

## **FUTURE OF SUPPLY CHAIN**

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### **Abstract**

We talk about 24 hours trading where world financial market is closely linked. Any fluctuation in one nation's economy may directly affect the financial markets worldwide. Many financial institutes are constantly involved in reducing in negative economic effects. Supply chain management is the answer to all the problems of modern world. With all the challenges associated with distributing business data, companies should look for business applications that incorporate all the information necessary to conduct business efficiently within their supply chain.

Customer's demands are fast changing, leading to reduction of life cycles of products which demands for improvements in supply chain of organizations. Supply chain management takes into consideration every facility that has an impact on cost and plays a role in making the product conform to customer requirement. Supply chain management is cost effective across the entire system and revolves around efficient integration of suppliers, manufacturers, warehouses and stores. This paper highlights the changing requirement of supply chain required in the organization.

*Keywords: supply chain, optimization, global market, strategic supply chain*

### **Introduction**

Traditionally, marketing, distributing, planning, manufacturing and the purchasing organization along the supply chain operated independently. These organizations have their own objectives and these are often conflicting. The results of their conflicting objectives are that there is not a single integrated picture for the organization as a whole. This calls for integration of all the functions with the help of supply chain management.

The need for supply chain management has risen due to several business challenges including product life cycle, mass customization, increasing outsourcing and most importantly the process of globalization has made customer very much demanding. Supply chain management perspective provides opportunities for organizations to meet

these challenges which have led to emergence of complete supply chains in all manufacturing sector and industries including service sectors. Competition between individual interposes has become transformed to competition between these supply chains. Efficient management of there supply chains has emerged as the biggest differentiating factor between a successful and unsuccessful business.

#### **Factors forcing organization to accept supply chain**

##### **Global market competition-**

Global market competition involves pressures felt by foreign competitors and opportunities gained by customer overseas. The major threat of a presence of competitor is sufficient to think about reducing cost and increasing responsiveness towards customers needs. Situation becomes severe with the use of internet, where customer gets the freedom to place orders any time and from any place in the world.

##### **Technological advancement-**

Due to volatile demand by the customers the product life cycles have become shorter and time more important, the companies needs to discover the research facilities to manufacture fast. This will help in transferring the technology from research facilities to manufacturing facilities and speed up the product modification to overcome customers changing needs.

##### **Global cost factor-**

Location of any firm directly relates to the cost factor. Earlier Low cost unskilled labour was the decisive factor in determining location but recently it was found that cost increase when the company tries to locate itself in remote areas in search of low cost labour. This calls for the integration of supply chain management to deliver products and services effectively.

##### **Economic & political environment-**

Regional trade agreement, trade protection mechanism can effect global supply chain decision. High tariffs, more subtle regulations, volume export restriction are the major reasons. Government procurement policies can affect the ability of international companies to be successful in variation markets. To have competitive advantages organization required to form supply chain management at different levels

##### **Strategic level-**

These are the decisions that will have long lasting impacts on the organization, e.g. deciding upon the number, location and capacity of warehouses and manufacturing plants, and the flow in the logistics network. Supply chain design and optimization application are used at this level.

**Tactical level-**

These decisions, like purchasing or production decision, inventory policies, transportations strategies, customer visits and scheduling are typically updated once every quarter or year. Advanced planning and scheduling application support decision at this level.

**Operational level-**

Day to day decision regarding lead time quotation, routing and truck loading are operational decision, which are typically made using MRP/ERP application.

**Current scenario**

Most organizations face a typical problem, the time it takes to procure, make and deliver the finished goods to a customer is longer than the time the customer is prepared to wait for it. The changed conditions in the global market place demand a much more agile response from the organizations and its partners in the supply chain. In the past, marketing success was based up on strong brands and innovative technologies. Today, brands and innovative are still critical but they are not enough. Winning combination are good brands and innovative techniques added with agile supply chain is capable of responding fast to volatile demand of the market.

Competitive advantage may be gained if the organization delivers the product on time. As the realization grows firm doesn't compete against firm but rather their supply chain to enhance the prospect of market leadership. This has led to an increase in the importance of agile supply chain management. Effective supply chain management has helped companies like IBM, Wal-Mart and Dell. The importance of agile supply chain management increases in industries which have more inbound partners than outbound partners, viz, automobiles, real estate, retail etc.

The major drivers of supply chain in production, inventory, location, temperature and

information which may help us to

- reduce inventory
- reduce cost
- reduce lead times
- reduce warehouse cost
- reduce speed of processing
- reduce wastes/obsolescence
- greater responsiveness to customer changes
- electronic links to supplies and customers
- continuous flow of products & information
- speeding up the development cycle.

SCM system will help companies reduce lead time, accelerate order fulfillment time, reduce inventory carrying costs, decrease transportation and increase forecast accuracy. Supply chain management professional will have to develop a new cognitive capacity that involves paying attention to the both tangible and intangible sources of knowledge and knowing. Supply chain management requires collective practices. To successfully operate in the emerging new environment, organization will have to deliver core practice that revolve around sensing and actualizing emerging business opportunities and acting in an instant to capitalize on new opportunities.

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