

SUPPLY CHAIN MANAGEMENT

LESSON 3: SUPPLY CHAIN PERFORMANCE

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Chapter Description



- Aims
 - To deliver knowledge on how the supply chain drivers contributes to achieve strategic fits in supply chain
- Expected Outcomes
 - Students should be able to
 - Define the competitive strategy
 - Elaborate the steps to achieve strategic fit
 - Determine the challenges in achieving and maintaining strategic fit
- References
 - Chopra, Sunil, and Peter Meindl. (2016) Supply Chain Management: Strategy, Planning, & Operation. 6th. Ed. Upper Saddle River, NJ: Prentice Hall.

Content

3.1 Definition Competitive Strategy

3.2 Achieving strategic fits

3.2.1 Definition

3.2.2 Steps in achieving strategic fit

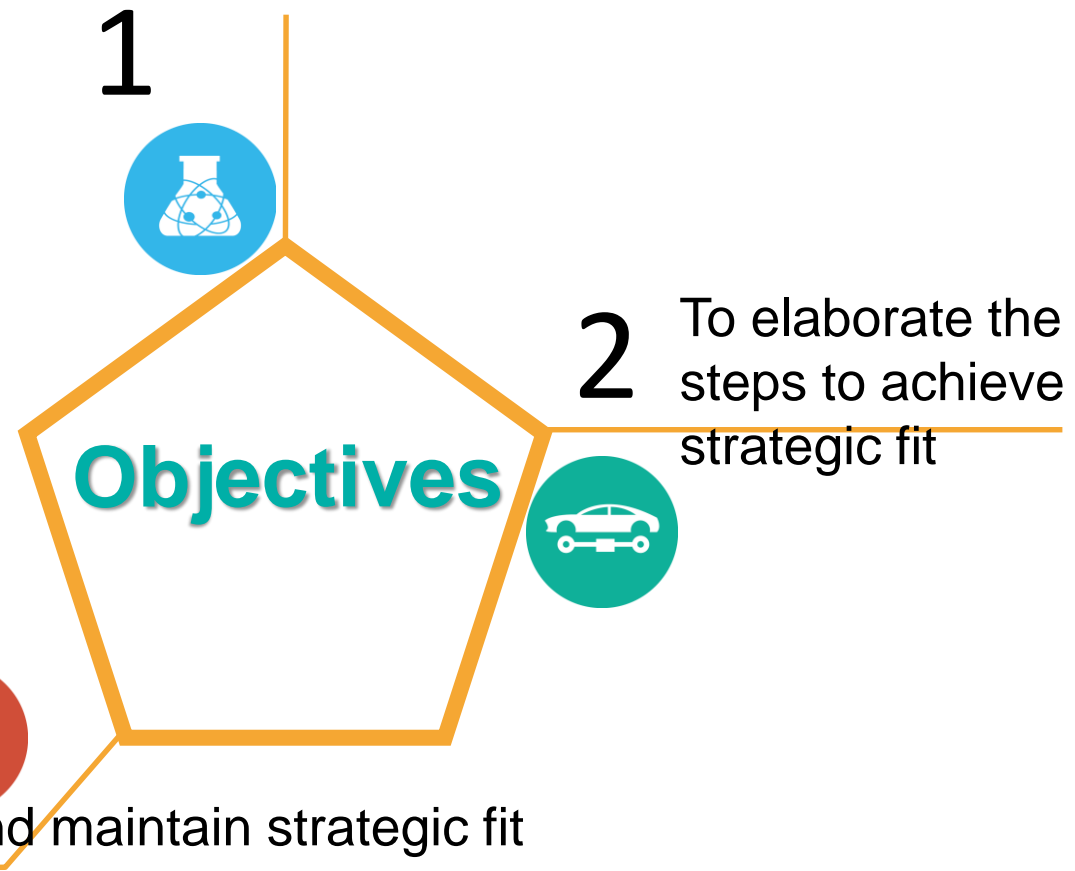
3.2.3 Responsiveness vs Efficiency

3.3 Challenges to achieve and maintaining strategic fit



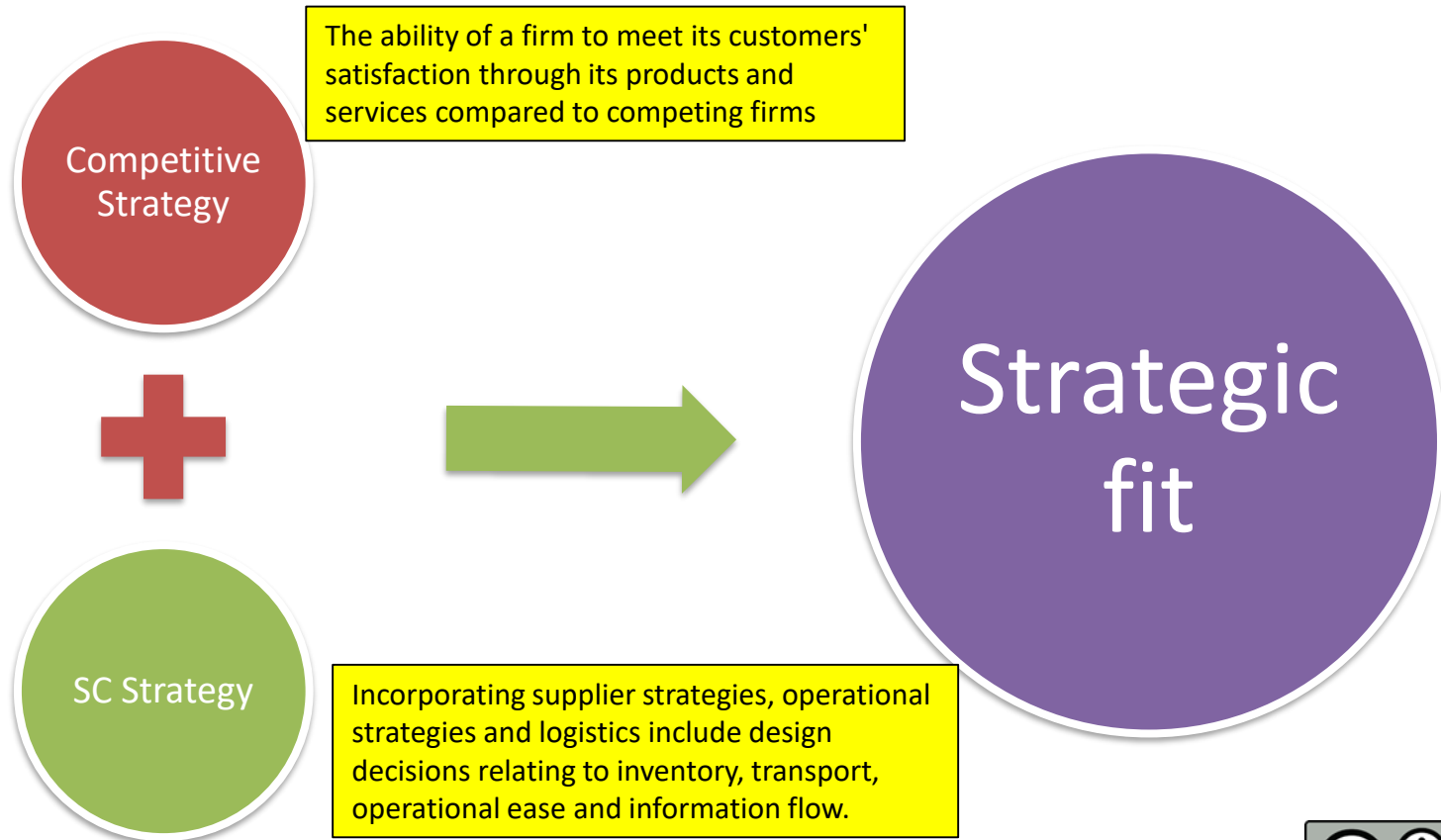
LEARNING OUTCOMES

To define
competitive strategic



- To determine the challenges to achieve and maintain strategic fit

What is Strategic Fit in SC



Steps in Achieving Strategic Fit

Understand SC uncertainty and customer needs

Understand what customer wants

Be prepared to any unpredictable demand and supply



Identify SC Capabilities

Different SC activities performed different task

All tasks need to be performed



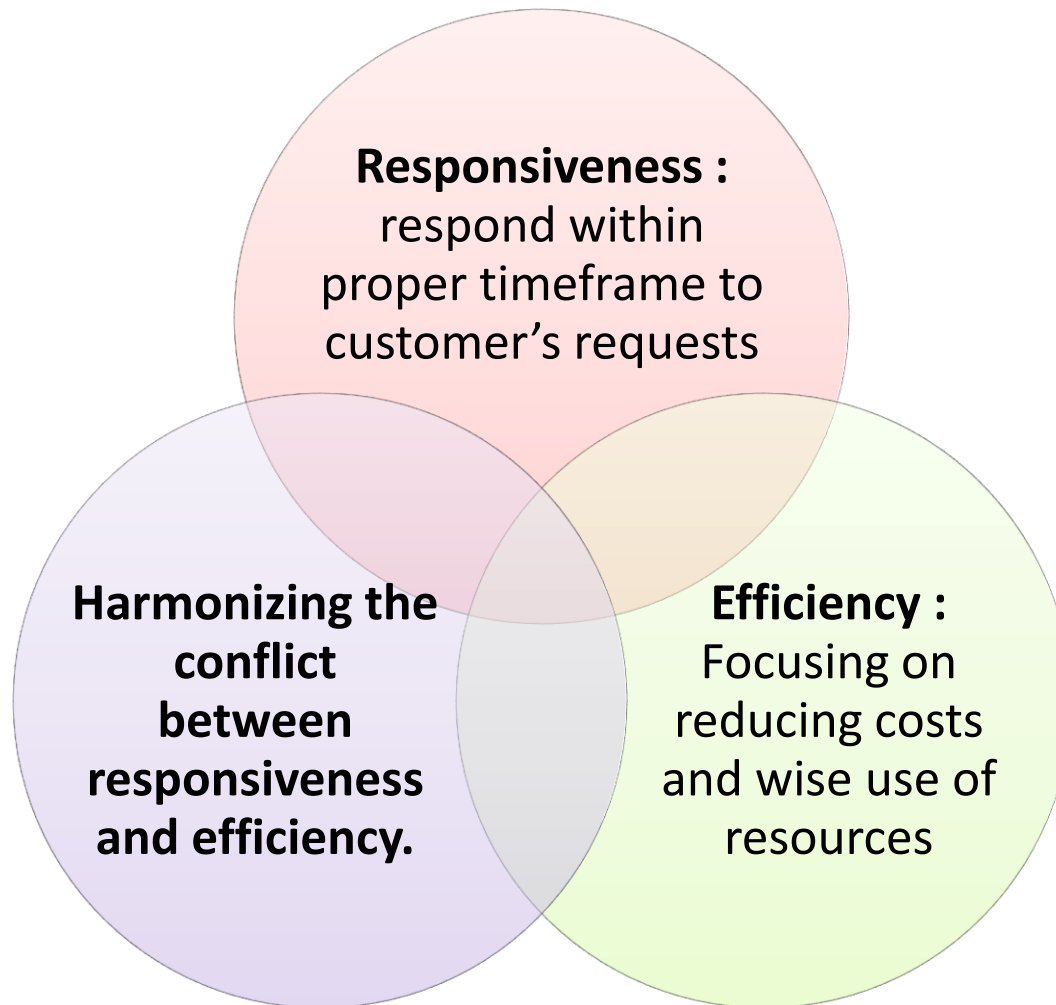
Achieve the strategic fits

Restructure SC

Alter competitive strategy



Responsiveness vs Efficiency



Source : Wikipedia



3 KEY STEPS TO ALIGN SUPPLY CHAIN AND BUSINESS STRATEGY

1. Understand customers specifications
2. Company's roles should be described clearly in serving customers
3. Develop SC competencies in supporting the company's roles

Supply Chain Drivers	Responsiveness	Efficiency
1. Facility	<ul style="list-style-type: none"> • Many location close to customers • Surplus Capacity • Flexible • Many small factories 	<ul style="list-style-type: none"> • Few central locations, serve wide areas • Lean Manufacturing, small capacity • Narrow focus
2. Inventory	<ul style="list-style-type: none"> • High inventory levels • Extensive range of items 	<ul style="list-style-type: none"> • Low inventory levels • Fewer items
3. Transportation	<ul style="list-style-type: none"> • Regular shipments • Fast and flexible mode 	<ul style="list-style-type: none"> • Few shipments, large quantity • Slow, low-cost modes
4. Information	<ul style="list-style-type: none"> • Collect & share timely, precise records 	<ul style="list-style-type: none"> • Cost of information drops while other costs rise
5. Sourcing	<ul style="list-style-type: none"> • Sourcing from overseas • Accurate demand information 	<ul style="list-style-type: none"> • Sourcing from home country • Cost advantage
6. Pricing	<ul style="list-style-type: none"> • Premium or higher price 	<ul style="list-style-type: none"> • Low cost leadership



CHALLENGES TO ACHIEVE AND MAINTAINING STRATEGIC FIT

Increasing variety of products

Shrinking product life cycles

Rapid changes in customer needs and technology

Fragmentation of SC ownership

Globalization

Difficulty in executing new strategies



Conclusion of The Chapter



- **Conclusion #1**
 - A competitive strategy is the achievement of a desirable competitive position in the industry, where the industry is located. The objective is to create profitable and supportive positions in the market against the forces that determine industrial competition.
- **Conclusion #2**
 - In order to achieve strategic fit, firms need fully understand the needs of the customers as well the unpredictable in a SC
- **Conclusion #3**
 - Six challenges in achieving strategic fit can be identified as increasing products variability, shrinking product life cycle, rapid changes in technology, fragmentation of SC ownership, globalization and difficulty in implementing new strategy.

Credit to:

-Syed Radzi bin Rahamaddulla-