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Supply Chain Management and its Key Components: A Study

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Introduction

Goods move from manufacturer to final user i.e. consumer through a lengthy supply or distribution chain which involves middlemen. In modern marketing, supply chain is longer as contact between producer and consumer is just not possible. The middlemen operate in the chain. As a result, producer as well as consumer are suffering losses. It is desirable to make the supply chain shorter as well as efficient so that consumers will get right quantity, at right place and at right price. The word supply chain is used in relation to physical distribution and marketing logistics.

Objective of the Study

The broad objective of the paper is to study about the eight key components of the supply chain management process.

Process of Supply Chain Management

There are eight key components to the process of supply chain management. The each of the eight supply chain management process component has both strategic and operational element- that is, a strategic element in which the firm establishes and strategically manages the process and an operational element in which the firm executes the process. The real challenge for the manager is to integrate these processes both internally and externally with key partners in the supply chain. Two key processes-customer relationship management and supplier relationship management helps companies to accomplish such integration effectively and realise the revenue and profitability gains that inevitably follow thereafter.

The eight key supply chain management processes are

1. Customer Relationship Management (CRM): CRM is the process that provides the structure for how relationships with customers are developed and maintained. Through this process, management directly identifies key customers and customers groups to be targeted as part of the firm's business mission. Customer relationship management is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving customer service relationships and assisting in customer retention and driving sales growth. The most important component of supply chain the end user is being identified in the CRM process.

2. Customer Service Management (CSM): the customer service management process is one useful process which represents the company's face to the customer. Customer service management is tool or technique used to gather customer data, and to provide a better user client experience. This means that customer service management can take many different forms, but that it all has one very simple goal: to make the customer happy and satisfied.

3. Demand Management: is one process that balances customer requirement with supply chain capabilities. With the right process in place, management can match supply with demand properly and execute the plan with minimal disruptions. It may be noted that the process is not limited only to forecasting. It also includes synchronizing supply and demand, increasing flexibility and reducing variability. Demand management entails controlling all of those practices that increase demand variability. It also effectively coordinates marketing requirement and production plans of the company.

4. Order Fulfilment: This supply chain process involves more than just filling orders. It also encompasses all activities necessary to define customer requirement, design a network and enable a firm to meet customer requests while minimizing the total delivered cost. While much of the actual order fulfilment work will be performed by the logistics function, the process needs to be implemented cross functionally and coordinated with key suppliers and customers. The objective is to develop a system from the supplier to the firm, and then on to various customer segments.

5. Manufacturing Flow Management: Manufacturing flow management process includes all activities necessary to obtain, implement, and manage manufacturing flexibility in the supply chain and to move product through the plants. The ability to make a wide variety of products in a timely manner at the lowest

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possible cost is one outcome of this process. To achieve the desired manufacturing flexibility level, planning and execution must be extended beyond the four walls of the manufacturer and out to the supply chain partners.

6. Supplier Relationship Management: The SRM process provides the structure for how relationships with suppliers are developed and maintained. This process is a mirror image of customer relationship management.

7. Product Development and Commercialization: This supply chain management process provides the structure for working with suppliers to develop products and bring them to market. Effective implementation of this process not only enables management to coordinate the efficient flow of new product across the supply chain but also helps other members of the supply chain to ramp up manufacturing, logistics, marketing and so on. A product development and commercialization process team would work with CRM process team to identify customer needs, with the SRM process teams to select the materials and suppliers, and with the manufacturing team to develop production technology appropriate to the product/ market combination.

8. Returns Management: Returns management is the supply chain management process by which activities associated with returns, reverse logistics, gate keeping, and avoidance are managed within the firm and across key members of the supply chain. The returns management process can be implemented within a firm and across the supply chain. The process is described in terms of its sub-processes and associated activities, and the interfaces with corporate functions, other supply chain management processes and other firms.

Conclusion

Supply chain management helps companies to achieve and maintain an edge by empowering them to streamline their most important supply chain operations from the start to finish. With efficient supply chain management, the organisations can maximize cost efficiency, increase productivity and give their bottom line a boost.

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