Purchasing and supply chain management van weele pdf free download

Integrated supply chain management refers to an enterprise resource planning approach to supply chain management. A business facilitates relationships with all of its suppliers and manages all distribution and logistics activities through a centralized system rather than having multiple systems within the organization. Concentrated professional expertise and cost efficiency are core benefits of the integrated supply chain process, but developing collaboration is an obstacle. Integrated supply chain management involves using a centralized system for a company's logistics and transportation activities to facilitate collaboration, improve efficiency and save on costs. Supply chain management (SCM) is a coordinated system of managing the transportation and logistics activities in a manufacturing, wholesale or retail business. The primary purpose of SCM is to optimize efficiency in supply chain distribution activities. Historically, each supply chain member took a concentrated view of its role in moving goods to the next stage. With an integrated supply chain model, all chain members collaborate with the end goal of delivering the best value to consumers. A primary benefit of integration in supply chain management is that your top professionals in this area coordinate all supply chain activities. This centralized approach leads more streamlined and efficient activities, as well as implementation of industry best practices in supply chain functions. Development of supplier relationships, acquisition of goods, storage, logistics and transportation are among the primary activities managed in an integrated supply chain. Rather than each division or department in the company overseeing its own activities, the integrated team communicates with leaders in each area to manage these activities. Relationships with vendors normally are stronger with integrated SCM as well. Another major advantage of an integration in supply chain management is cost efficiency. In some cases, suppliers treat multiple buyers in the same company as separate buying entities. This treatment limits your ability as a business to save on bulk buying. With an integrated system, you are one buyer purchasing larger volumes of goods, which enables you to get lower prices. The company also is able to have a smaller, dedicated staff in its SCM function than it likely would if it were paying people in all divisions or departments to manage activities. Despite clear benefits to companies that integrate supply chains, there are concerns and drawbacks. Building any type of ERP system in a company that doesn't have a collaborative culture is difficult. Division and department leaders often are leery of sharing processes and resources. Also, integration requires a strong technology infrastructure and the sharing of critical company data with trusted suppliers. Such sharing exposes the company to suppliers that don't treat inventory data and company operations information confidential. Electronic supply (e-supply) chain management is the evolving process of managing different supply streams in a digital landscape. It’s a term that sounds fancy, but what does it actually mean? Supply chain management is as old as business itself and has been used in every field since before it had a name. To properly run a business, you must make sure that you have the correct stock, the ability to replenish inventory when you need to and knowledge of how much you need to upcharge on your inventory to turn a profit. Before the age of the internet, managing a supply chain was a relatively simple, linear process. You would place orders with vendors, and your supply would not be a 1:1 ratio. Instead, you would use previous numbers to guess at what an appropriate level of stock was. With technology advancements, it is no longer necessary to do so much guesswork in inventory and supply chain management. So what, exactly, is an e-supply chain, or e-scm? Simply put, it is the method of managing a supply chain online. It takes the concept of electronic business (e-business) and marries that with supply chain management (SCM). With an electronic supply chain, you have a new set of pros and cons different from those in traditional supply chain management. Communication via email and messaging programs allows people to share their needs instantaneously. Electronic supply chain programs also allow your inventory to automatically update after stock leaves your POS system. Some systems allow you to set automatic ordering once you have a certain level of stock. In rare cases, this could even allow you to have a 1:1 ratio of replacement and not need to rely on physical storerooms or warehousing. The key to successful e-supply chains is excellent communication between all links of the chain. For older, established businesses, it is advisable to create an e-business strategy to complement your traditional revenue streams. If you are just starting out building your business, you should be aware that an e-business strategy is imperative for your venture’s success. Electronic supply chain management (e-SCM) has six significant components. An effective e-SCM policy has a few separate parts that work in congress with each other. The first of these is e-procurement. E-procurement is any business-to-business, business-to-consumer and business-to-government method to purchase and sell supplies, services and other goods through the internet. Depending on how you must source your product, this can also include information networking. Business-to-business e-procurement describes the process of your business buying from another business. For example, if you buy widgets that go into your final product from A Corporation, you are engaged in a business-to-business relationship. Using an online supply management system will allow you to order parts more effectively and would be considered an e-procurement system. The next of the six steps in E-SCM are replenishment systems. The idea of replenishment is more commonly understood than various types of e-procurement are. When you are ordering to replenish stock online, you are typically engaging in a replenishment process. Your inventory will explain the movement from upstream (warehouses) to downstream (main store or shipping locations). A successful replenishment system will keep stock flowing through your supply chain and help maintain standard amounts of product. Collaborative planning is an easy term to understand. The basic concept is planning in collaboration with others, which is essential to successful SCM of all kinds. In e-SCM, the cooperative players in planning sessions should represent every area of your supply chain. That includes people representing the software and hardware you need, sourcing for raw materials (if applicable) and any departments that have a hand in supply. When conducting a planning meeting, you should ensure that you have a project manager with a good understanding of all the moving parts of your business. This planning manager needs to be able to conduct meetings efficiently, including enforcing time-management during the session. Collaborative design is more critical now than it has ever been in the past. Cooperation tells potential customers that your business is friendlier and more comfortable to work with. This business strategy of collaborative product design/development (CPD) is the process of collecting applications that allows multiple organizations the ability to work together during your product’s design and developmental stages. E-logistics is not much different than traditional logistics, at least on the surface. Your logistics specialists will plan, implement and control the flow of product and storage that will be needed for the business. They will have a complete understanding of the trail that products must travel from their point of origin to the point of consumption (the customer). Supply exchanges allow users to trade and exchange supplies. Online, this means that a user can trade items with other users on an individual level. On a business level, it ensures that there will be enough stock and raw materials on hand. If there are not, it will have a suitable replacement for whatever raw materials or stock are missing. It’s another form of resource management that is open to people who may not work together. E-SCM is widely used in warehouse/manufacturing industries. Online, the goal of a supply chain manager is to continue to add value to the products offered by their product either by better sourcing or by noting issues in the product that they can bring back to the company leaders to make the product better. Good e-supply chain management should boost customer satisfaction while ensuring a good return on the initial investment. There are five major parts to e-supply chain management: Manufacturer: Creates products per specifications. Logistics: Coordinates movement of product to customers and stocking locations. Distributors: Distributes the product to users/customers. Retailers: Locations that sell products from various suppliers. Customers: End-users of product. These five parts work within three types of “flow.” For our purposes, we use “flow” to mean a stream of information. When dealing with e-business, flow is an all-hours, every day scenario. You have product flow, information flow and financial flow that all matter for your business, occurring during the day, at night and on weekends. The three types of flow follow below. Product flow is the result of your inventory management. This includes the movement of products from the supplier to the customer. It also works in the opposite direction to keep track of customer returns. Excellent product flow management should be able to track all of your product all of the time. This makes it easier to generate reporting that can inform your business. For example, you may notice that you sell fewer boots in the summer, so your stock can afford to be lower. Lowering stock removes costs in regards to not only manufacturing but storage. Information flow is the trail of information that happens beginning with a transmitted order. Typically, this moves from the request to the supply to the customer. When you check to see if your package is on its way yet on any shipping site, you are accessing the information flow for your order. Information flow should also reach you if you are sourcing products. In large companies, it isn’t uncommon for there to be a central hub of information, such as a wiki, where everyone can make comments on a process from their department’s perspective. For a good project manager, this information is invaluable when it comes to enhancing the customer and the employee experience. Financial flow does not only work as a scenario involving money in and money out. It also focuses on any credit that your business is working with, including when you have to credit a customer for a product that they have returned. The flow of funds in and out should require regular bookkeeping to ensure that nothing is being missed. When you have good control over your financial flow, you should have enough operating capital to expand without going into too much debt. However, by following the rest of the supply chain and knowing how your financial resources have worked in the past, you may choose to take a risk on debt because you feel secure that it will pay off in the long run. Supply chain management in e-business is an accumulation of all of the moving parts that go into getting the product to customers. Your supply chain manager should have an understanding of what goes into getting your product out the door and what your customers expect from it. They should also understand time frames, costs and anything else that would affect the movement of product to customers or funds/feedback to flow from the customers to you. For example, if you have a business that sells belts, your supply management could include materials such as fabric or leather to create the strap of the belt, plastics and metal to make the buckle and the machinery needed to put the belts together. From there, you would also need to store the belts before they are sold. Once a purchase is made, the belt will be tracked from the point of sale to the customer. If the belt does not perform as expected, supply chain management also states that you follow the item’s reason for being returned. Supply chains work as a river or stream would. Products move from upstream, at their production point, down the river to the customers. There are small offshoots during the product’s trip downstream that can include add-ons, quality assurance and/or raw materials. To ensure that a supply chain is working as smoothly as possible, there should be a ledger and up-to-the-minute tracking from your point of sale (POS). In e-business, supply chains can be a 24-hour-a-day situation that requires a full-time employee capable of understanding all the moving parts and who can be counted on to respond to both coworkers and customers in a reasonable timeframe. Proper supply chain management will manage what goes into your product and track how the product performs after a purchase. Supply chain management has a few different goals and functions: Source raw materials/talent that you need to create your product. Example: Hiring talented jewelry makers. Source cost of taking the raw materials and creating the product. Example: Buying natural gemstones for jewelry. Source the cost of shipping your product to customers. Example: “Track my package” buttons. Track customer feedback, including returned items. Example: “Contact Us” buttons. Assess if pricing for the product makes sense given the costs. Example: Cost-to-benefit analysis. Make changes to the supply chain as needed. Example: Acting on the information from that analysis. From this breakdown, you can see that sourcing is half of the job when it comes to supply chain management. The other half of the job is assessing how well or poorly the product is doing by taking customer feedback to assure that customers are getting what they ordered and finding out if the ends justify the means. You may lower or raise your prices as a result of the information gleaned from supply chain management.

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