

RIZVI COLLEGE OF ARTS, SCIENCE AND COMMERCE BANDRA (WEST)

Logistics and Supply Chain Management

Unit 1

Chapter 2 : Supply Chain Management

TYBMS

SEMESTER 5

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ROADMAP

- ▶ **Meaning of Supply Chain Management**
- ▶ **Comparison between Supply Chain management and logistics**
- ▶ **Objectives of Supply Chain management**
- ▶ **Functions Of Supply chain management**
- ▶ **Participants of Supply chain Management**
- ▶ **Bullwhip Effect**
- ▶ **Extended Enterprise**

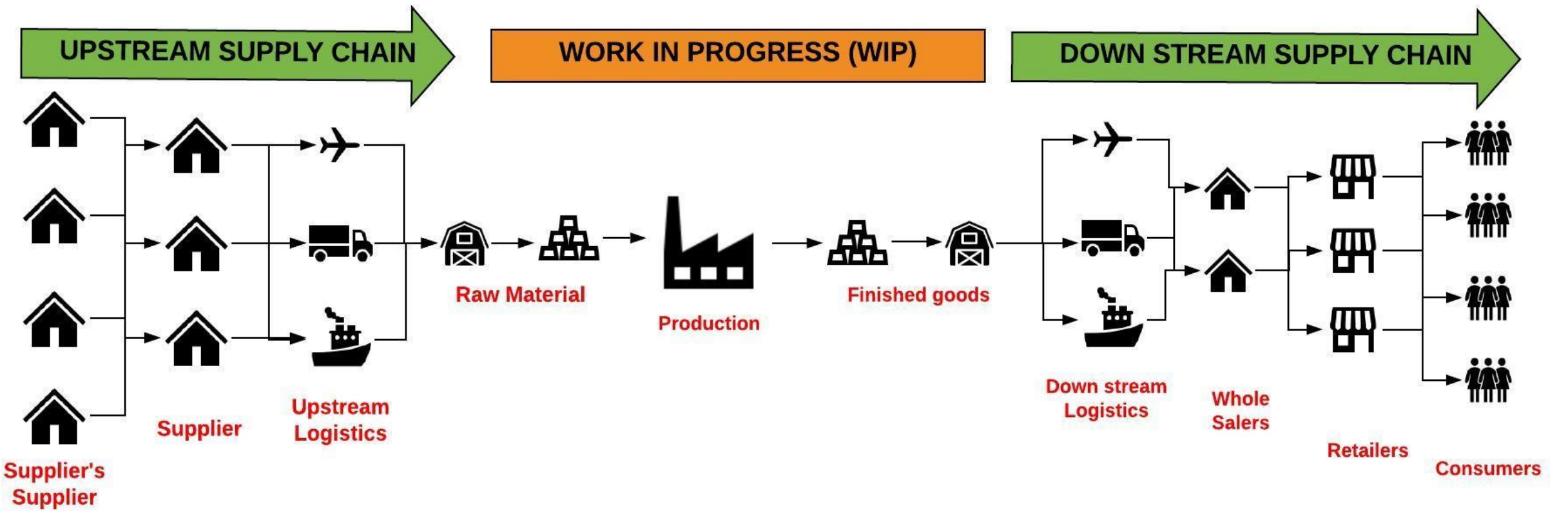


MEANING



- ▶ **Supply chain management** encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers, and customers. In essence, supply chain management integrates supply and demand management within and across companies

UPSTREAM AND DOWNSTREAM LOGISTICS



DIFFERENCE BETWEEN LOGISTICS AND SUPPLY CHAIN

▶ LOGISTICS

- ▶ Getting goods and services where they are required and when they are desired
- ▶ Logistics is a narrower concept
- ▶ It is concerned with inbound and outbound process
- ▶ Logistical activities are concerned are conducted within the organization
- ▶ It originated from military logistics
- ▶ Logistics is mainly concerned with optimizing the cash flow within the organization
- ▶ The objective of logistics is to minimize cost
- ▶ There are 2 flows: product flow and information flow
- ▶ The focus of logistics management depend upon the management of resources within the organisation

▶ SUPPLY CHAIN

- ▶ It encompasses all the activities associated with movement of goods from raw material stage to en user
- ▶ It is a broader concept
- ▶ It co-ordinates and co-operates among value chain members
- ▶ It functions outside organization
- ▶ It originated from business logistics
- ▶ It recognizes that internal integration by itself is not sufficient. So emphasizes on internal integration as well as on external integration
- ▶ The objective of SCM is to maximize profitability
- ▶ There are 3 flows: the product flow, information flow and financial flow
- ▶ The focus of SCM depend upon the management of relationship in order to achieve a more profitable outcome for all parties in chain



SUPPLY CHAIN MANAGEMENT

**Sourcing procurement
 manufacturing
 collaboration
 integration of demand and supply**

LOGISTICS

Demand and supply forecasting

Inbound and out bound logistics

Inventory management

Outsourcing

Transportation


Warehousing

Packaging

Order processing customer service



OBJECTIVES OF SUPPLY CHAIN MANAGEMENT

- **To maximize the overall Profitability**
 - **Enhancing Customer service**
 - **Reduce inventory Cost**
 - **Reduce warehousing cost**
 - **Reduce transportation cost**
 - **Reduce Lead Time**
 - **Minimizing Variance**
 - **Ensuring On-time Delivery**
 - **Reducing working Capital**
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FUNCTIONS OF SUPPLY CHAIN MANAGEMENT

- **Defining business boundaries and relationship**
 - **Managing demand and supply**
 - **Logistics**
 - **Purchasing**
 - **Selling**
 - **Manufacturing product design**
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PARTICIPANTS IN SUPPLY CHAIN MANAGEMENT



Selling Directly to Consumers



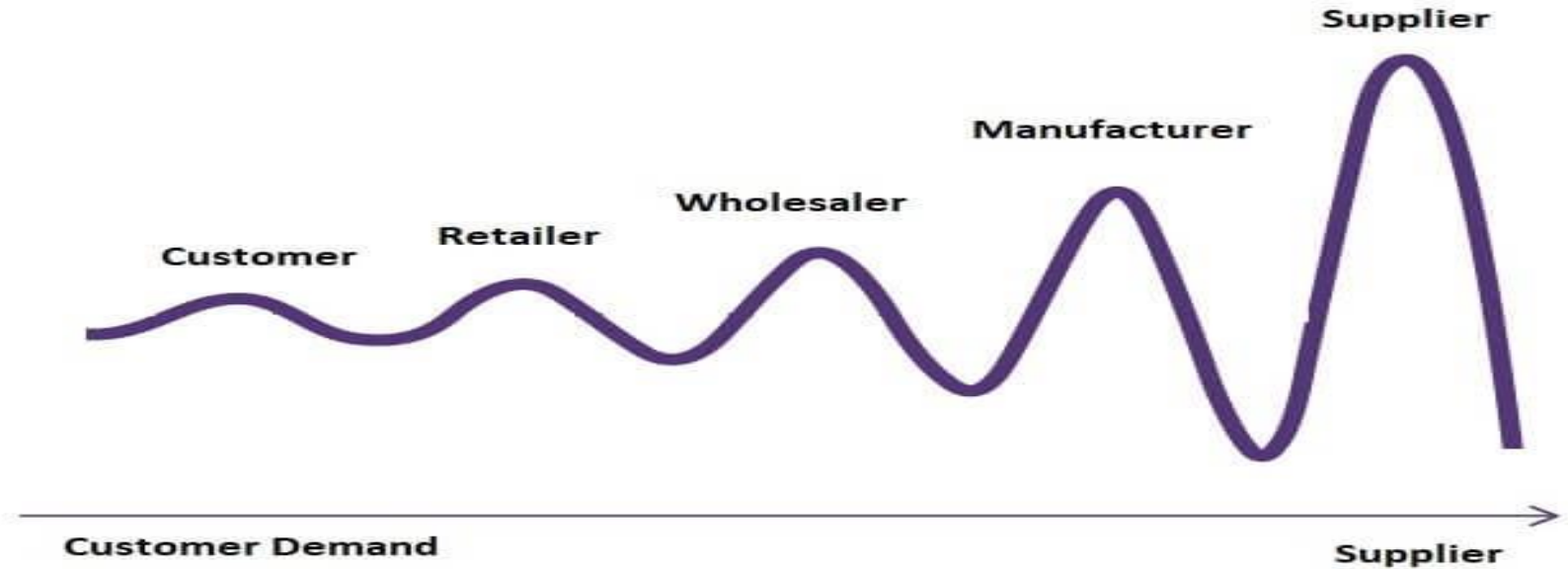
Selling through Retailers



Selling through Wholesalers



BULL WHIP EFFECT



CAUSES OF BULLWHIP

- **Lack of communication between each member in supply chain**
- **Lack of co-ordination between various supply chain members**
- **Demand and forecast inaccuracies**
- **Free return policies**
- **Delay in flow of information and material among chain members**

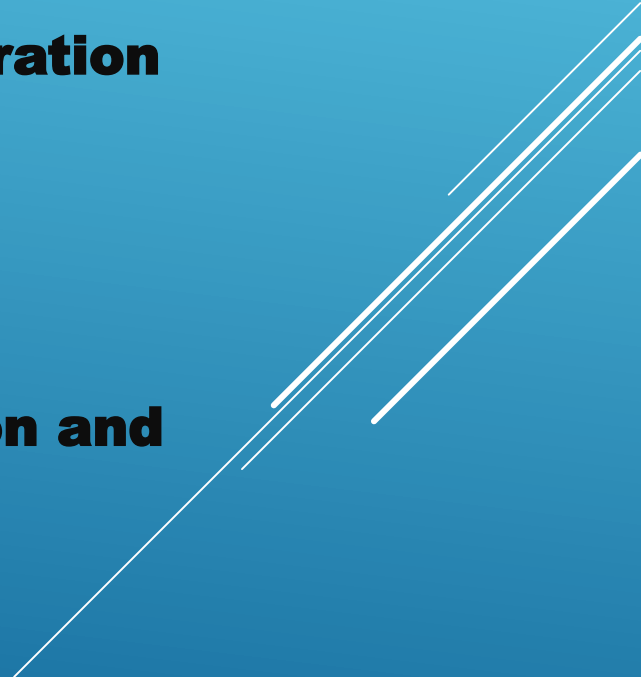
LET'S RECOLLECT

1. **Buffer stock**
2. **Procurement**
3. **Manufacturer**
4. **Wholesaler**
5. **Inventory**
6. **Bottle neck**
7. **Effectiveness Efficiency**
8. **Competency**
9. **Retailer**
10. **Supplier**
11. **Logistics**
12. **Supply Chain**
13. **Collaboration**
14. **Reverse logistics**
15. **Green logistics**
16. **Lead Time**
17. **Variance**
18. **Freight charges**

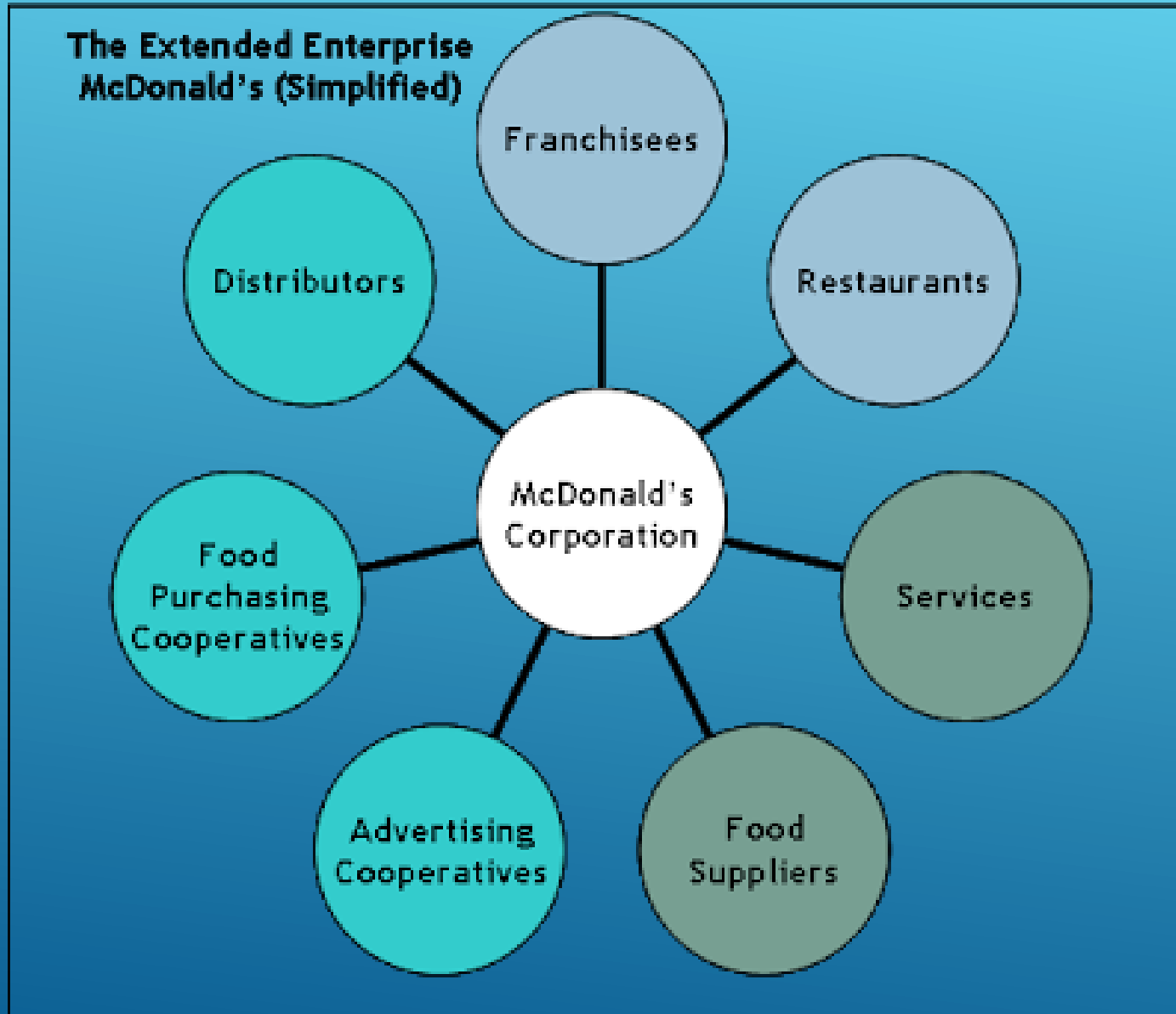


CHANNEL MANAGEMENT AND CHANNEL INTEGRATION

Benefits

- **Increase efficiency due to better co-ordination and co-operation**
 - **Improve profitability**
 - **Reduction in overall cost**
 - **Best use of available resources**
 - **Reduction in quantity gap and time gap between production and consumption**
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EXTENDED ENTREPRISE



THANK YOU

