

# RETAIL SCM

# Supply Chain Management

- SC is a network of facilities and distribution options, that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these products to the customers.
- SCM ensures a smooth and efficient flow, from raw material to finished goods, in to the hands of the consumer.
- Aims to integrate activities across the entire merchandise flow, to achieve quick response in supplying products and services to customers.

# Concept of SCM

- Supply chain management - delivering the right product to the right place, at the right time and at the right price - is one of the most powerful engines of business transformation. It is one of the leading cost saving and revenue enhancement strategies in use today.
- At the end of the continuum of trends that started off from Business Process Reengineering, Total Quality Management and ERP that have all addressed only the inner workings of an Organization, SCM aims at integrating the company's internal systems to those of its suppliers, partners and customers.
- Technologies such as the Internet, electronic data interchange, transportation and warehouse management software, including software that manages plant scheduling, demand forecasting, procurement, make SCM a versatile strategy to adopt.

# SCM Problems

- ① Distribution Network Configuration
- ① Distribution Strategy
- ① Trade-Offs in Logistical Activities
- ① Information
- ① Inventory Management
- ① Cash-Flow

# Activities/Functions of SCM

- ◎ Supply chain management is a cross-function approach to manage the movement of raw materials into an organization, certain aspects of the internal processing of materials into finished goods, and then the movement of finished goods out of the organization toward the end-consumer.

Supply chain activities can be grouped into:

- ◎ Strategic,
- ◎ Tactical, and
- ◎ Operational

# Strategic

- ⦿ Strategic network optimization, including the number, location, and size of warehousing, distribution centers, and facilities
- ⦿ Strategic partnership with suppliers, distributors, and customers, creating communication channels for critical information and operational improvements such as cross docking, direct shipping, and third-party logistics
- ⦿ Product life cycle management, so that new and existing products can be optimally integrated into the supply chain and capacity management
- ⦿ Information Technology infrastructure, to support supply chain operations
- ⦿ Where-to-make and what-to-make-or-buy decisions
- ⦿ Aligning overall organizational strategy with supply strategy

# Tactical

- ⦿ Sourcing contracts and other purchasing decisions.
- ⦿ Production decisions, including contracting, scheduling, and planning process definition.
- ⦿ Inventory decisions, including quantity, location, and quality of inventory.
- ⦿ Transportation strategy, including frequency, routes, and contracting.
- ⦿ [Benchmarking] of all operations against competitors and implementation of best practices throughout the enterprise.
- ⦿ Milestone payments
- ⦿ Focus on customer demand.

# Operational

- ⦿ Daily production and distribution planning, including all nodes in the supply chain.
- ⦿ Production scheduling for each manufacturing facility in the supply chain (minute by minute).
- ⦿ Demand planning and forecasting, coordinating the demand forecast of all customers and sharing the forecast with all suppliers.
- ⦿ Sourcing planning, including current inventory and forecast demand, in collaboration with all suppliers.
- ⦿ Inbound operations, including transportation from suppliers and receiving inventory.
- ⦿ Production operations, including the consumption of materials and flow of finished goods.
- ⦿ Outbound operations, including all fulfillment activities, warehousing and transportation to customers.
- ⦿ Order promising, accounting for all constraints in the supply chain, including all suppliers, manufacturing facilities, distribution centers, and other customers.



# Supply chain business process integration

(Lambert)

- ⦿ Customer Service Management
- ⦿ Procurement
- ⦿ Product development and commercialization
- ⦿ Manufacturing flow management/support
- ⦿ Physical distribution
- ⦿ Outsourcing/partnerships
- ⦿ Performance measurement

# SCM : Stages

- ① Customers
- ② Retailers
- ③ Wholesalers / Distributors
- ④ Manufacturers
- ⑤ Component / Raw Material Suppliers

# Objectives of a SC

- To maximize the overall value generated.
- Supply chain profitability
- Look for sources of revenue and cost

# Decision Phases in a Supply Chain

- Supply Chain Strategy or Design

How to structure the supply chain over the next several years.

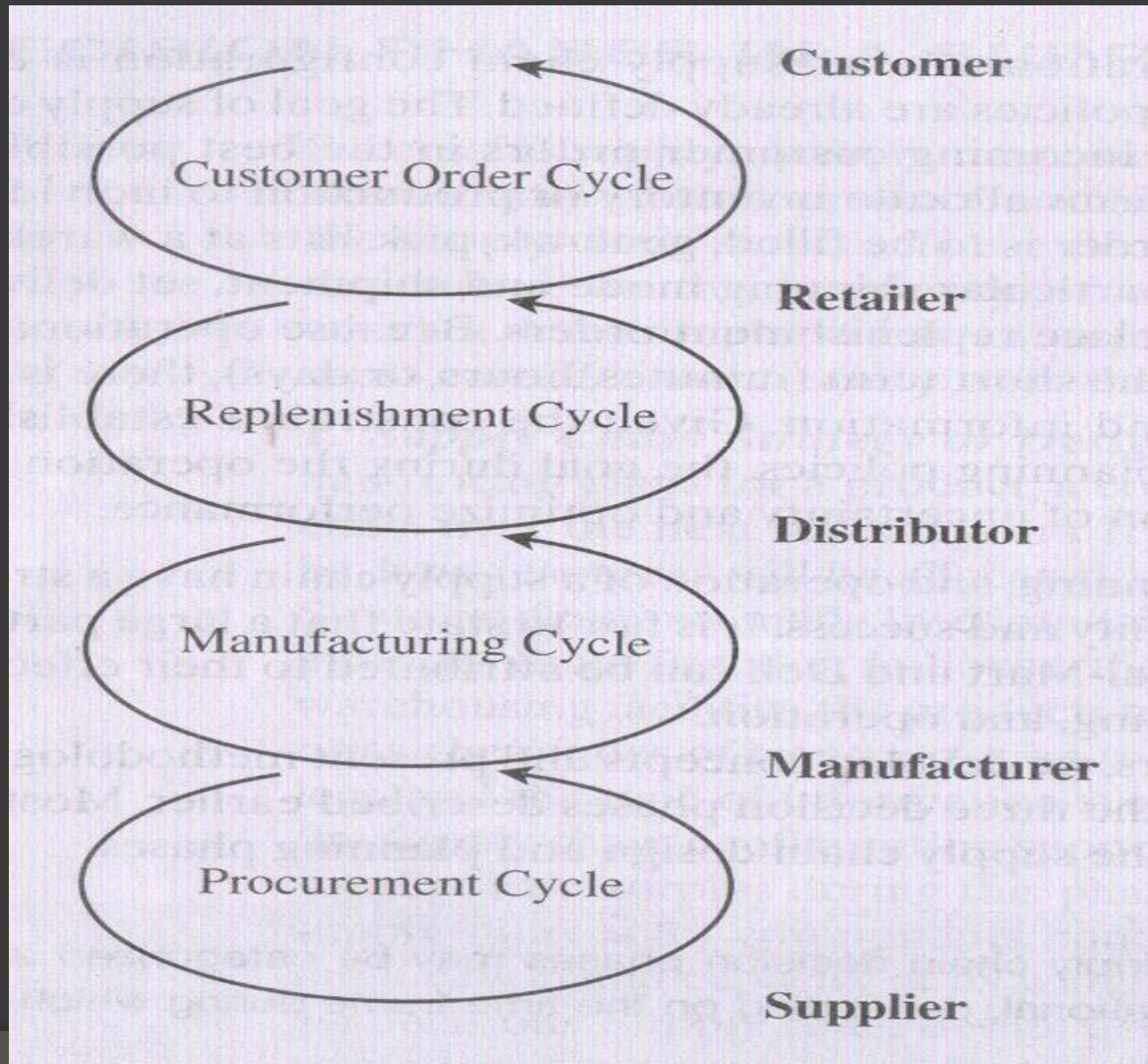
- Supply Chain Planning

To maximize the supply chain surplus that can be generated over the planning horizon given the constraints established during the strategic or design phase.

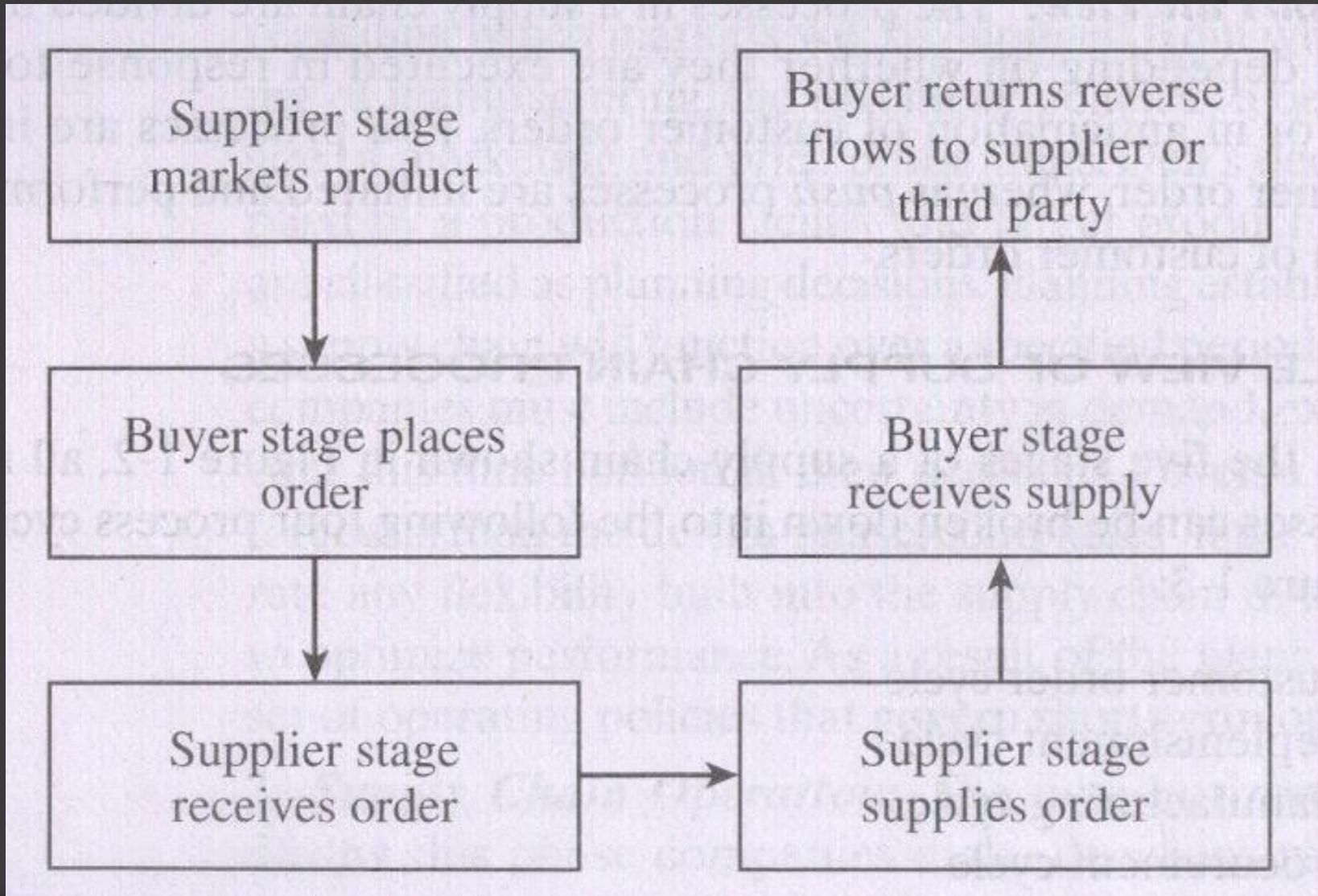
- Supply Chain Operation

To handle incoming customer orders in the best possible manner.

# Cycle View of Supply Chain Processes



# Sub-processes in Supply Chain Process Cycle



# Supply Chain Macro Processes in a Firm

- ① Customer Relationship Management (CRM)

All processes that focus on the interface between the firm and its customers.

- ② Internal Supply Chain Management (ISCM)

All processes that are internal to the firm.

- ③ Supplier Relationship Management (SRM)

All processes that focus on the interface between the firm and its suppliers.

**Thank You....**