

Supply Chain Management

- 1. Supply Chains
- 2. Supply Chain Management
- 3. Information Technology Support for Supply Chain Management



- 1. Describe the three components and the three flows of a supply chain.
- 2. Identify popular strategies to solving different challenges of supply chains.
- 3. Explain the utility of each of the three major technologies that support supply chain management.

OPENING

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Coca Cola Enterprises

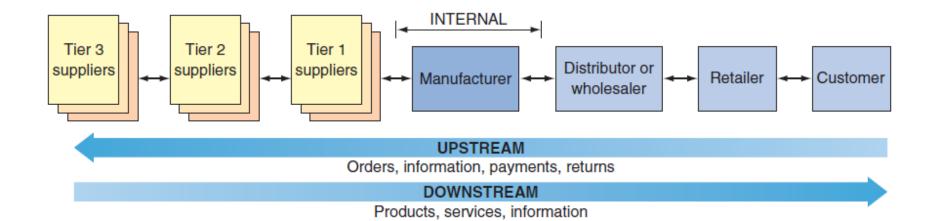
- 1. Describe why new supply chain management technology is so important to CCE.
- 2. Describe the advantages of the new system to CCE.
- 3. Refer to Chapter 2. Is the new supply chain management system at CCE a strategic information system? Why or why not?



13.1 Supply Chains

 The Structure and Components of Supply Chains

Figure 13.1: Generic Supply Chain



The Structure and Components of Supply Chains

- Three Segments of the Supply Chain
- Tiers of Suppliers
- Three Flows of the Supply Chain

Three Segments of the Supply Chain

- Upstream
- Internal
- Downstream

Three Flows of the Supply Chain

- 1. Material Flows
 - Reverse Flows
- 2. Information Flows
- 3. Financial Flows

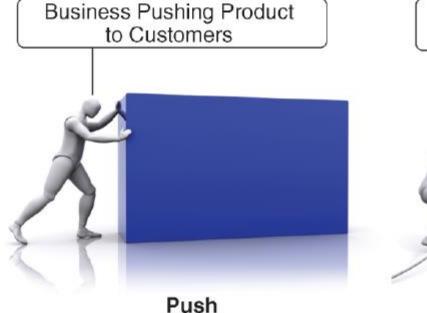
13.2 Supply Chain Management (SCM)

- Five Basic Components of SCM
- Supply Chain Management Systems
- The Push Model Versus the Pull Model
- Problems Along the Supply Chain
- Solutions to Supply Chain Problems

Five Basic Components of SCM

- 1. Plan
- 2. Source
- 3. Make
- 4. Deliver
- 5. Return

Push versus Pull Model



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Pull © Milan Zeremski/iStockphoto

'S ABOUT BUSINESS 13.1

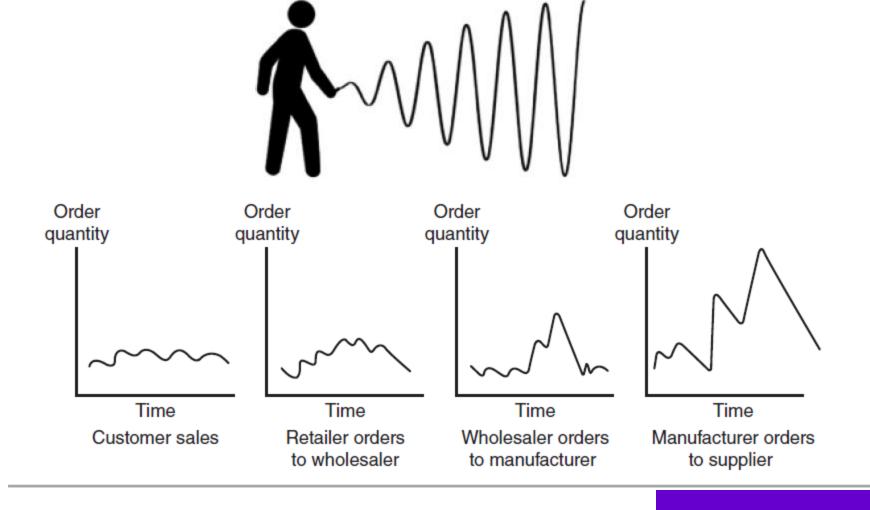
- Crate & Barrel Increases Its Supply Chain Visibility
 - 1. Discuss the advantages of supply chain visibility for any organization.
 - 2. Explain how an increase in shipping costs can actually generate higher revenues for Crate & Barrel.

Problems Along the Supply Chain

Two Primary Sources of Problems Along the Supply Chain:

- 1. Uncertainties
- 2. The need to coordinate multiple activities, internal units, and business partners.
- Demand Forecast
- Bullwhip Effect

Figure 13.2: The Bullwhip Effect



Solutions to Supply Chain Problems

Using Inventories to Solve Supply Chain Problems

- Vertical Integration
- Just-In-Time Inventory
- Information Sharing
- Vendor-Managed Inventory (VMI)

13.3 IT Support for Supply Chain Management

- Electronic Data Interchange (EDI)
- Extranets
- Portals and Exchanges

Figure 13.3: Purchase Order Fulfillment without EDI

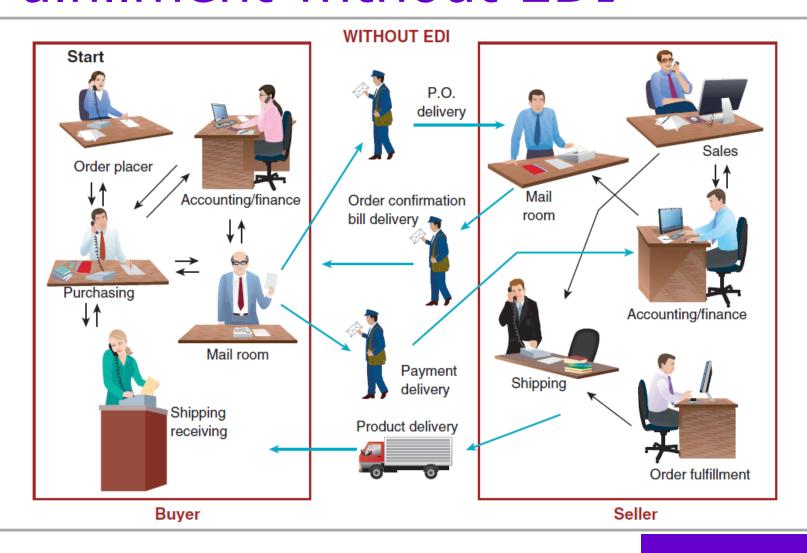
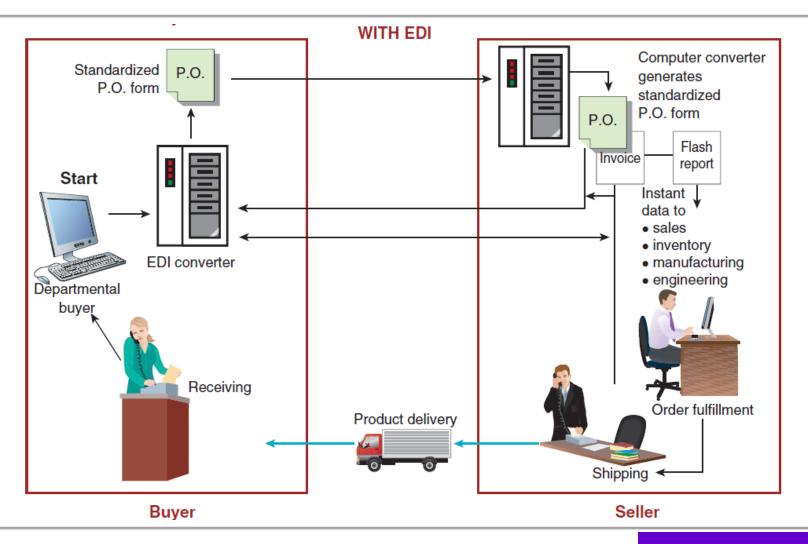


Figure 13.3: Purchase Order Fulfillment with EDI



Electronic Data Interchange (EDI): Benefits

- Minimizes data entry errors
- Length of the message can be shorter
- Messages are secured
- Reduces cycle time
- Increases productivity
- Enhances customer service
- Minimizes paper usage and storage

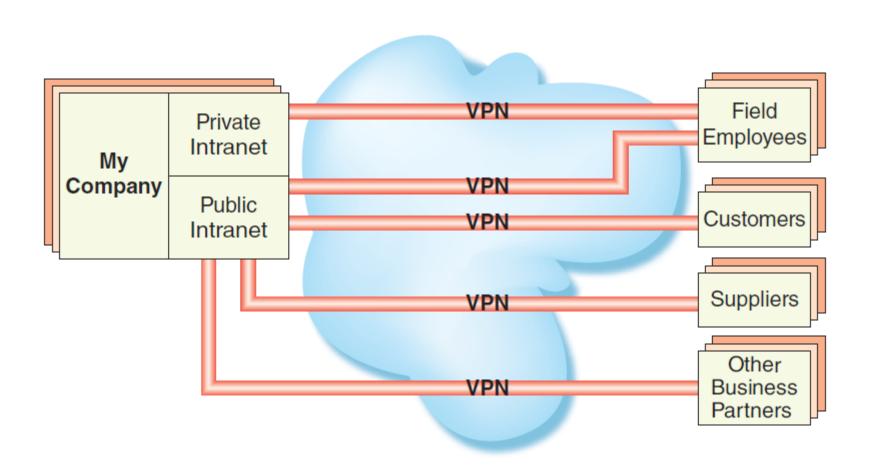
Electronic Data Interchange (EDI): Disadvantages

- Business processes sometimes must be restructured to fit EDI requirements
- Many EDI standards in use today

Extranet

- A Company and Its Dealers, Customers, or Suppliers
- Industry Extranet
- Joint Ventures and Other Business
 Partnerships

Figure 13.4: Structure of an Extranet



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 India's New Automotive Supply Chain Extranet



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- 1. Discuss the difficulties involved in implementing Auto DX.
- 2. Describe the advantages of Auto DX to the Indian automotive supply chain.

Portals and Exchanges

- Procurement Portal
- Distribution Portal