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Supply Chain Management (SCM): Theory and Evolution

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1. Introduction

During last decade, researchers usually focused on Supply Chain Management (SCM) issues in profit organizations. Research objectives may include adding value, reducing cost, or slashing response time in various parties involved in the manufacturing supply chain. However, very few studies were attempted in non-profit organizations. An extremely scarce number of research papers focused on SCM in the academia (Habib, 2011, 2010e, 2010d, 2010f, 2010g).

Hay (1990) states that a profit organization attempts to maximize profits, whereas a non-profit organization considers monetary returns of less importance. Their major objectives may include improved literacy rate, better quality of life, equal opportunities for all genders or races, etc. The revenues gained by a non-profit organization would be used primarily to balance the expenditure of the organization. Due to conflicting objectives, managing a successful profit organization may be drastically different from a non-profit organization (Firstenberg, 1996; Drucker, 1992). Recently, an increasingly large number of research studies highlight the criticalness of SCM as a means to assuring organizational success.

SCM assists the business organization to compete in the dynamic international market. The objective of SCM is to incorporate activities across and within organizations for providing the customer value. This should also be applicable to the academia, which represents a type of non-profit organizations. The goal is to provide the society value by producing high quality graduates and research outcomes. An integrated educational supply chain involves coordination and information sharing up and down the process among all stakeholders. With technology facilitating information flow, a coordinated supply chain can be designed to meet the strategic, planning, and operating objectives of the educational institutions. It also means establishing effective and feasible relationships both inside and outside the organization (Sandelands, 1994).

SCM is needed for various reasons: improving operations, better outsourcing, increasing profits, enhancing customer satisfaction, generating quality outcomes, tackling competitive pressures, increasing globalization, increasing importance of E-commerce, and growing complexity of supply chains (Stevenson, 2002). Supply chains are relatively easy to define for manufacturing industries, where each participant in the chain receives inputs from a set of suppliers, processes those inputs, and delivers them to a different set of customers. With

Book Selection

Logistics and Supply Chain Management: Strategies for Reducing Costs and Improving Service
MARTIN CHRISTOPHER
Financial Times/Pitman Publishing, 1992, vii + 231 pp. £35.00
ISBN 0 273 0 3415 4

This book exposes clearly the handprints of the classical approach of managing a supply chain, and puts forward concepts as well as ideas on how to gain competitive advantage. This one chapter book is well presented, interesting and easy to read. Some basic knowledge of inventory systems, warehousing and distribution is desirable but not essential. Throughout the book Professor Christopher's aim is to demonstrate how effective logistics management can provide an important source of competitive advantage (productivity and value advantage). The challenge of logistics management encompasses three key issues which are thoroughly discussed throughout this book (cutting short the pipeline, improving pipeline visibility and managing logistics in an entire system).

The customer service dimension is covered in one whole chapter to illustrate its importance. The next two chapters discuss logistics costs and performance and competitive benchmarking. (This is a major tool in gaining competitive advantage.) How to manage the global pipeline and how to strike the correct balance between central control (information systems, network structuring, sourcing decisions, etc.) and local management (customer service, inventory and warehouse management, human resource management) is well emphasised in chapter five. The impact of longer lead time and logistics pipeline management (concept of value-adding and cost-adding activities) are also given a full chapter. Reducing the lead time gap and how to capture the information on the order penetration point, which is further up the pipeline than the actual order point, is given a lot of emphasis. Another chapter discusses the conventional approach and JIT strategic thinking. The use of logistic information systems and flexible manufacturing systems (change from economies of scale to economies of scope) are also covered. Quick response logistics when linked to JIT manufacturing and delivery shows how to produce a substantial competitive edge (cut cost, improve customer service and increase customer variation in requirements). The last chapter addresses the issue of how to manage the supply chain as a global entity. It also discusses the key features of the traditional organisation (vertical organisation) which concentrates on input and which is constrained by budget, and the logistic organisation (horizontal organisation) which is output focused and market driven. The need for integration as well as encouraging co-operation and logistics partnership as part of a steady and long term success is also well emphasised. As a summary the five major professional changes of the leading-edge logistics include: from functions to processes, from profit to profitability, from products to customers, from transactions to relationships and from inventory to information. This is discussed in the last chapter. The Xerox example is used to demonstrate how the implementation of their integrated supply chain drastically improved their competitive advantage.

This is, in my opinion, a well structured and documented book that certainly reflects the new era of logistics. Academics in ORMS as well as business/manufacturing managers and consultants will find this book full of constructive ideas that can be useful in either teaching or in assisting management in the decision process.

SADU SALIH

Reliability and Decision Making
RICHARD E. BARLOW, CARLO A. CLAROTTI and FABIO SPEZZICCHINO (Editors)
Chapman and Hall, London, 1993, xvi + 370 pp. £69.95
ISBN 0 412 0388 0

The aim of this volume, according to the editors' preface, is to 'supply the reliability community with a coherent Bayesian predictive view on reliability theory and practice'. The papers gathered here were given at a conference on Reliability and Decision Making held in Siena in 1990, but it is to both the editors' and authors' credit that this reads quite unlike a

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Logistics and Supply Chain Management

Author's keywords

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