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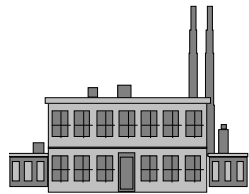
Introduction to SCM

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Logistics System



SUPPLIER



PROCUREMENT



MANUFACTURING



**PHYSICAL
DISTRIBUTION**



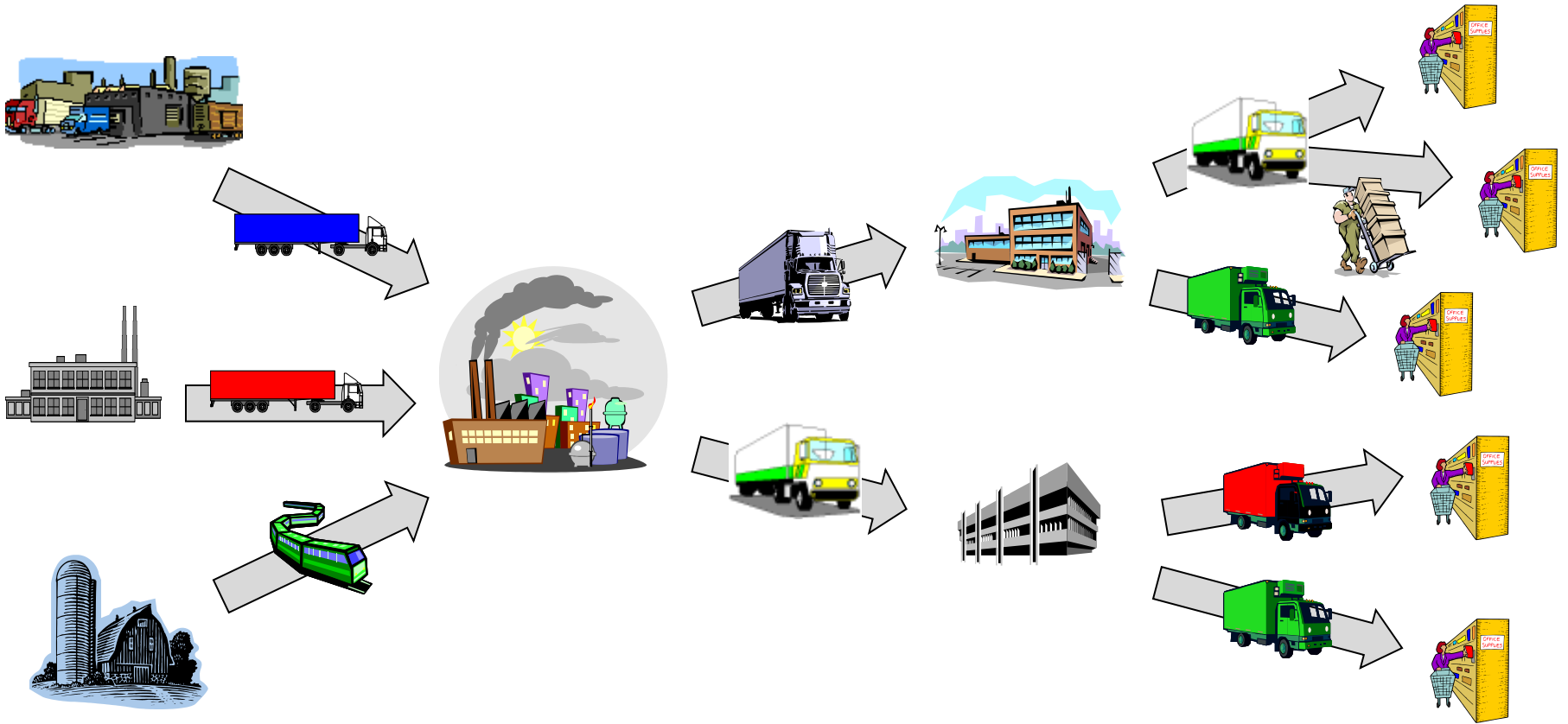
CUSTOMER



Definition

Logistics management is that part of the supply chain process that plans, implements, and controls the efficient, effective **flow and storage** of **goods, services, and related information** from the ***point-of-origin*** to the ***point-of-consumption*** in order to meet **customers' requirements**.
(Council of Logistics Management (CLM), 1986).

Flow of Logistics



SUPPLIER

CARRIER

MANUFACTURER

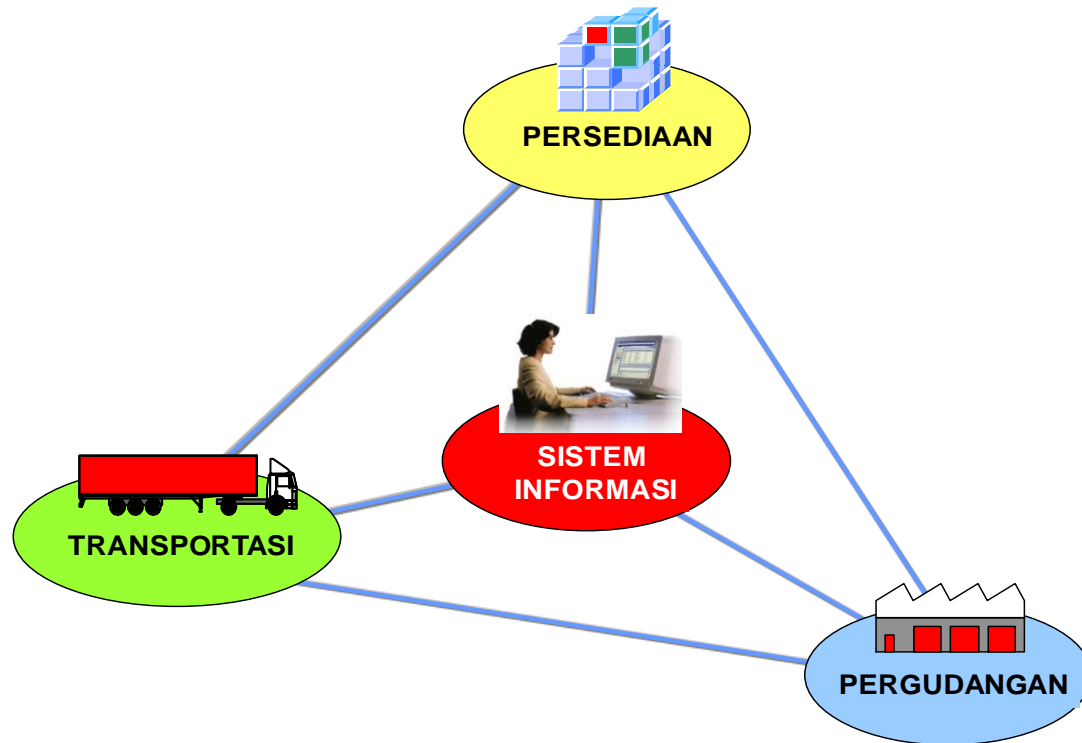
CARRIER

DISTRIBUTOR

CARRIER

CUSTOMER

Fungsi-fungsi Utama Sistem Logistik



Supply Chain

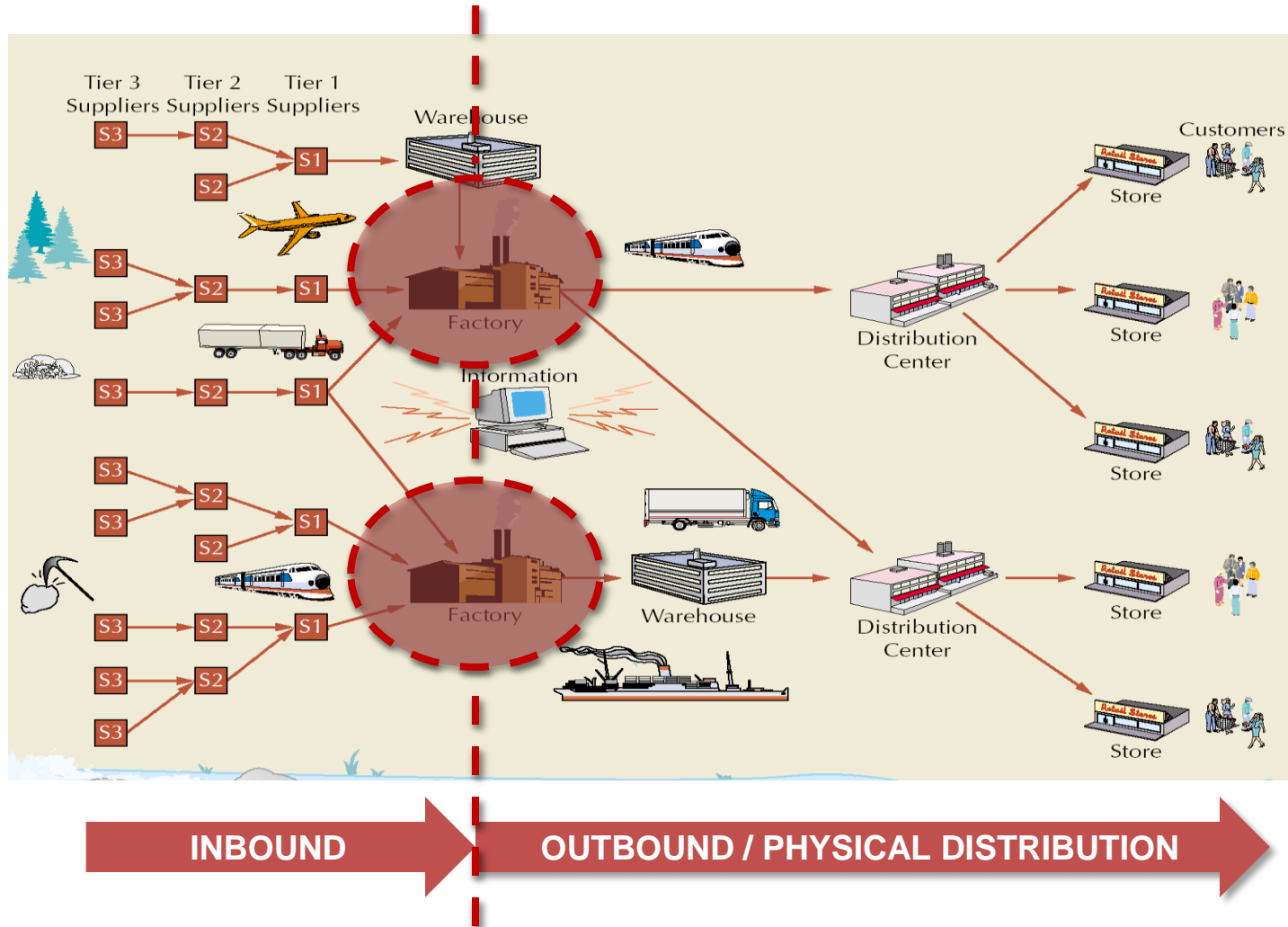
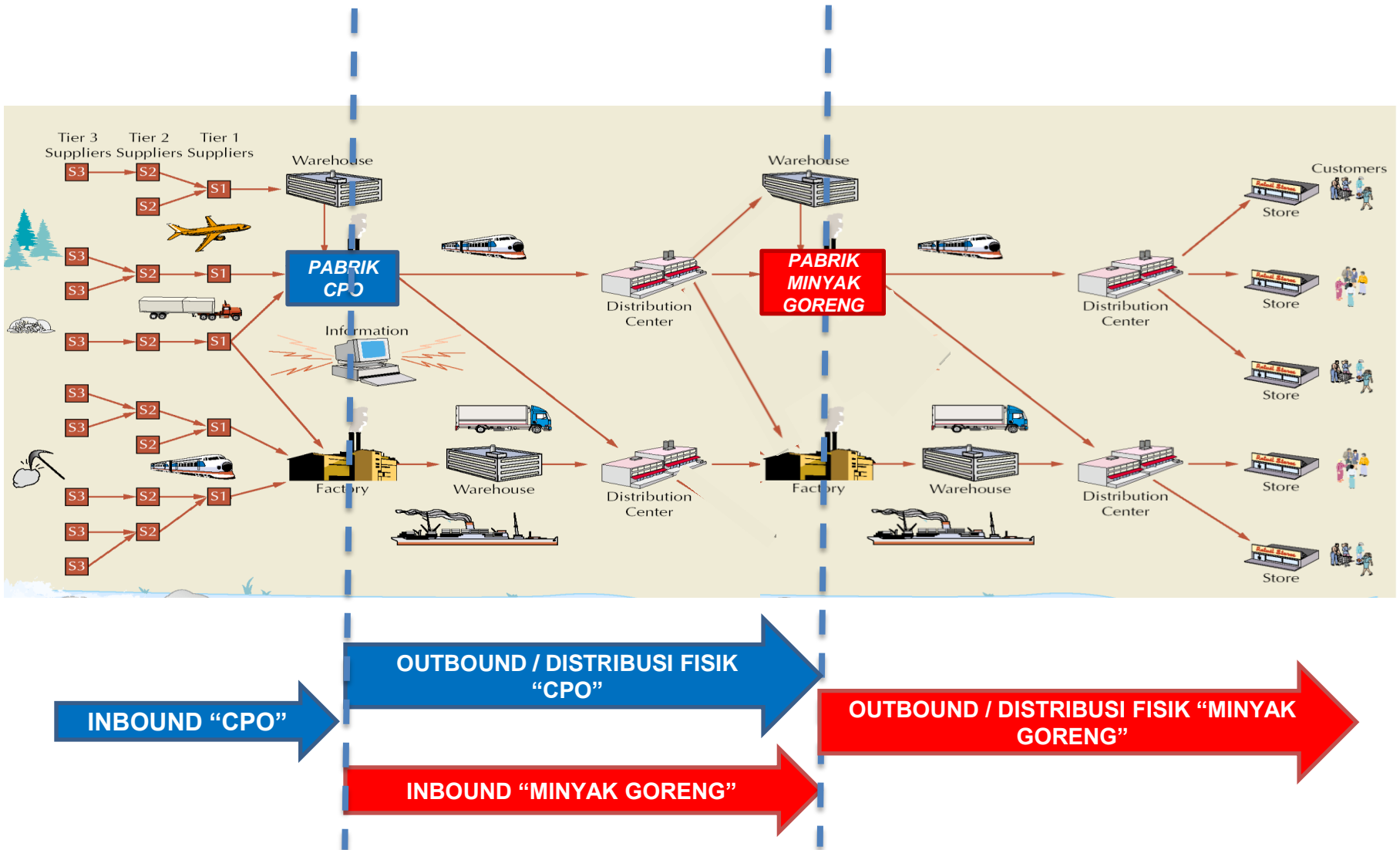


Illustration of Supply Chain

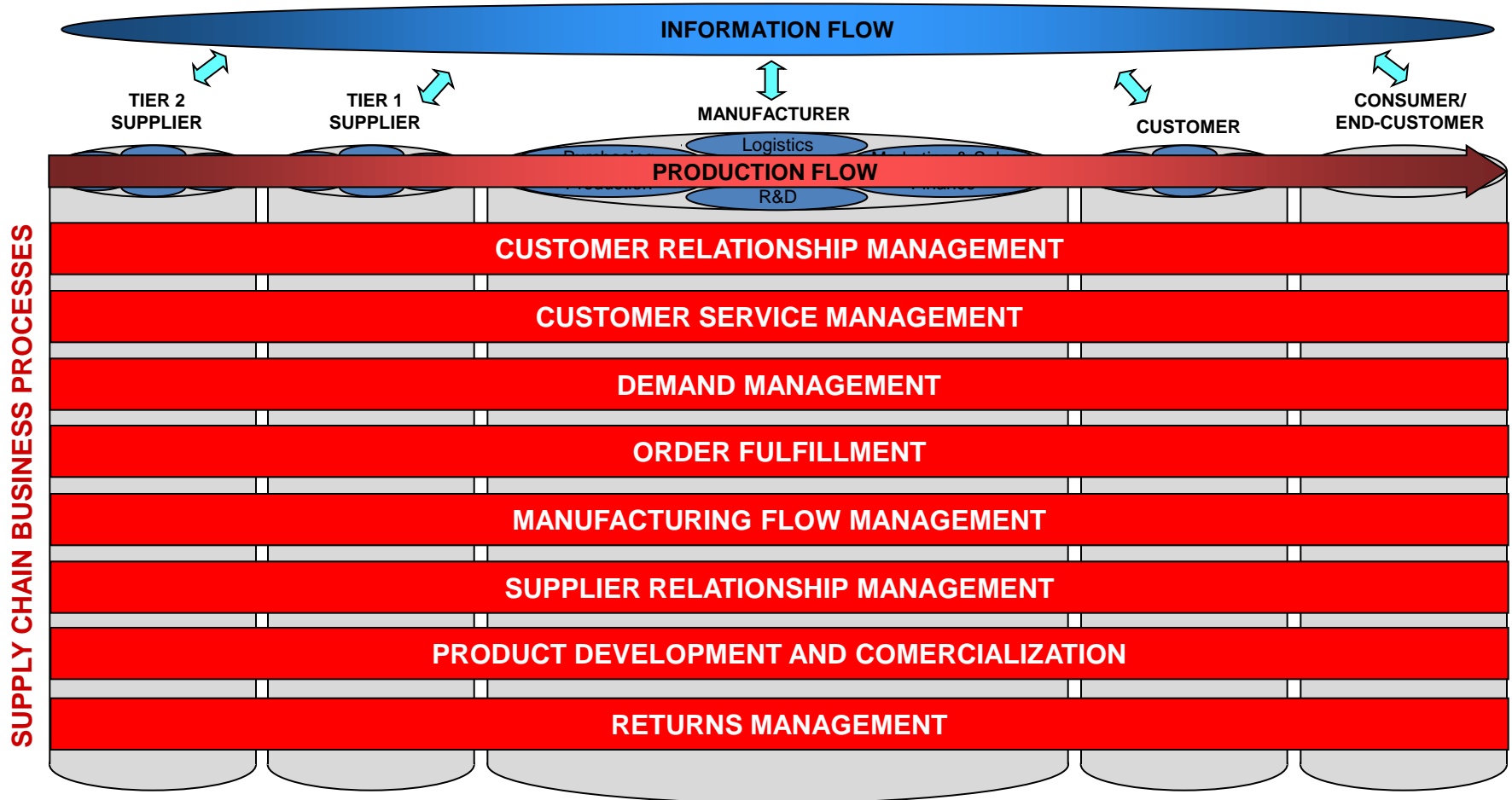


Supply Chain Management

Supply Chain Management is the **integration of key business processes** from end user through **original suppliers** that provides **products, services, and information** that add value for customers and other stakeholders
(The Global Supply Chain Forum).

SUPPLY CHAIN MANAGEMENT:

INTEGRATING AND MANAGING BUSINESS PROCESSES ACROSS THE SUPPLY CHAIN



Customer Relationship Management

- The customer relationship management process provides the structure for how the relationship with the customer is developed and maintained.
- Performance evaluations are undertaken to analyze the levels of service provided to customers as well as customer profitability.

Customer Service Management

- The customer service management is the firm's face to the customer. It becomes the key point of contact for administering the product/service agreement.
- Customer service provides the single source of customer information, such as product availability, shipping dates and order status.

Demand Management

- The demand management process needs to balance the customers' requirements with the firm's supply capabilities.
- Part of managing demand involves attempting to determine what and when customers will purchase.
- A good demand management system uses point-of-sale and "key" customer data to reduce uncertainty and provide efficient flows throughout the supply chain.



Order Fulfillment

- The key to effective SCM is meeting customer need dates.
- Effective order fulfillment requires integration of the firm's manufacturing, logistics and marketing plan.
- The design and operation of the network has a significant influence on the cost and performance of the system.



Manufacturing Flow Management [1]

- **In traditional make-to-stock firms:**
 - The manufacturing process produced and supplied products to the distribution channel based on historical forecasts.
 - Products were pushed through the plant to meet a schedule.
 - Often the wrong mix of products was produced.
- **With SCM:**
 - Product is pulled through the plant based on customer needs.
 - Manufacturing processes must be flexible to respond to market changes.
 - Changes in the manufacturing flow process lead to shorter cycle times meaning improved responsiveness to customers.



Manufacturing Flow Management [2]

- The manufacturing flow process deals with making the products and establishing the manufacturing flexibility needed to serve the target markets.
- Manufacturing flow at the operational level looks like operations management internal to the firm.
However, certain characteristics of the process are designed to integrate internal operations management with activities in the supply chain.



Supplier Relationship Management

- Supplier relationship management is the process that defines how a company interacts with its suppliers.
- Long-term partnerships are developed with a small core group of suppliers.
- The purchasing function develops rapid communication mechanisms such as EDI and internet linkages to quickly transfer requirements.
- It is important for the supplier relationships to be win-win. If both parties do not gain from the relationship, the incentive to be in the relationship is diminished and it will likely dissolve.



Product Development and Commercialization

- Supply chain management includes integrating customers and suppliers into the product development process in order to reduce time to market.
- It is critical to have the right people from the internal functional silos along with key customers and suppliers involved in the product development and commercialization process.



Returns Management

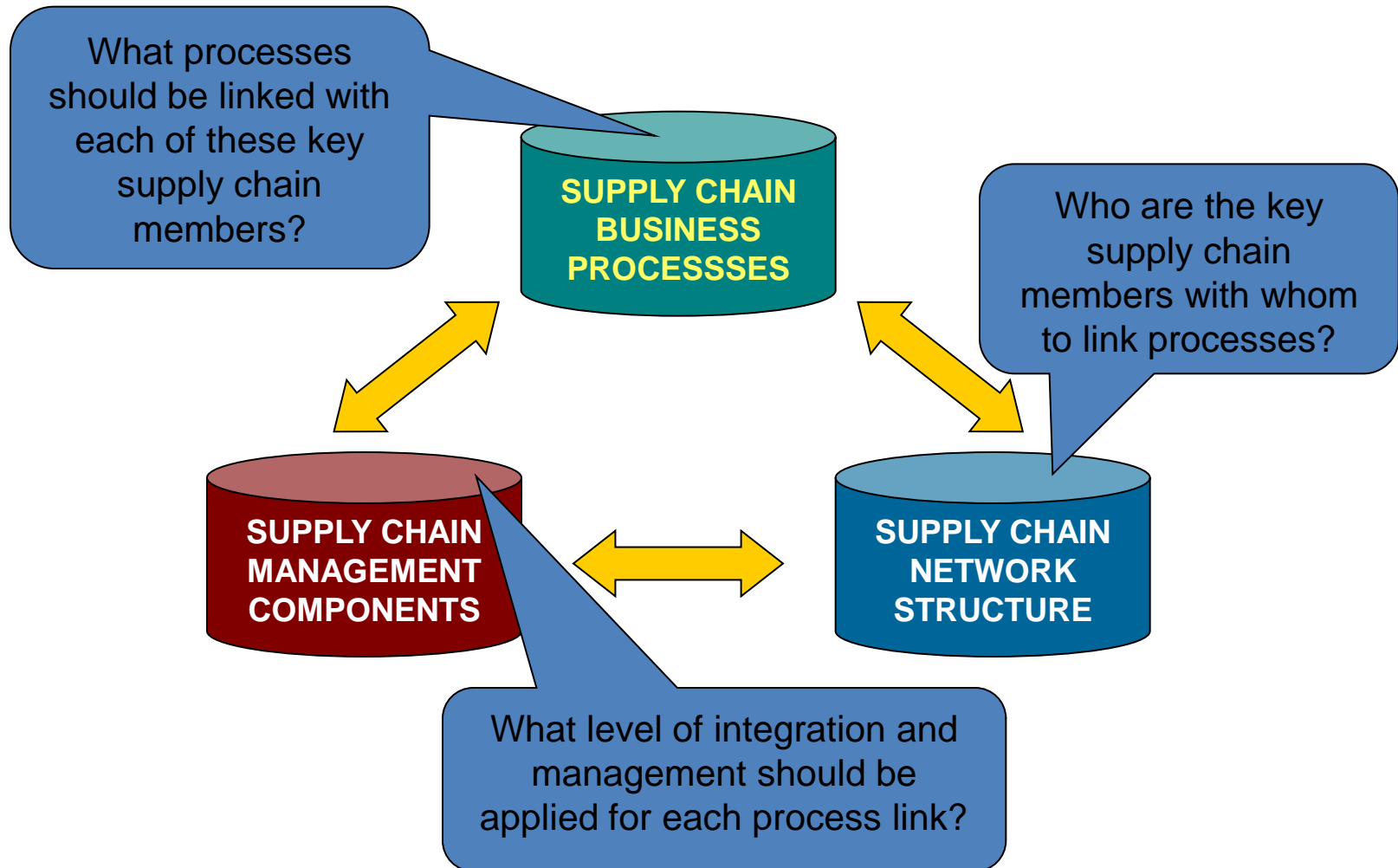
- While many firms neglect the returns process because management does not believe it is important, this process can assist the firm in achieving a sustainable competitive advantage.
- As part of this sub process, the team develops procedures for analyzing return rates and tracing the returns back to the root causes.



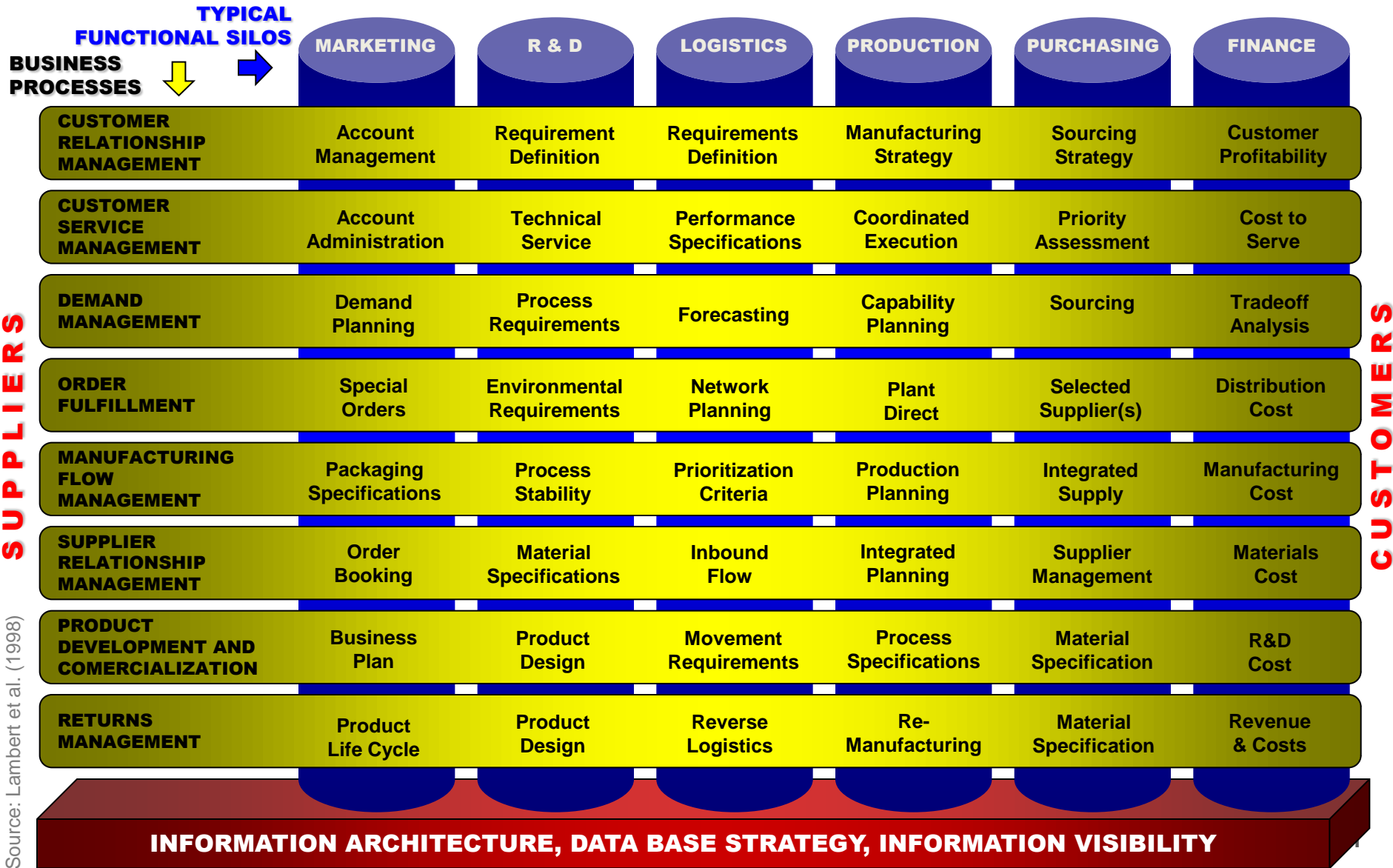
Implementing Integrated SCM

- The implementation of SCM involves:
 - identifying the supply chain members with whom it is critical to link,
 - the processes to be linked with each of these key members,
 - and the type/level of integration that applies to each process link.
- If the proper coordination mechanisms are not in place across the various functions, the supply chain processes will be neither effective nor efficient.

Supply Chain Management Framework: Elements and Key Decisions



Supply Chain Management: Implementation





SUPPLYCHAIN INDONESIA

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