

Explain the most important concepts in the business-supply chain relationship

[Business](#)



Important concepts in the business-supply chain relationship Supply chain relationship forms an important part of the anybusiness seeking to achieve higher returns on their investment. Supply chain management by its very nature depends on relationships and connections to realize the ultimate success. Such is the case that these relationships revolve around certain concepts that that the following work details.

The first concept is labor outsourcing by which businesses source suppliers to help manufacture its products. Here, the focus is on finding persons who can produce functional products and design at a lower cost. This will entail finding these suppliers closer to the supply points and ensuring a commitment to long term cooperation. Additionally, this concept should be focused on buying production capacity and not just product quantity.

Proper distribution structures is the other concept that serves to put the company close to the suppliers at all times. Through this concept companies can create good business relations with the companies involved thus monitoring their product while at the same time gain new ideas. Still under distribution, companies can seek for ways to lower the costing of its products. Here, the company tries to shorten the route from the manufacturer to the customer. Another way to make better the distribution is by proper packaging to increase efficiency in transportation. For instance by selling products that are packed flat, a company can increase “ the filling rate” in containers etc (or simply reduce the amount of wasted space), thus reducing cost of transporting each item.

The third principle is contracting, which seeks to develop long-term agreements with suppliers thus giving lower product prices. Here, bigger

volumes are translated into lower prices of goods. By entering into long term contracts with suppliers companies are able to ensure uninterrupted supply of goods and raw materials to distance places.

Sustainability is the last concept identified in this work with regard to business-supply chain relationship. Here, the product life cycle is made to reflect the required quality, safety and environmental aspects. Products are made to comprise a higher percentage of renewable or recyclable materials

Works Cited

Kippenberger, T. " The Story of IKEA." Emerald Research: 33-34. Print.