SUPPLY CHAIN MANAGEMENT

LESSON 2: DECISION PHASES IN SUPPLY CHAIN

By Fazeeda Mohamad
Faculty of Industrial Management
fazeedamohamad@ump.edu.my
Chapter Description

• **Aims**
  – To provide students with better understanding on decision phases in supply chain and the value chain competitive strategy

• **Expected Outcomes**
  Students should be able to:
  – Determine the decision phases in supply chain
  – Explain process view of supply chain
  – Explain value chain and competitive strategy

• **References**
Chapter Outline

2.1 Decision Phases in Supply Chain
2.2 Process View of Supply Chain
2.3 Value Chain & Competitive Strategy
LEARNING OUTCOMES

1. To determine the decision phases in SC
2. To explain the process view of Supply Chain
3. To explain the value chain and the competitive strategy
Decision Phases In SC

SC strategy/design
- Long term planning
- Structure the company’s SC
- e.g. sourcing, location, facility, capacity, transportation, etc.

SC planning
- Short term planning with short term operating policies (max: one year planning)
- Goal: maximize SC surplus

SC operation
- Daily/weekly planning
- Focus: handling + meeting customer order
SC Process View

- Cycle View
  - Series of cycle

- Push/Pull View
  - Made to order (responsive)
  - Made to stock (projected)
SC Cycle View

Customer order cycle (customer-retailer)

Replenishment cycle (retailer-distributor)

Manufacturing cycle (distributor-manufacturer)

Procurement cycle (manufacturer-supplier)
Supply chain processes are:

- **Customer Relationship Management (CRM)**
  - *Approach to manage interactions between companies and customers*

- **Internal Supply Chain Management (ISCM)**
  - *Activities in companies that provide products to customers*

- **Supplier Relationship Management (SRM)**
  - *Strategic planning and management in all dealings with third parties supplying goods or services by maximizing the value of such interactions.*
Value chain

• Combination of 9 activities that work together within any business to provide value for customers (Porter, 1985).
Value chain and competitive strategy

Creating values to fulfill customers’ desire

Emphasis at the downstream

May focus at specific industry and deliver the valued products according to market demand
Conclusion #1
- Different levels of decision phases of SC give different impacts based on the timeframe.

Conclusion #2
- SC process view are divided into 2; cycle view and push/pull view

Conclusion #3
- The goal of value chain to create value that exceed the customers demand by creating competitive advantage