Supply Chain Management

Supply chain management oversees how goods and services evolve from idea creation and raw materials into a finished consumer product. It includes moving and storing the materials used to produce goods, storing the finished products until they sell and tracking where sold products go so that you can use that information to drive future sells.

The process of supply chain management involves every aspect of business operations, including logistics, purchasing and information technology. It integrates materials, finances, suppliers, manufacturing facilities, wholesalers, retailers, and customers into a seamless system.

How does it work?

Supply chain management coordinates procurement, suppliers, manufacturing facilities, retailers, distributors and customers as they move together through the production, sales and buying cycles. The supply chain requires active management because it is affected by many factors outside the control of the business, such as gas prices and environmental conditions. When a company is acutely aware of those factors, it can manage them more effectively. With effective SCM, inventory, production, distribution, sales and vendor inventory are all tightly controlled.

SCM means managing costs at every step and delivering goods to consumers as quickly as possible. It assumes that every product for sale exists because of the various participants in the supply chain.