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INTERNAL ASSESSMENT - I

PART- A

1. a.

Supply chain management is the management of flow of goods and services including all the process that transforms raw materials into final product.

For an SCM to be successful various decision parameters play an important role over varying time. Each decision goes through three different phases namely,

- i> Supply chain strategy or design.
- ii> Supply chain planning.
- iii> Supply chain operation.

SUPPLY CHAIN STRATEGY:

a> In this phase the company decides how to structure the supply chain over the time period.

of next several years.

b) How the resources will be allocated, what process each stage will perform is decided here.

c) Strategic decisions like outsourcing or in-house strategy in the supply chain management are also taken here in this phase.

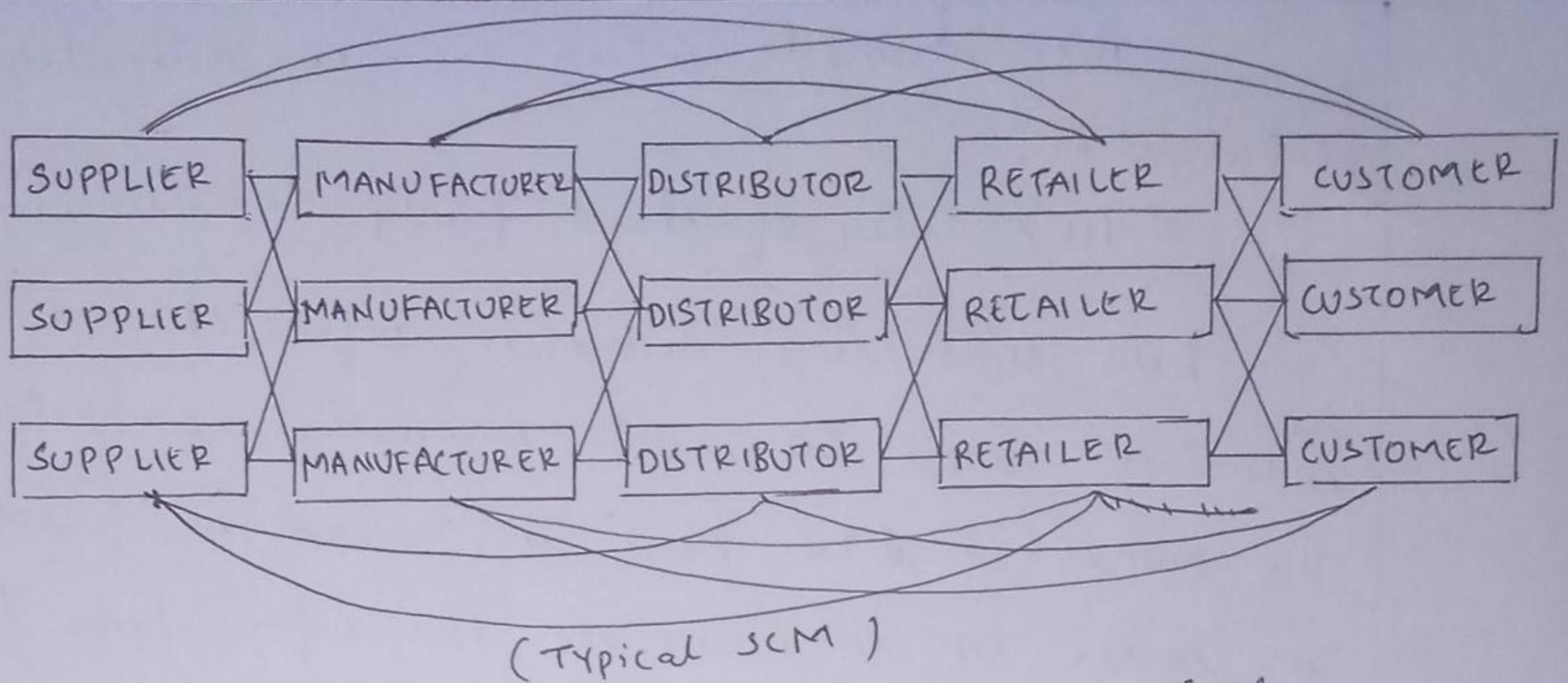
SUPPLY CHAIN PLANNING:

a) This stage includes making decision regarding what supplies will be supplied and from which location, the manufacturing subcontract and what the inventory policies should be.

b) The company choose a time period of about a quarter to an year.

SUPPLY CHAIN OPERATIONS:

a) In this phase, firms that are allocated inventory or productions, decisions like setting a date, generate pick lists at warehouse, which transports to use for delivery i.e., shipping, etc are made.



The cycle in above diagram goes as follows.

A supplier can supply goods or raw materials to manufacturers, distributors or retailers.

The manufacturers can share manufactured goods to distributors, retailers or directly to the customers.

The distributors can distribute the products to retailers or directly to customers.

The retailers sell the product to the customers.

1.6.

ENABLERS OR DRIVERS OF SUPPLY CHAIN MANAGEMENT.

Enablers / drivers are useful aspects of a typical supply chain management, they can help in minimizing the cost or reducing the cost of a supply chain.

The enablers for reducing supply chain costs are attributed as.

- i) Improvement in communication and IT.

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ii) Enhanced inter firm co-ordination capabilities.

iii) Entry of third party logistics provider.

Lets consider a scenario before the 90's the industries used to work manually completely. The owner had to hire a person or persons in order to communicate the information to employees and distant relations suppliers. But in the early 2000's companies started to provide cell phones to all the employees so that communication was easy and cheaper ~~than~~ faster.

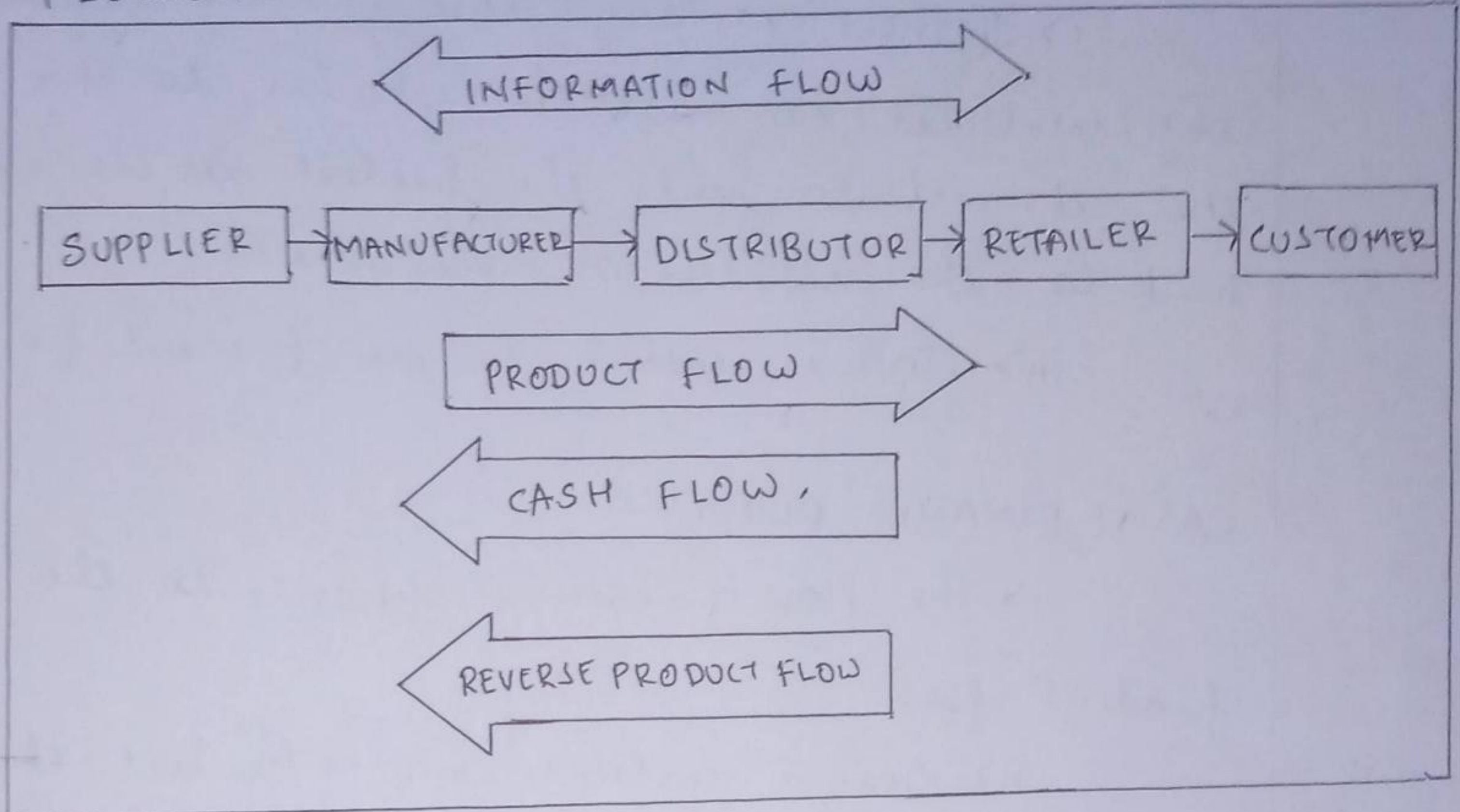
~~Also the companies~~

This method enhanced the firms co-ordination.

~~and~~
This third party logistics approach was used by certain companies in order to outsource some materials ~~or~~ to save time and money.

1.C.

FLOWCHART OF TYPICAL SUPPLY CHAIN



INFORMATION FLOW:

- i) Information flows in both ways from supplier till customer and vice versa.
- ii) The customer can demand a product from retailer and the retailer pass the information all over to supplier. (customer to supplier).
- iii) The supplier can respond by saying product delivery time and schedule all the way to retailer and customer (supplier to customer).

PRODUCT (MATERIAL) FLOW:

- i) The actual product flow is from supplier to the ~~customer~~ retailer.
- ii) The customer can purchase the product if he/she is interested.

REVERSE PRODUCT / MATERIAL FLOW:

i) If there is any issue with the product the customer can ask the retailer to fix it then the retailer sends the product all the way back to the supplier or manufacturer.

ii) This is called Reverse product flow.

CASH / FINANCE FLOW:-

i) The flow of cash is opposite to the product flow.

ii) Once a customer buys a product ~~the~~ each party the retailer, distributor, manufacturer keep their share of product and pass on remaining cash to the supplier.

PART-B~~4.6~~

4.6.

SELECTION OF SUPPLIER:~~STEP 1: Selection~~

For the selection of supplier process there are five steps involved.

i) ~~Selection~~ Supplier selection scorecard.

ii) Identify suitable suppliers.

iii) Scorecard Ranking

iv) Negotiate

v) Create Contract

STEP 1: Supplier Selection Scorecard.

The first step in Supplier selection scorecard is to view ~~the~~ the suppliers scorecard. The scorecard should consist of certain details like

a) Supplier characteristics like Cost, Reputation, Quality, Delivery, Location etc.

b) The factors you value for your ~~manufacture~~ management.

c) Applicable business policies

d) Any restrictions like government

regulations.

STEP 2: Suitable Suppliers Identification.

Once the firm have selection criteria, they must consider following things about the supplier,

i) Current suppliers - If the supplier has any current suppliers will the supplier be able to manage supplying raw materials or goods to the firm.

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ii) Past suppliers - What are the experiences in supply management.

iii) Industry groups - What are the relations and commitments made by the supplier with other industries.

STEP 3: SCORED RANKING

Once the identification is over we rank the suppliers according to the data. and then we select

i) the highest ranking suppliers and make a list. \Rightarrow

STEP 4: NEGOTIATE

After the list we should try to negotiate with suppliers and try to reach the most profitable deal.

STEP 5: CREATE CONTRACT.

Once the deal is made a documented contract should be made with all the terms and conditions and the period of contract.

H.a.

MAKE VS BUY:

i) The make vs Buy approach evaluates all the supply chain activities as primary and support activities.

ii) The primary activities consists of the inbound logistics, operations, sales and service, outbound logistics.

iii) The make vs buy decisions look at each of these activities critically and plot a question: should ~~we~~ this activity be done internally or can it be outsourced to external party?

iv) Once the decision is taken the firm goes and perform the selection process of the supplier and choose the most promising and profitable supplier.

No. of pages: 9

Questions attempted:

1.a, 1.b, 1.c

4.a, 4.b