

# Info technology



Key Word: Supply Chain Management Definition: According to Johnson and Pyke (1999), Supply Chain Management is “ the term used to describe the management of flow materials, information and funds across the entire supply chain, from suppliers to competent producers to final assemblers to distribution (warehouses and retailers), and ultimately to the customers.

Supply Chain Management can also be described as the process of efficiently planning, implementing and controlling the operations of the supply chain which includes movement and storage of raw materials, work in process inventory and movement of finished goods from the point of origin to the point of consumption.

Article Summary: “ An Approach for Supply Chain Management Improvement”, by Thomas Craig

This article mainly focuses on the approach to be implemented to improve the Supply Chain Management in order to effectively cut down on excess costs. The author discusses how different companies implement the present Supply Chain Management principle and expect different and better results whereas this is not possible. The author states in this article that to gain better profit margins and to gain a better hold over the market, each company has to come up with its own Supply Chain Management principle which suits that company.

Despite the changes such as Globalization, Real-Time Supply Chain Process, Lean Management for Waste Reduction, Accounting Rules and Transparency of sales and acceptance, companies present since ninety years back function the same way as they did then.

If profitability, growth and sustainability is desired by a company, it should bring about a change in its business processes and policies.

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The author suggests the old business principles to be dropped and new improvised ones be implemented. The approach should be more of a strategy than being just a principle. The first step is to design the a new architecture for the Supply Chain Management. The second step is to define the process, people and technology. The third step is to use resources effectively. The fourth and the final step is to include the scope, breadth and complexity of supply chains.

Discussion: Supply Chain Management involves co-ordinating and integrating the flow of materials, information and finances from supplier to manufacturer to retailer to consumer both within and among companies (Ayers, 2000).

The three flows of supply chain management are:

Product Flow

Information Flow

Financial Flow.

The product flow involves the flow or movement of raw materials from the supplier to the manufacturer and the movement of products from the manufacturer to the wholesaler to retailer to the consumer. The information flow involves the flow of information such as transmitting orders and updating the status of delivery. Flow of finances includes transfer of credit, payment schedules, etc. Supply Chain Management makes use of information technology to keep track of information for all the three flows.

Some supply chain management models are based on data models supporting data transfer both external and internal to an organization. Such information resides in databases, data warehouses or at several sites.

Therefore, to effectively manage supply chains, integrity is very important. Integration has always been a dream for the management gurus. This has

finally been sinking into the minds of all managers. Some would argue that managers have long been interested in integration, but the lack of information technology made it impossible to implement a more “systems-oriented” approach. Industrial dynamics researchers dating back to the 1950’s (Forrester (1958); Forrester (1961)) have maintained that supply chains should be viewed as an integrated system (Johnson & Pyke, 1999).

#### References

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