

# SUPPLY CHAIN MANAGEMENT

## LESSON 2: DECISION PHASES IN SUPPLY CHAIN

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# 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**
  - Chopra, Sunil, and Peter Meindl. (2016) *Supply Chain Management: Strategy, Planning, & Operation*. 6th. Ed. Upper Saddle River, NJ: Prentice Hall.



# Chapter Outline

2.1 Decision Phases in Supply Chain

2.2 Process View of Supply Chain

2.3 Value Chain & Competitive Strategy



# LEARNING OUTCOMES

To determine the  
decision phases in SC

1



2

To explain the  
process view of  
Supply Chain



**Objectives**

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

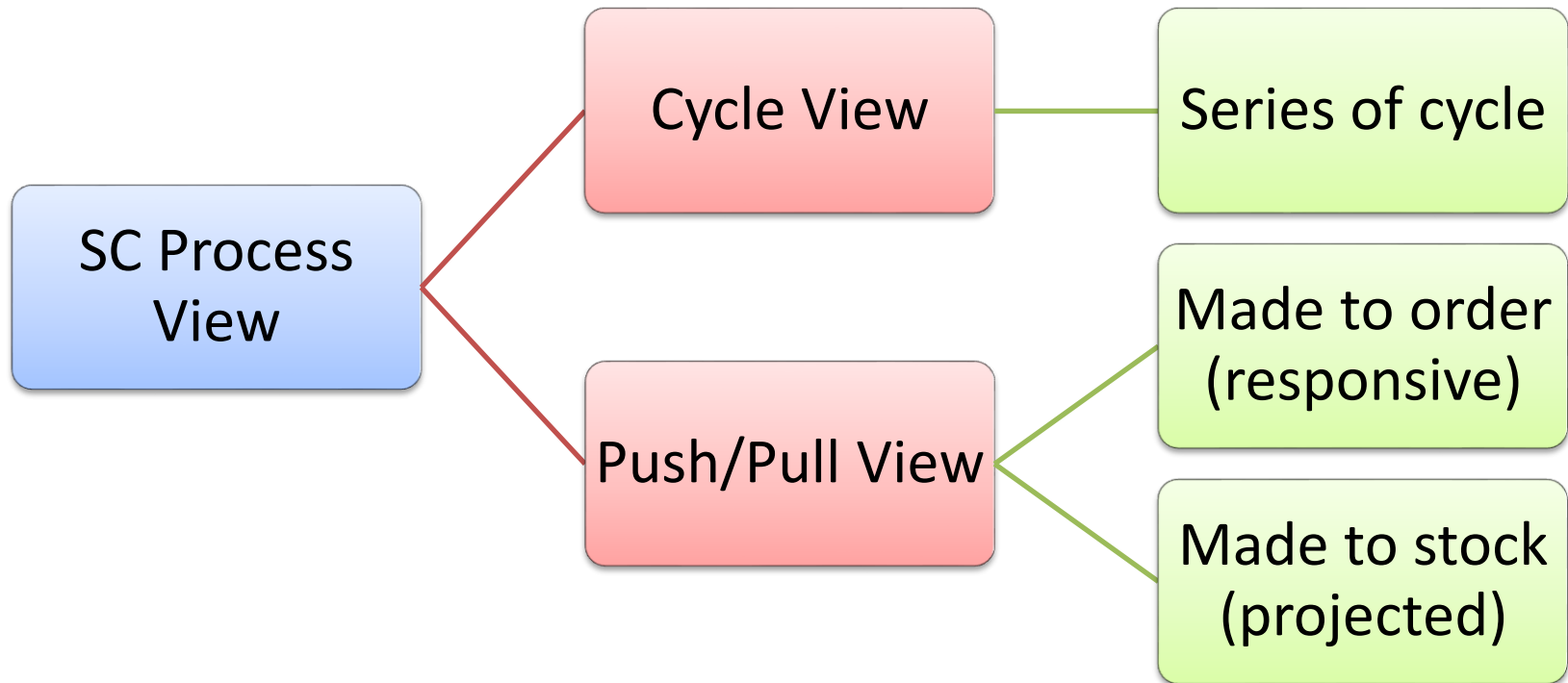
- Short term planning with short term operating policies (max: one year planning)
- Goal: maximize SC surplus

## SC operation

- Daily/weekly planning
- Focus: handling + meeting customer order



# SC Process View



# SC Cycle View

Customer order cycle (customer-retailer)

Replenishment cycle (retailer-distributor)

Manufacturing cycle  
(distributor-manufacturer)

Procurement cycle  
(manufacturer-supplier)



# SC Macro Processes in a Firm



Supply chain  
processes are

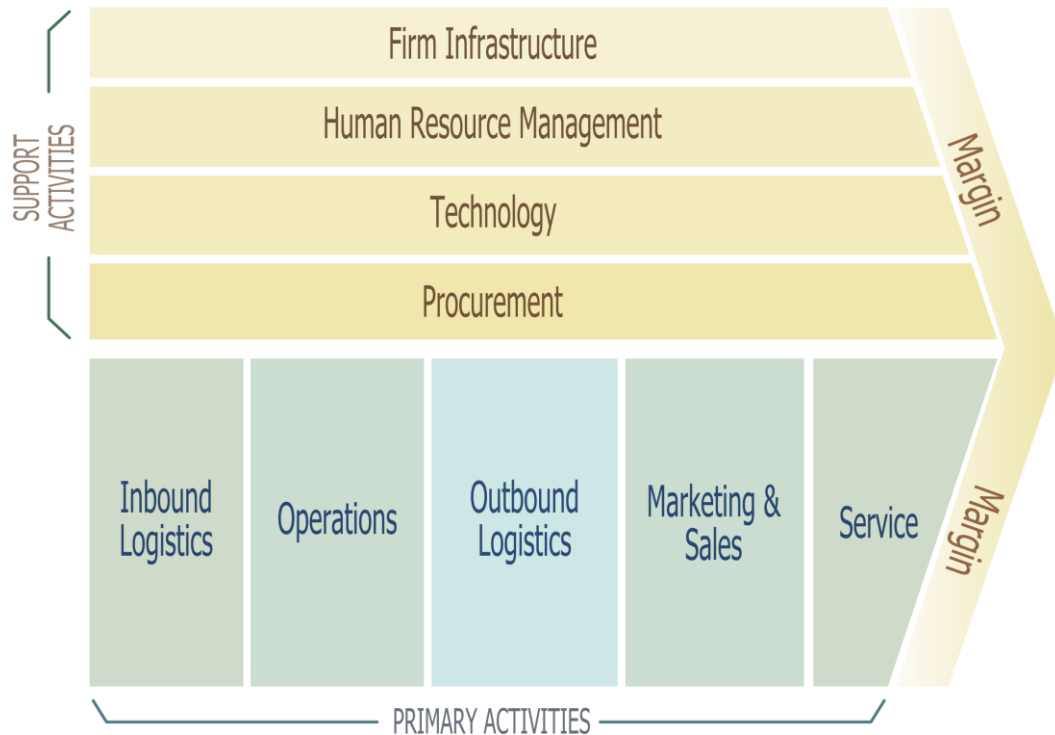
- Customer Relationship Management (CRM)
  - *Approach to manage interactions between companies and customers*
- Internal Supply Chain Management (ISCM)
  - *Activities in companies that provide products to customers*
- Supplier Relationship Management (SRM)
  - *Strategic planning and management in 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



# Conclusion of The Chapter



- **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