6

# **Building a Strong Supply Chain**

## **INTRODUCTION TO BUSINESS**

# Learning Objectives

- To define what a supply chain is along with its components and benefits
- To distinguish the types of supply chains
- To identify key performance indicators (KPIs) and sustainability practices in supply chains
- To explore supply chain best practices





# What is the supply chain?

- The **supply chain** consists of all the internal and external partners who participate beginning with the raw materials or supplies and ending with the final consumer making use of the product or service.

## SUPPLY CHAIN MODEL



- **Supply chain management** as the planning and administration of all the activities needed to source and purchase, conversion, and all logistics management activities



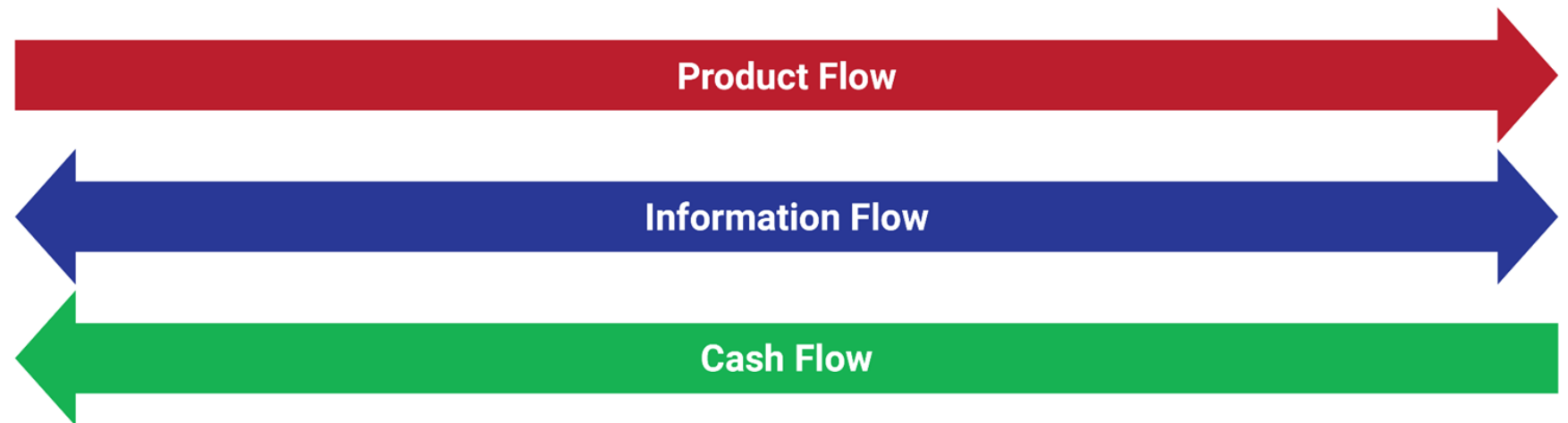
# Strong Collaboration

- Strong collaboration is needed with internal and external partners
- Supply chain management incorporates managing supply and demand within and across businesses.



**The supply chain consists of flows that must be managed and that are everyone's responsibility :**

### SUPPLY CHAIN FLOWS



# Benefits the Supply Chain Brings

## Improves the financial position of its members by:

- Improving overall business efficiency
- Increasing profit leverage across members, decreasing fixed assets, and increasing cash flow
- Reducing costs in areas such as purchasing costs, production costs, and inventory management

## Boosts customer service by:

- Leading improvements in consumer service by overseeing how products are shipped, preventing shortages or oversupply, ensuring the right delivery time, and after sales support
- Meeting customer expectations regarding product availability (assortment, timing, and place)



# Benefits the Supply Chain Brings (cont.)

## Enhances the strategic position by:

- Supporting the control of the manufacturing process
- Enhancing integration across members to improve decision-making
- Providing access to new markets via intermediaries
- Developing relationships

## Ensures human survival and improves the quality of life by:

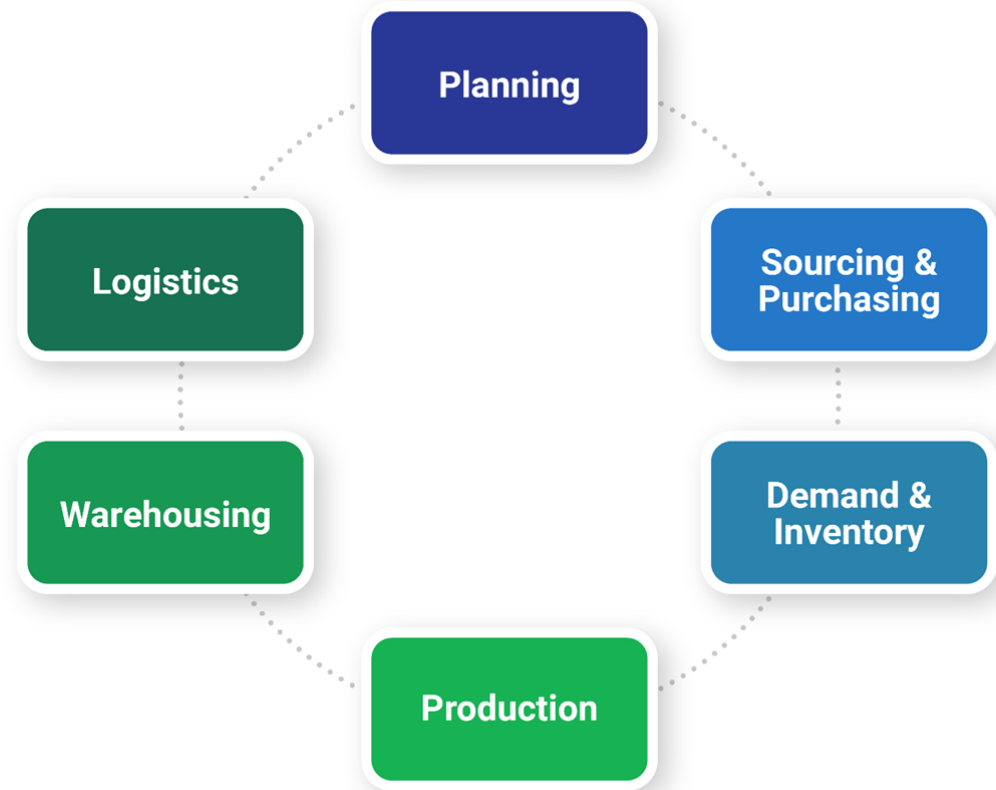
- Helping in sustaining life by dispensing necessities
- Improving human healthcare
- Protecting individuals from climate and extreme events
- Assists with job creation, standards of living, and economic growth





# The Supply Chain Components

## SUPPLY CHAIN COMPONENTS





# Supply Chain Components



## Planning

- Starts with the decision whether to manufacture the product internally or externally
- Distribution planning



## Sourcing & Purchasing

- Refer to the selection of supplier(s) for a product or service and the buying of such supply
- Complexity in the number of supplies and thus exposes supply chains to risks



# Supply Chain Components (cont.)



## **Demand & Inventory**

- Maintaining the right levels of inventory is essential
- Inventory levels should mainly depend on the actual demand for a product
- Accurate projections



## **Production**

- Involves the assembly or manufacture of the product to be sold to consumers
- Central to the supply chain
- Production often relies on marketing to determine purchase intent and repeat purchase among consumers



# Supply Chain Components: Warehouse & Transportation

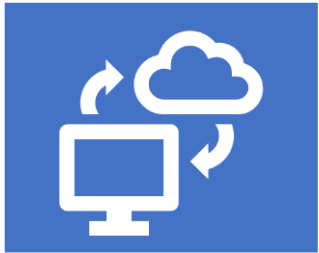


## Warehouse & Transportation

- Warehouse refers to the physical place to store a product and such physical place
- Transportation refers to being able to carry and deliver goods as needed from the warehouse to the store, and ultimately the consumer



# Supply Chain Components: Logistics



## Logistics

- The actual flow of products and services within the supply chain
- Includes:
  - Inbound, outbound and reverse
  - Transportation
  - Warehousing
  - Order fulfillment
- Reverse logistics
  - Return of defective or unwanted products
  - Returns can happen at any point in the supply chain
  - A business can also collect and reuse some part(s) of their distributed goods



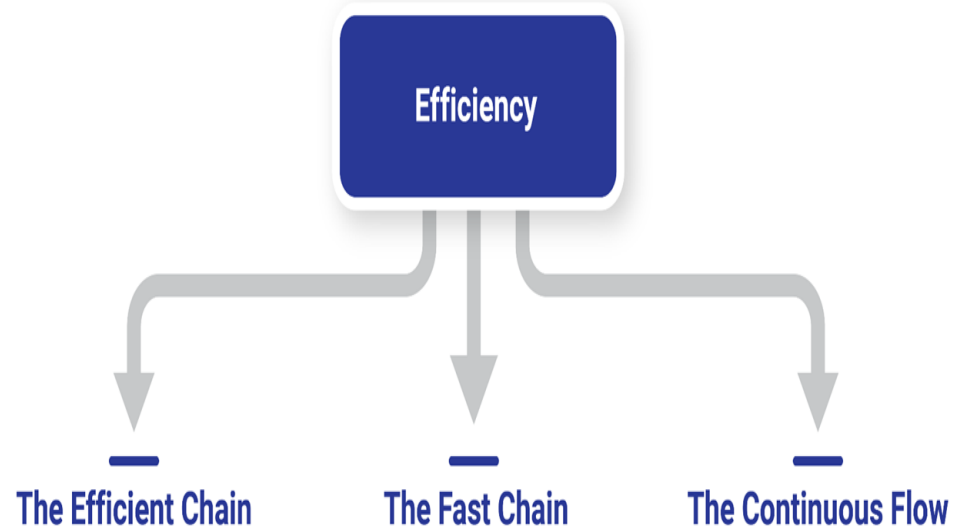
# There are six models of supply chains based on efficiency vs. responsiveness

Efficiency Supply Chains

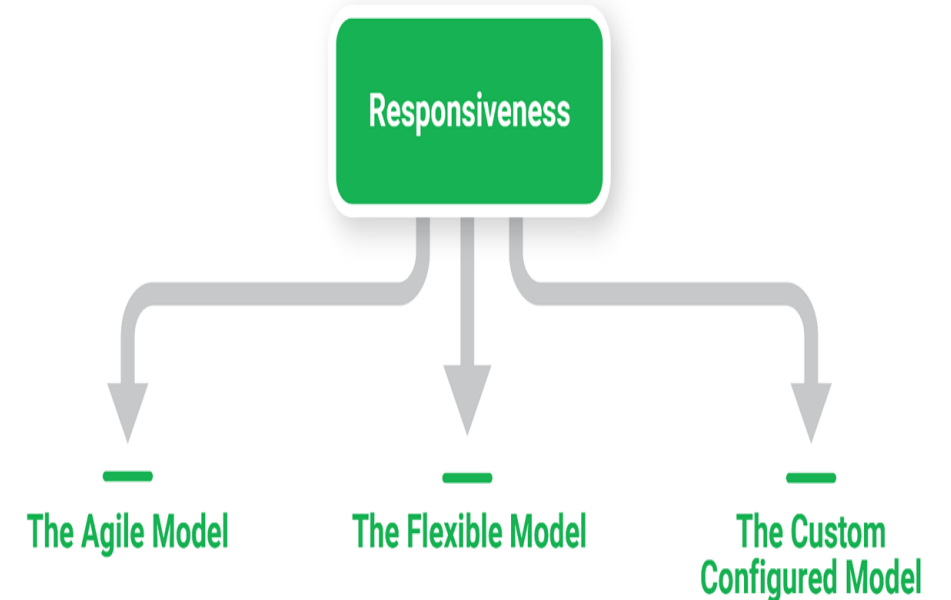


Responsive Supply Chains

## EFFICIENCY SUPPLY CHAINS



## RESPONSIVE SUPPLY CHAINS



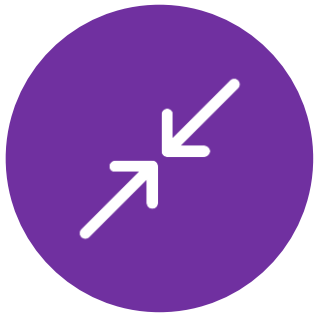
## All models of supply chains share the same goals:



Keep costs down,



Improve productivity,



Reduce risks, and



Ultimately satisfy the end consumer.



# Potential disruptions for supply chains:



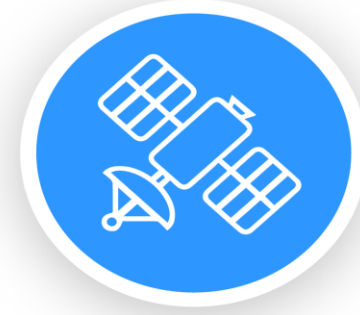
**Digital  
Transformation**



**Pushback on  
Globalization**



**Supplier  
Infrastructure**



**Cost of Core  
Technologies**



**Climate Change  
and Sustainability**



**Consumers/  
Channels**



**Disruptive  
Events**





# Supply chains KPIs:

## Main KPIs

- Operational efficiency gains
- Operational speed and agility
- Cost savings
- Business performance gains

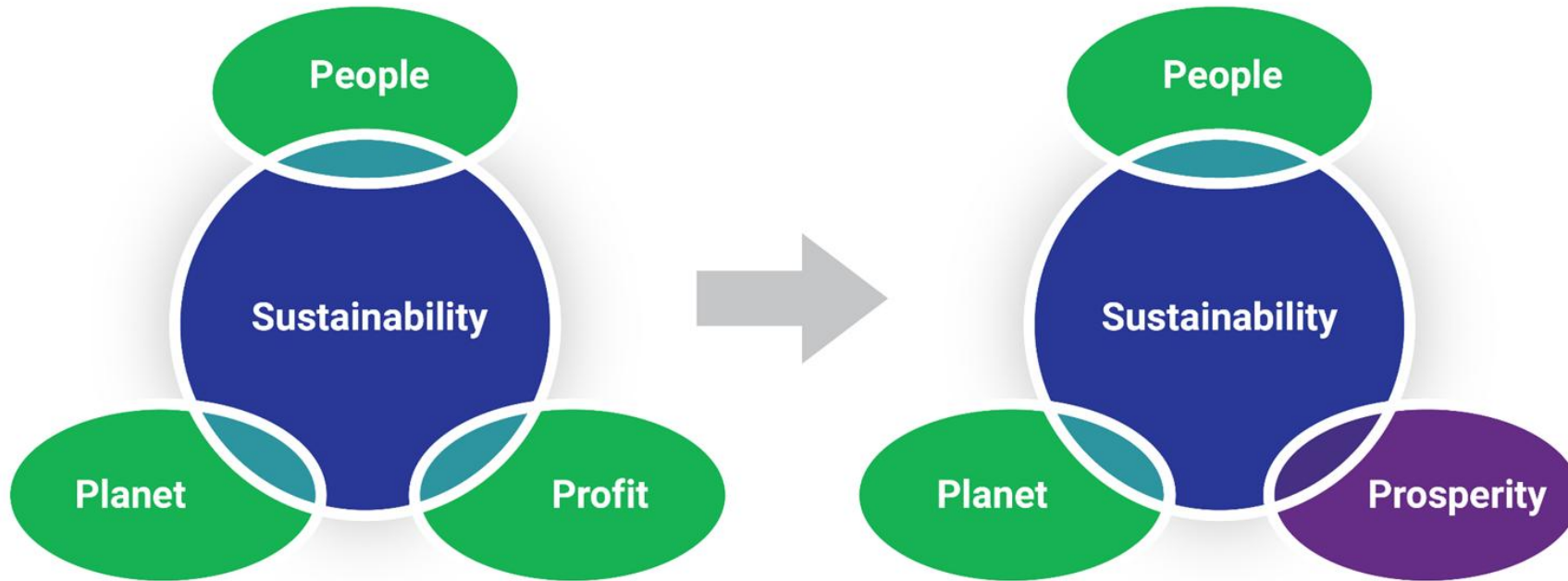




## Sustainability in Supply Chains

# The Triple Bottom Line (3BL) model :

## TRIPLE BOTTOM LINE (3BL) WITH PROSPERITY





## Integrity is also needed for sustainability

- Consumers expect businesses to be more transparent regarding their sustainable practices
- Ethical responsibility calls for **integrity**, a strong adherence to values, which in business, is divided into structural integrity and moral integrity.



# An example of a sustainable supply chain focused on integrity is Cisco

## Supply chain sustainability

A responsibly managed supply chain upholds human rights and promotes worker health and well-being. Cisco works to minimize negative environmental impacts and collaborates to promote healthy ecosystems.



CSR at Cisco homepage



Technology for good



Environmental sustainability

## Measurable impact

We have set ambitious goals and committed the necessary resources to make meaningful progress in reducing our environmental impact and accelerating our contributions to a circular economy.

100%

100 percent of new Cisco products and packaging to incorporate circular design principles by FY25

20%

20 percent decrease in the use of virgin plastic by FY25 (FY18 base year)

30%

30 percent absolute reduction in Cisco supply chain-related Scope 3 GHG emissions by FY30 (FY19 base year)

## Cisco Refresh

Cisco Refresh is a cost-effective, sustainable way to leverage Cisco products. Products are fully remanufactured and certified. Critical upgrades are completed and all equipment is under standard warranty.

[Learn more](#)

## CHECK YOUR UNDERSTANDING



**What are the 3 P's of the classic model to address business sustainability, found in the Triple Bottom Line (3BL)?**

- ☐ People, Planet, Profit
- ☐ Positivity, Proactive, Profit
- ☐ Practice, Practice, Practice
- ☐ Product, Place, and Price

**Check My Answer**

# Assignment 1. for the next week

Individually:

**1. What I've learned from this midterm exam and the past few weeks...  
write your own experiences**

**Instructions:**

- There are no right or wrong answers; only your personal experiences matter. Please try to provide specific examples.
- Your text must be between 300 and 500 words.
- Please save your document using your student number and submit it in the WhatsApp group no later than November 4, 2025, 4:00 PM.



