

SUPPLY CHAIN MANAGEMENT

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Abstract- This paper deals with the study of issues ailing supply chains in India at present. A research was conducted for assessing the current state of supply chain management practices followed by Indian organizations and identifying important areas that need to be addressed. Supply chain objectives, supply chain processes, and management focus on supply chain activities have been discussed in the beginning followed by assessment of current level of supply chain processes; identification of critical supply chain focus areas for the business and establishment of specific performance measures for continuous measurement of supply chain efficiency improvement. This paper also provides a detailed study to help supply chain managers improve their supply chain efficiency through alignment of supply chain.

I. INTRODUCTION

Supply chain management can be defined as the management of the flow of goods. This process includes the movement and storage of raw materials, work-in-process inventory, and finished goods from origin to consumption. In a supply chain, interconnected or interlinked networks, channels and node businesses are involved in the provision of products and services required by the customers. It is known that supplier management forms an integral part of the supply chain. A good supplier base ensures minimal disarrangement of processes downstream as well as good quality materials and optimal inventory levels of raw materials. It also provides enough confidence in the manufacturer about the capabilities of the supplier base. However, a good supplier base is built over time and it is more than just acquiring materials. This paper mainly focuses on the three aspects of supplier management which are supplier tracking, overall supplier health and information sharing with suppliers respectively.

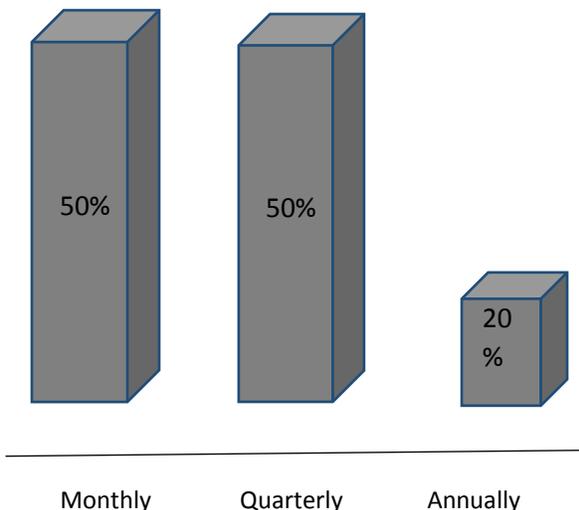
A. Supplier Tracking:

It has been brought into notice through our research that even though 70% of the respondents agree to the fact that supplier tracking is very important, even though very few seem to adopt it. It implied that fewer than half of the samples on which survey was conducted exercise supplier tracking on a monthly basis or more frequently. This shows that despite of being aware of the importance of supplier tracking, most of the organizations still do not have proper mechanisms for it.

Globally renowned and efficient companies track two types of information for efficient supplier management system.

- a. Internal supplier performance
- b. Overall supplier health

The frequency of supplier tracking can be better explained by the following diagram:



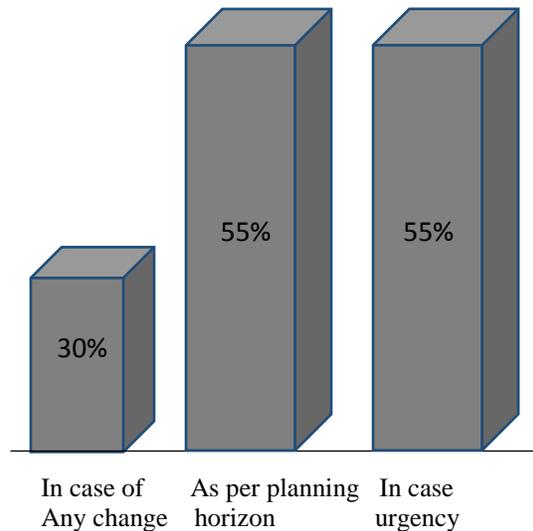
Indian organizations at some level need to evaluate supplier performances on a daily basis

besides conducting periodic supplier audits which are based on standard audit process formats. In addition, companies must prepare supplier scorecards which aims at indicating quality, on-time delivery, and average cost incurred from order placement to reception of materials.

B. Overall Supplier Health:

Through the survey, it was found that 90% of respondents were very confident about the size and capabilities of their supplier base. This confidence was developed only from having the right number of suppliers with necessary capabilities. One cannot deny the fact that the customer in today’s market is more demanding, not just of product quality, but also of service. This means that the need is for the creation of differential advantage through added value. Thus, it is becoming important to understand customers’ needs and wants and then to translate these into a unique value-added business mission. It is also seen that mass customization offers a viable solution. It involves the delivery of a wide range of customized goods or services quickly as well as more efficiently at low cost. The key to making mass customization work is highly-skilled and autonomous workers and techniques, so that managers can co-ordinate and reconfigure these techniques to meet customer specific customer request and demands. All in all, mastering mass customization is the biggest step towards gaining a competitive edge and is now driving new business models.

The following diagram shows the frequency of information sharing with the suppliers:



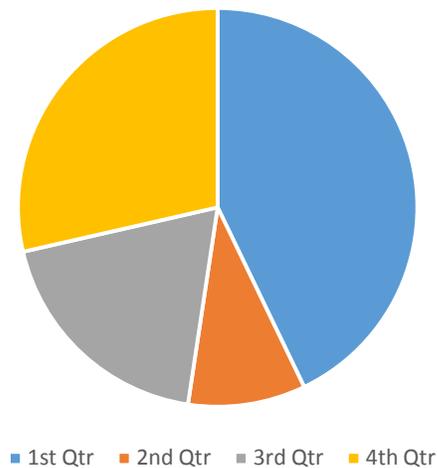
C. Supply Chain Performance Measurement:

The research also threw light on different problem areas currently present in supply chains. A significant share of respondents, i.e. around 45%, put Inventory Reduction in the top slot in their list of supply chain issues. This was also confirmed by the fact that around 70% of respondents were carrying more than a month of inventory. Supplier management came at number second at 40%, while working capital reduction came third at 18%. This means that Indian industries are in need of optimization tools and better process modeling in order to exploit available resources and sustain various operations. The co-ordination, synchronization and integration optimize the supply chain function within itself. However, at the same time throughout the process of managing a supply chain strategy for competitiveness, managers of an organization need to consider the company’s overall strategy and direction to compete. Logistics and supply-chain decisions cannot be made that do not support run counter to the broad objectives of the business. For better competitiveness, the supply-chain strategy must be in synchronization with the business strategy. One cannot simply make decisions aimed at cutting transportation costs and trimming down the number of warehouses.

Following pie-chart shows the rough statistics of mismatch in the forecasting process:

their supply chain objectives with the business objectives. In every case, Indian organizations need to act fast to capitalize on these opportunities to be competitive with the world market.

Mismatch in forecasting process



Demand planning applications that are currently available are not designed to react to the real-time needs of today's fast-paced and advanced market. They are neither precise nor responsive enough to drive many of the lean programs. Implementing market-driven demand planning programs requires creation of new business processes and integration of real-time data for more informed and quick decision making. Real-time forecasting systems are built to use detailed order information to accurately predict daily demand over the next 30 to 60 days, thereby generating the best possible forecast for each day.

II. CONCLUSION

India is considered to be one of the world's fastest-growing economies with great diversification of markets. Managing supply chain in such a vast country is most challenging for any organization because of many factors like business practices, regulations of government, technological capability, transportation, infrastructure, etc. So this paper has outlined the supplier tracking, overall supplier health, supply chain performance measurement and various other related issues which could affect supply chain management in India. The research findings even reveal that most of the organizations in India have aligned

III. REFERENCES

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