Supply chain management (SCM)

What is Supply chain management?

Nowadays, businesses have become increasingly specialized in their respective fields. They efficiently work on their main activities and outsource secondary activities rather than insource them to save time and resources. Therefore, a need for a system that effectively manages the relationship between the organization and its supplier exists. For example, if a production component is unavailable due to some mishap in the supplier chain, production will not go as planned resulting in a loss in capital and time. This is where Supply Chain Management comes in. Supply Chain Management is the second of the core information systems. The Council of Supply Chain Management Professionals (CSCMP) defines Supply Chain Management as management that encompasses planning and managing all activities involved in sourcing and procuring materials and activities, conversion, manufacturing operation, and logistics management activities. It also includes the coordination and collaboration with the channel partners, which can be suppliers, intermediaries, 3rd party logistics providers and customers and supporting all levels of planning and control, from long-term strategic planning (such as setting up a supplier-customer network) to execution of daily operations. Supply Chain Management integrates supply and demand management within an organization. All this assists the organization to compete in the dynamic international market. Unsurprisingly, Supply Chain Management is a natural extension of Enterprise Resource Planning (First of the core information systems).

SCM and ERP

Supply chain management and enterprise resource planning are intertwined. This is because of two things: Firstly, many results provided by ERP are needed as input for the SCM system and vice versa. Secondly, there is an overlap between ERP and SCM functionality. In closely coupled solutions (like SAP SCM and SAP ERP), the SCM system may even invoke functions of the ERP system. It is also worth noting that many methodological and technical shortcomings of Enterprise Resource Planning have been removed or mitigated in Supply Chain Management. These improvements are called Advanced Planning and Scheduling (APS).

Advantages of IT-enabled SCM

The introduction of Supply Chain Management systems, especially Information Technology SCM, in organizations has increased efficiency by:

1. Improving operations

Done by providing better collaboration between organization members, knowledge sharing , accurate demand forecasting and many more, consequently saving the organization time and resources and helping them gain a competitive advantage.

1. Improving communication between business partners

By helping organizations develop online procurement, share information in real-time to optimize work efficiency, provide an effective environment for strong collaboration with partners, and facilitate global interconnectivity.

1. Better inventory management

By only retaining the necessary amount of stock, It means that they can save costs in terms of storage, thefts, transporting goods etc.

1. Increasing globalization

Globalization and Supply Chain Management (SCM) are interconnected. Globalization gives access to new customers, suppliers and sources of procurement. SCM allows the effective integration of these new sources, suppliers etc.

CRM

What is CRM?

Good customer relations are the most valuable asset of a business organization. The need to focus on customer relationships arose when marketing, sales and service departments developed new channels beyond traditional ones such as online stores, email marketing, call centres etc. Therefore, the sources of customer information grew making it increasingly difficult to find, maintain and update customer information efficiently and consistently to generate more value for the organization. Customer Relationship Management is an information system used to plan, schedule and control pre-sales and post-sales activities in an organization to integrate, identify and retain customers

How does CRM operate?

In the CRM, all customer information that is collected from different points of interaction is stored in a centralized database so that different departments have access to it. The CRM system typically acts as an interface with the customer (therefore it is called the front office) while also being connected to the company’s ERP system (back office).

CRM is divided into two functional parts:

1. Operational (like sales force automation, enterprise marketing automation, enterprise marketing automation)
2. Analytical: uses business intelligence and data mining to identify shopping patterns, recurrent behaviours, preferences etc. All this information will again aid in providing tailored responses to the customer.

Gaining a competitive advantage through CRM

Companies can achieve competitive advantage through creating unique customer value, delivering what customers want and need, providing more value than competitors, and raising customer expectations about the level of value. Therefore, it is important to understand what target customers value most. This is where the CRM system comes in. With all the collected data about the customer, the system can appropriately tailor personalized solutions to customer needs and provide them with the maximum value.

Successful implementation of CRM

The following factors all lead to the success of implementing a Chain Relationship Management:

1. CRM readiness assessment: A CRM readiness assessment is an overview audit which helps managers assess the overall position in terms of readiness to progress with CRM implementations and to identify how well-developed their organization is relative to other companies.
2. CRM change management: CRM change management involves strategic organizational change and cultural change to accept and fully integrate the implemented CRM.
3. CRM project management: CRM project management requires forming cross-functional teams of specialists who manage the enterprise’s CRM implementation programme.
4. Employee engagement: employee engagement comprises the support and commitment of the employees to CRM projects. This is not only critical to the implementation but also the operation of the CRM system or any other system.