

Supply Chain Management

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Overview

A supply chain is a network of companies and supply chain management is the implementation of cross-functional relationships with key customers and suppliers in that network. Supply chain management is not a business function, but a new business model necessary for an organization's success, and every function needs to be involved. Management must recognize that the ultimate success of an organization depends on the ability to integrate the company's network of business relationships in a mutually beneficial way. The management of this network of relationships is supply chain management. Successful supply chain management requires cross-functional integration within the firm and across the network of firms that comprise the supply chain, which leads to performance improvements that result from better management of key relationships. By understanding the supply chain management processes and how they should be implemented, management will recognize the value of more integrated supply chains and how this integration will lead to increased shareholder value and a sustainable competitive advantage.

After reading this chapter you should be able to:

- Compare and contrast logistics management and supply chain management.
- Identify the business functions necessary to successfully manage a supply chain.
- Know the supply chain management processes for product-intensive supply chains and service-intensive supply chains.
- Recognize the importance of cross-functional and cross-firm supply chain management processes.
- Explain why customer relationship management and supplier relationship management are critical supply chain management processes that form the linkages in the supply chain.
- Determine why Economic Value Added (EVA®) is a good method for measuring the overall impact of implementing a supply chain management process.
- Understand why building and managing business relationships is key for successful supply chain management.
- Demonstrate why supply chain management has become essential for a business to successfully compete.