

The essence of **supply chain management**

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At the beginning,
there was ***an intuition...***

*“The concept of SCM was mentioned in business literature as early as Forrester (1961), who suggested that the success of industrial companies hinged on the ‘**interactions between flows of information, materials, manpower and capital equipment**’ .”*

Giunipero, et al. (2008)

...followed by early **initiatives**

*“The **early beginnings** of supply chain management can be traced to the textile industry with the **Quick Response** program (**a partnership where retailers and suppliers work together to respond more quickly to consumer needs by sharing information**) and later to **Efficient Consumer Response** in the grocery industry”*

Lummus, et al. (2001)

The **names** appeared in the 80's

*“The term ‘supply chain management’ is **relatively new** in the literature, appearing first in **1982**”*

Cooper, et al. (1997)

*“the term SCM first appeared in the literature more than twenty years ago (Oliver and Webber, **1982**)”*

Gibson, et al. (2005)

*“only a **handful of articles** mentioned the phrase ‘supply chain’ between 1985 and 1997.”*

Giunipero, et al. (2008)

The *field* grew in the (late) 1990's

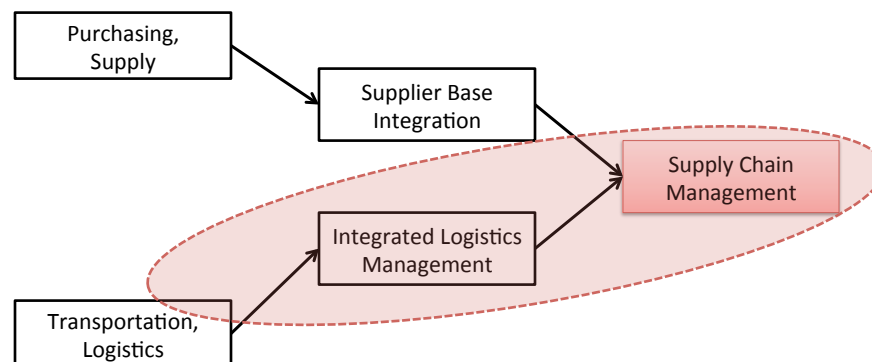
"About 1990, academics first described SCM from a theoretical standpoint to clarify the difference from more traditional approaches"

Cooper, et al. (1997)

"the diffusion of the field did not take place until the late 1990s, with most of the theoretical and empirical investigation commencing in 1997"

Giunipero, et al. (2008)

Whence, SCM?



1970s 1980s 1990s 2000s

Adapted from: Tan (2000)

Saying just 'logistics' was **not enough**

'**Modern logistics**', as defined in Bowersox 1978, is "the process of strategically managing the movement and storage of materials, parts, and finished inventory from suppliers, between enterprise facilities and to customers".

'**Business logistics**',

'**Integrated logistics**',

The definition of **logistics** was expanded...

- *"the management of all inbound and outbound materials, parts, supplies and finished goods"*
- *"the integrated management of purchasing, transportation, and storage on a functional basis"*
- *"the management of the pre-production, in-production and post-production channels"*

Calvinato (1982)

*"In a true business context ... **this definition expands logistics beyond** merely physical distribution"*

Lummus, et al. (2001)

‘Official’ definitions were also **revised**

*“The 1986 CLM definition of logistics has been augmented **to include services** along with goods and information movement.*

*In addition to conforming to **customer requirements**, others view the output of the logistics process as **creating value for the ultimate customer** (1992) and contributing to **current and future profitability of the firm** (1994).”*

Cooper, et al. (1997)

Redefinition brought some **confusion**
around the turn of the 20th century

*“it is **unclear what specific characteristics differentiate** the two disciplines ... for many, the contemporary understanding of **SCM is not appreciably different** from the understanding of integrated logistics management”*

Cooper, et al. (1997)

*“The terms ‘supply chain management’ and ‘logistics’ are often **confused and viewed as overlapping**, **depending on the definition used by an organization**”*

Lummus, et al. (2001)

“a discipline in the early stages”

SCM “is a discipline in the early stages of evolution”

“Academics have attempted to provide some structure to SCM by re-examining previous SCM definitions and **offering more complete SCM definitions** that include scope, functions and relationships.”

“Bechtel and Jayaram (1997) **classified more than 50 existing SCM definitions** into five schools of thought and identified functional and process areas covered.”

Gibson, et al. (2005)

Some **consensus** was needed

*“The relevant question that we need to gain consensus on is **whether SCM is simply new words** for properly implemented logistics across organizations”*

Cooper, et al. (1997)

*“The discipline of supply chain management is going through **a normal maturation process** of **reaching a consensus** agreement on **what is included, and what is not included** in the discipline”*

Gibson, et al. (2005)

There was discussion about what SCM **is not**

“supply chain management is not:

- *inventory management*
- *logistics management*
- *supplier partnerships*
- *driven from the supply side*
- *a shipping strategy*
- *distribution management*
- *the logistics pipeline*
- *procurement management*
- *a computer system” (!)*

Lummus and Vokurka (1999)

2003: Logistics as a “part of” SCM

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“This does not make one definition ‘right’ and the other ‘wrong’ – it merely means ... a starting point for additional discussion by practitioners and academics in the discipline. Again, this is a normal evolutionary process”

Gibson, *et al.* (2005)

2005: from CLM to CSCMP

*“Effective January 1, 2005, the Council of Logistics Management (CLM) became the **Council of Supply Chain Management Professionals** (CSCMP).”*

“This is more than a name change.”

Larson, et al. (2007)

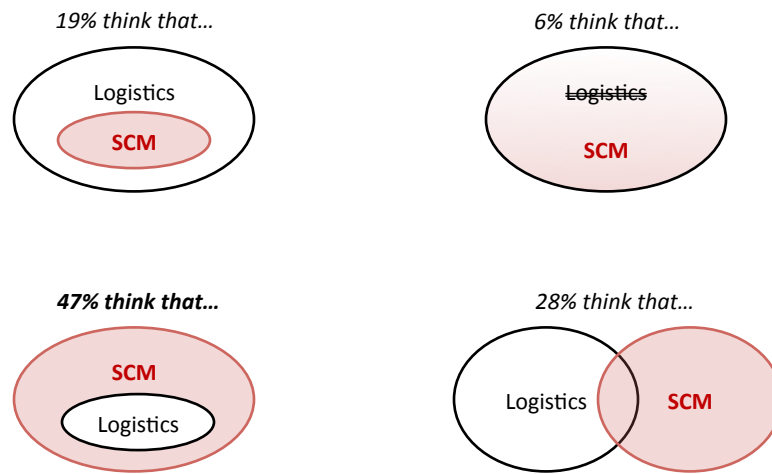
*“a **broader** emphasis”*

*“Reflecting **expanded roles** ... the Council is adopting ‘a **broader emphasis on the entire supply chain,**’ incorporating ‘not only logistics but also procurement, manufacturing, operations, and sales/marketing functions’”*

*“CSCMP, and other professional associations, such as the Institute for Supply Management (ISM), have developed definitions of supply chain management and **revised their missions accordingly**”*

Larson, et al. (2007)

Yet *different perspectives* remain



Adapted from: Larson, et al. (2007)

SO, WHAT IS
SUPPLY CHAIN MANAGEMENT?

Defining **supply chain** first

“a set of three or more entities (organizations or individuals) directly involved in the upstream and downstream flows of products, services, finances, and/or information from a source to a customer.”

Direct: a company, a supplier and a customer

Extended: + supplier's suppliers + customer's customers

Ultimate: all entities upstream and downstream

Mentzer, et al. (2001)

SCM as a **management philosophy**

- a **systems approach** to viewing the supply chain as a whole
- a **strategic orientation** towards **cooperative efforts** to synchronize and converge intra- and inter-firm capabilities
- a **customer focus**, to create sources of customer value

Mentzer, et al. (2001)

‘Supply Chain ***Orientation***’

Mentzer, *et al.* (2001), call this management philosophy a Supply Chain Orientation, and defines it as *“the recognition by an organization of the systemic, strategic implications of the tactical activities involved in managing the various flows in a supply chain.”*

Mentzer, *et al.* (2001)

SCM as a ***set of activities & processes***

To adopt a supply chain management philosophy, **the firm must establish management practices consistent with it.** Including: (1) integrated behavior, (2) mutual sharing of information, (3) mutual sharing of risks and rewards, (4) cooperation, (5) shared goals and focus on customer service, (6) integration of processes, (7) partnerships in long-term relationships.

Mentzer, *et al.* (2001)

‘Supply Chain **Management**’

Mentzer, *et al.* (2001) equate supply chain management with
*“the sum total of **all the overt management actions** undertaken to realize the SCO philosophy.”*

Mentzer, *et al.* (2001)

Defining **supply chain management**

the systemic, strategic coordination of the traditional business functions and the tactics across these 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

Mentzer, *et al.* (2001)

SCM's *functional scope*

In Mentzer's model of supply chain management, the following traditional business functions are included:

- *Marketing*
- *Sales*
- *R & D*
- *Forecasting*
- *Production*
- *Purchasing*
- *Logistics*
- *Information Systems*
- *Finance*
- *Customer Service*

Mentzer, *et al.* (2001)

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