SUPPLY CHAIN MANAGEMENT: Enabler of Business Competitiveness

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ABSTRACT

In this paper we have attempted to understand Supply chain management and why it is called an enabler of business competitiveness. The impact of Supply chain management on business is significant and exponential. Supply chain management is also called as an enabler of competitive advantage. Supply chain not only means the transfer of goods from one place to another place but it also includes the movement of information as well.

Supply chain Management has also helped to increase the firms performance and over the last few years it has attracted research attention.

(Keywords: Supply chain Management, Competitive advantage, Lead Time)

INTRODUCTION

Competitiveness can be improved in many ways i.e. by increasing flexibility in terms of customer requirements or by reducing costs or by providing superior quality of product and services. But today in the era of globalization the manufacturers compete less on product and quality. They actually compete more on lead time and availability of products. Previously Manufacturers had kept their focus only on the quality of the product but now their focus has been shifted because focusing on product and quality is no longer giving them the competitive advantage. So they have shifted their center of interest on lead time and product availability. Now a day's supply chain management has become an enabler of competitive advantage.

A successful implementation of supply chain management can lead to a reduction in cost, improves the quality of product and helps to reduce wastage.

SUPPLY CHAIN MANAGEMENT: Enabler of Business Competitiveness

"Supply chain management is the streamlining of a business' supply-side activities to maximize customer value and to gain a competitive advantage in the marketplace. Supply chain management (SCM)
represents an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production, to product development, to the information systems needed to direct these undertakings. (Source: http://www.investopedia.com/terms/s/scm.asp)

Supply chain management is an enabler of business competitiveness. Supply chain not only means the transfer of goods from one place to another place but it also includes the movement of information as well. Supply chain is an enabler of competitive advantage because of the following reasons:

**Reduce cost**

One of the important reasons which makes supply chain as an enabler of business competitiveness is that it helps to reduce the overall cost of the production. When supply chain is efficient, it will give a cost advantage. When a company gets an efficient supplier, their total cost gets reduced.

**Quality**

An efficient supply chain ensures that quality is maintained of a particular product. When there is a quality in the product of a company, then more and more number of people will buy the product of that company. That company will get a competitive advantage.

**Less Wastage**

The another important reason that makes a supply chain an enabler of business competitiveness is that it ensures that less wastage takes place in the company. Efficient supply chain cut unwanted activity and make sure that low wastage happens in the whole production process.

**Less Lead Time**

An efficient supply chain can lead to a reduction in lead time. This means the product will take less time to reach the customer and when this happens, the company gets a competitive advantage towards other companies who are there in the market.

**Accessibility**

Accessibility is very easy when a company has an efficient supply chain. When a customer gets accessibility of a product, then the people tend to buy more of your product because it is easily available. This will give a company a competitive advantage towards its competitors.

Let us see some examples:
Wal-Mart is a very famous and common example we can use. The success of the Wal-Mart is because of their supply chain. Their supply chain is very efficient and provides them accessibility, less lead time, reduction in cost, quality etc. They are able to maintain the availability of the products. Their shop self's are well managed. They make sure that customers get what they want.

Dell is our another example. Dell is able to ship the laptops and desktops on time to their customers. They also allow their customers to customize the laptops. These all things dell are able to do because of their efficient supply chain.

**What happen when supply chain are not efficient or well maintained**

Let us see some an example:

If a supply chain is not well managed or efficient then it can give companies a competitive disadvantage and huge losses. That is what happen to a Chinese toy making company, who used some paints in the toy which was hazardous for the American children's. So they have to take back all their toys which lead to a huge loss to them.

So, Now everyone is trying to have its own supply chain. Flipkart has started their own because it reduced cost, wastage, lead-time and ultimately give a company a competitive advantage.

**DELL - Build to order system**

Now I am going to discuss about dell retail business and build to order system. Dell is a company who has its own website which allows the customers to choose laptops they want to buy and on the same time it give them the option to customize their laptop. The customer can choose which processor they want in their laptop i3, i5 or i7.

After placing the order to the dell. This message reaches to all the suppliers of the dell who supplies the parts. Then the suppliers ship those parts to the dell assembly area, where the desktop or laptop is assembled. Then ship to the customers. The point to note is that they take payment first from the customer then only they allow or gives a message to the suppliers to ship the parts which the customer required and then finally they assemble those parts in the assembly area, once everything is assembled they ship.
it to the customer . This was the strategy used by Dell and this made them a world leader in PCs and laptop .

**UPSTREAM AND DOWNSTREAM LOGISTIC**

Now we try to understand what is an upstream logistic and a downstream logistics. We will also look at the various downstream activities that happens in the bottle cola company. An upstream logistic is that which moves from customer to supplier and a downstream logistic is that which moves from the supplier to the customer . When we look at the bottle cola company the various downstream activities are as follows ---

The bottle cola company has a own glass bottle making unit that prepares the glass bottle. Actually they collect all the used glass bottle recycle it and make a new glass bottle of coke , then they ship those bottles to the coke factory where coke is put in the bottle .With crates of 24 they ship to the various retailers, wholesalers and from there it actually reaches to the customers In the case of the upstream logistic , The customer will drink the bottle and give it back to the shop keeper . Then the shopkeeper will give those used empty bottles to the company vehicles . Then that company vehicle will bring that bottle back to the company and the processing unit will process those bottles and send those bottles to refill.

**Supply Chain Management : An integral element of a company's business strategy**

Supply Chain Management should be regarded as an integral element of a company 's Business strategy because Supply Chain management is something which gives a competitive advantage to one company over the other . A proper supply chain Management helps a company to reduce its lead time , i.e. delivering products to the customer on time and also helps them to cut cost . It further makes goods available in the market. Apart from this selection of the right supply chain is very important because that is one which will give a company a competitive edge.

**CONCLUSION**

Supply chain Management is practiced by many companies across the world . With Supply chain management companies have attained competitive advantage . They have been able to reduce costs , wastage and im-
prove their lead time. Today in the age of globalization it is very necessary for every company to provide flexibility in terms of customer demands. Therefore the company has to focus on their Supply Chain management. So, a proper supply chain management can give a competitive edge to one company over the other.

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