



## ROLE OF SUPPLY CHAIN MANAGEMENT IN SOCIETY

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### **Abstract:**

*Supply chain management (SCM) is the management of the flow of goods, flow of cash, and flow of information internally and externally of a company or a group of companies that share the same value chain. It includes the movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption; cash or credit in purchasing or selling of products or services; as well as the information that conducts those activities, such as orders, demand forecast, or even picking lists. Interconnected or interlinked networks, channels and node businesses are involved in the provision of products and services required by end customers in a supply chain. Research on sustainable supply chain management (SSCM) has attracted increased attention in recent years. Although SSCM has been studied for developed and developing countries, there has been little information about the adoption of SSCM practices in India. Supply Chain Management (SCM) is an essential element to operational efficiency. SCM can be applied to customer satisfaction and company success, as well as within societal settings, including medical missions; disaster relief operations and other kinds of emergencies; cultural evolution; and it can help improve quality of life. Because of the vital role SCM plays within organizations, employers seek employees with an abundance of SCM skills and knowledge. This paper presents the importance, objectives, role of the supply chain manager, SCM in Society etc.*

**Key words:** Supply chain Management, Sustainable supply chain management, Society.

### **INTRODUCTION:**

The term "supply chain management" entered the public domain when Keith Oliver, a consultant at Booz Allen Hamilton (now Booz & Company), used it in an interview for the Financial Times in 1982. The term was slow to take hold. It gained currency in the mid-1990s, when a flurry of articles and books came out on the subject. In the late 1990s it rose to prominence as a management buzzword, and operations managers began to use it in their titles with increasing regularity.

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## **SUPPLY CHAIN MANAGEMENT - DEFINITION**

Supply chain management has been defined as the "design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally."

**Hines** "Supply chain strategies require a total systems view of the links in the chain that work together efficiently to create customer satisfaction at the end point of delivery to the consumer. As a consequence, costs must be lowered throughout the chain by driving out unnecessary expenses, movements, and handling. The main focus is turned to efficiency and added value, or the end-user's perception of value. Efficiency must be increased, and bottlenecks removed. The measurement of performance focuses on total system efficiency and the equitable monetary reward distribution to those within the supply chain. The supply chain system must be responsive to customer requirements."

According to the Council of Supply Chain Management Professionals (CSCMP), supply chain management encompasses the planning and management of all activities involved in sourcing, procurement, conversion, and logistics management. It also includes coordination and collaboration with channel partners, which may be suppliers, intermediaries, third-party service providers, or customers. Supply chain management integrates supply and demand management within and across companies. More recently, the loosely coupled, self-organizing network of businesses that cooperate to provide product and service offerings has been called the *Extended Enterprise*.

## **OBJECTIVES**

The objective of a Supply Chain is **customer satisfaction**. The other objectives are:

- To maximize overall value generated
- To look for sources of revenue cost
- Cost quality improvement
- Shortening time to order and foster speed to market
- To meet and fulfill customers demand efficient resources
- Reduce transportation cost
- To achieve world class performance etc.

## **FUNCTIONS**

Main functions of Supply Chain Management are as follows:

- Inventory Management
- Distribution Management
- Channel Management
- Payment Management
- Financial Management
- Supplier Management
- Transportation Management
- Customer Service Management

### **ROLE OF SUPPLY CHAIN MANAGERS**

Supply chain managers have a tremendous impact on the success of an organization. These managers are engaged in every facet of the business process – planning, purchasing, production, transportation, storage & distribution, customer service, and more! In short, these managers are the —glue! that connects the different parts of the organization. Their performance helps organizations control expenses, boost sales, and maximize profits. Two additional roles focus on facilitation and collaboration. Because supply chain managers touch so many different parts of the business, they are in a unique position to help other functions execute their strategies. They are also called upon to diagnose and support the needs of external supply chain partners. Here are just a few examples of these cross-functional roles:

- Effective selection and management of suppliers support lean manufacturing processes.
- Efficient transportation & distribution practices bolster marketing campaigns.
- Timely customer communication and technology-enabled visibility allows companies to monitor product flows and collaboratively respond to potential delivery problems.

Variety of Roles = Multiple Opportunities

### **REASONS FOR SCM IN SOCIETY**

Supply chain management is necessary to the foundation and infrastructure within societies. SCM within a well-functioning society creates jobs, decreases pollution, decreases energy use and increases the standard of living. Two examples of the effect of SCM within societies include:

Hurricane Katrina – 2005 In 2005, Hurricane Katrina flooded New Orleans, LA, leaving residents without access to food or clean water. As a result, a massive rescue of the inhabitants had to be made. During the first weekend of the rescue effort, 1.9 million meals and 6.7 million liters of water were delivered.

### **FOUNDATION FOR ECONOMIC GROWTH**

A society with a highly developed supply chain infrastructure that includes interstate highways, a large railroad network, ports and airports is able to trade many goods at low cost. Business and consumers are able to obtain these goods quickly, resulting in economic growth.

## **REASONS FOR SCM IN BUSINESS**

Clearly, the impact that SCM has on business is significant and exponential. Two of the main ways SCM affects business include:

### **BOOSTS CUSTOMER SERVICE**

SCM impacts customer service by making sure the right product assortment and quantity are delivered in a timely fashion. Additionally, those products must be available in the location that customers expect. Customers should also receive quality after-sale customer support.

### **Improves Bottom Line**

SCM has a tremendous impact on the bottom line. Firms value supply chain managers because they decrease the use of large fixed assets such as plants, warehouses and transportation vehicles in the supply chain. Also, cash flow is increased because if delivery of the product can be expedited, profits will also be received quickly.

## **CHALLENGES FOR SC MANAGEMENT AND FUTURE PROSPECTS**

The challenges facing SCM as theory and practice stem from their interplay and misalignment. The research reported here reveals the substantial gaps between theory and practice. One central challenge is to the very idea of —managing the supply chain. Who could and should have this responsibility? Arguably one ideal would be a separate function independent of the existing array of functions which are partially but not fully involved. Such a developed function might act as the arbitrator of supply and demand.

A number of our respondents envisaged that this development could be supported by the maturation of the 4PL concept. Alternatively, some commentators suggest the need to redefine the purchasing role (Mehra and Inman, 2004). A related challenge is to increase the scope of SCM involvement – the —arc of integration (Frohlich and Westbrook, 2001). This can only be achieved if the enablers identified above are harnessed more effectively – the greater transparency of information and knowledge, the formation of appropriate relationships, and the design and use of appropriate measurements.

So what are the prospects for the future of SCM? There do appear to be some trends working in favour of a higher profile and a more developed role for supply management. The most important elements are as follows.

First, supply chain management can be seen as part of a wider set of trends involving outsourcing, cross-boundary working, new organisational forms characterised by flattened hierarchies, teams, empowerment and so on rather than rigid command and control (Ruigrok et al., 1999). These trends present an opportunity for the development of SCM.

Second, the trend towards outsourcing and the increasing importance of intangibles heightens the need for, and the potential of, supply chain management. As contract manufacturing

becomes the norm so the value added role of brand owners who have valued relations with customers are recognised as having important intangible assets and skills.

Third, the trend towards fragmentation and variety in product and service offerings necessitates greater thought and skill in managing decoupling points and postponement of final product composition. Hence, the drivers impelling attention to crucial issues of alignment are certainly present but this does not mean that the task is given to supply chain specialists. This indeed appears to be the source of much confusion; simply because there is an apparent need for someone to take a helicopter view of the whole terrain does not mean that this happens in practice. There are undoubtedly issues of professional status and standing intruding here. In most firms the supply chain function (in whatever guise it happens to adopt) rarely has the political standing to allow it take command of these critical strategic issues.

Fourth, globalisation necessitates greater attention to logistics and to other component elements of supply chain management. The same arguments noted above in relation to fragmentation also recur here. The need is evident; the power to respond is problematic and uncertain. The dispersion of nodes in the supply chain across the continents offers new business opportunities to freight handling companies and third party logistics providers.

## CONCLUSION

Supply chain management helps streamline everything from day-to-day product flows to unexpected natural disasters. With the tools and techniques that SCM offers, Everyone should have the ability to properly diagnose problems, work around disruptions and determine how to efficiently move products to those in a crisis situation.

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