



Supply chain management

Assignment

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Question 1:

Study on Supply Chain Management of Industries in FMCG Sector in Bangladesh

Nowadays, supply chain management plays an important role in the business industry. Supply chain management involves optimizing industrial operations to increase both speed and efficiency. Both speed and efficiency are vital to increase service quality and ensure product delivery at the earliest time. Efficiency also increases the power of industry to handle their partners in a structured manner. The FMCG Industry is on a high growth in our country. Proper supply chain management practice is important for FMCG industries of our country because customers will choose the company that meets their needs fastest. It is also important to get competitive advantages in the global market. Industries of our country increasingly find that they must rely on effective supply chains, or networks, to compete in the global .Industries are now realizing that customer driven supply chain configuration helps them to participate in achieving growth. Keywords:KPI, SWOT, lean concept. Supply chain management, then, is the active management of supply chain activities to maximize customer value and achieve a sustainable competitive advantage. It represents a conscious effort by the supply chain firms to develop and run supply chains in the most effective & efficient ways possible.

Strength : Most of the FMCG companies of Bangladesh are producing fresh drinking water, Atta, Maida, Suji, Soybean Oil and so on. ISO 9001:2000, certificate earned by many industries for their facilities for quality product and management. Some companies achieved the Quality Summit Award for outstanding performance in quality commitment and industrialization.

Weakness : There are some limitations to run operations of industries in Bangladesh. Most of the employees and workers of factories are not used to the ERP system. So in this case to collect information sometimes you need to use a manual system, which causes an information gap. The FMCG sector should use pull marketing strategy, but in many industries are mostly dependent on push strategy.

Threats : Inflation and political instability causes so many problems, like inflation raise the price of raw materials and instable political situation causes hamper in delivery process, planning process etc.

Opportunities : There is a huge opportunity for many Industries. Some company has huge capital and resources to become multinational company. But in this case it is necessary to change their position gradually and need proper utilization of their resources.

Moreover, Pull based supply chain strategy, usually suggested for products with high demand uncertainty and with low importance of economies of scales, which means, aggregation does not reduce cost, and hence, the firm would be willing to manage the supply chain based on realized demand.

Lean Concept : The concept of Lean, which is essentially a team-based approach to continuous improvement focused on eliminating non-value added activities or “waste” from the viewpoint of the customer, has been around in one form or another for many years, at least in manufacturing. It is only recently that it has been applied to the supply chain & logistics management area.

Importance of KPI : Using KPIs for performance measurement ensures that industries are always evaluating business activity against a static benchmark. This shows that fluctuations are immediately visible and if performance moves in the wrong direction, action can quickly be taken to address the situation.

Competitive Advantages : Greater and more intense competition and global value chains are leading to substantial shifts in what is expected of the supply chain function. It is no longer enough to simply connect supply and demand at optimal cost and service levels. Today’s business industries are demanding more from their supply chains, including competitive advantage. Operations and Supply Chain both play important parts in any organization.

Factors Influencing Distribution Network Design : At the highest level, performance of a distribution network should be evaluated along two dimensions: 1.Customer needs that are met 2.Cost of meeting customer needs The customer needs that are met influence the company's revenues, which along with cost decide the profitability of the delivery network.

While customer service consists of many components, we will focus on those measures that are influenced by the structure of the distribution network. These include:

- Response time
- Product variety
- Product availability
- Customer experience
- Order visibility
- Returnability

Changing the distribution network design affects the following supply chain costs:

- Inventories
- Transportation
- Facilities and handling
- Information

Distributor storage with carrier delivery is well suited for medium to fast moving items. Distributor storage also makes sense when customers want delivery faster than offered by manufacturer storage but do not need it immediately. Distributor storage can handle somewhat lower variety than manufacturer storage but can handle a much higher level of variety than a chain of retail stores.

Manufacturer or Distributor Storage with Consumer Pickup : In this approach, inventory is stored at the manufacturer or distributor warehouse but customers place their orders online or on

the phone and then come to designate pickup points to collect their orders. Orders are shipped from the storage site to the pickup points as needed.

Supply chain management of industries in Bangladesh is getting strong day by day to achieve business objectives. However, some necessary actions are essential to get the exact benefit of supply chain management for our industries. Supply chain management in these Industries of Bangladesh should be approached in a more systematic manner based on integrated and documented processes. The various supply chain components like suppliers, manufacturers, warehouses and stores should be integrated in a single system, which makes supply chain management more effective. The team involved in the operational side on handling the supply chain should be highly trained in supplychain management function. The visibility needs to be improved if supply cannot be directly controlled. The collaboration with local partners, across the industry and with universities is crucial to successfully managing social responsibility in supply chains. This sector should keep in a situation of political stability and a congenial business environment. Political turmoil and the disturbance are bad for this kind of industries. So, Proper steps should be taken by the government to keep this sector freefrom any kinds of disturbance. It is also necessary to improve the overall customer relationship and organizational environment though it is providing good organization environment.

Question 2 :

The key drivers of supply chain performance to achieve competitive advantages

The five drivers provide a useful framework for thinking about supply chain capabilities. Decisions made about how each driver operates will determine the blend of responsiveness and efficiency a supply chain is capable of achieving. The five drivers are illustrated in the diagram below:

1. PRODUCTION – This driver can be made very responsive by building factories that have a lot of excess capacity and use flexible manufacturing techniques to produce a wide range of items. To be even more responsive, a company could do their production in many smaller plants that are close to major groups of customers so delivery times would be shorter. If efficiency is desirable, then a company can build factories with very little excess capacity and have those factories optimized for producing a limited range of items. Further efficiency can also be gained by centralizing production in large central plants to get better economies of scale, even though delivery times might be longer.

2. INVENTORY – Responsiveness can be had by stocking high levels of inventory for a wide range of products. Additional responsiveness can be gained by stocking products at many locations so as to have the inventory close to customers and available to them immediately. Efficiency in inventory management would call for reducing inventory levels of all items and especially of items that do not sell as frequently. Also, economies of scale and cost savings can be gotten by stocking inventory in only a few central locations such as regional distribution centers (DCs).

3. LOCATION – A location decision that emphasizes responsiveness would be one where a company establishes many locations that are close to its customer base. For example, fast-food chains use location to be very responsive to their customers by opening up lots of stores in high volume markets. Efficiency can be achieved by operating from only a few locations and centralizing activities in common locations. An example of this is the way e-commerce retailers serve large geographical markets from only a few central locations that perform a wide range of activities.

4. TRANSPORTATION – Responsiveness can be achieved by a transportation mode that is fast and flexible such as trucks and airplanes. Many companies that sell products through catalogs or on the Internet are able to provide high levels of responsiveness by using transportation to deliver their products often within 48 hours or less. FedEx and UPS are two companies that can provide very responsive transportation services. And now Amazon is expanding and operating its own transportation services in high volume markets to be more responsive to customer desires. Efficiency can be emphasized by transporting products in larger batches and doing it less often. The use of transportation modes such as ship, railroad, and pipelines can be very efficient. Transportation can also be made more efficient if it is originated out of a central hub facility or distribution center (DC) instead of from many separate branch locations.

5. INFORMATION – The power of this driver grows stronger every year as the technology for collecting and sharing information becomes more wide spread, easier to use, and less expensive. Information, much like money, is a very useful commodity because it can be applied directly to

enhance the performance of the other four supply chain drivers. High levels of responsiveness can be achieved when companies collect and share accurate and timely data generated by the operations of the other four drivers. An example of this is the supply chains that serve the electronics market; they are some of the most responsive in the world. Companies in these supply chains, the manufacturers, distributors, and the big retailers all collect and share data about customer demand, production schedules, and inventory levels. This enables companies in these supply chains to respond quickly to situations and new market demands in the high-change and unpredictable world of electronic devices (smartphones, sensors, home entertainment and video game equipment, etc.).

Responsiveness is better — In the 21st century, responsiveness drives the economy. Responsiveness is what drives continuous innovation in products and technology and continuous change in the ways we organize businesses and serve customers.