

Example of core competencies in supply network design essay

[Business](#), [Marketing](#)



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Introduction

The process of designing supply chain network that will fit an industry entails ensuring that all the components in that industry have been taken into consideration. It is important to consider all the requirements and the business model that the network will cover. The factors that should be considered include cost, technologies, external factors, market, process, and product. There are no two network designs which are identical. This is because each of the networks has a unique market, product, process, and technologies in use. When analyzing supply network design, there are various relevant aspects that are put into consideration. These are supply chain management, the current state of supply chain network, its importance, future state of the network and supply chain management pipeline. To gain an in-depth understanding of these aspects, detailed discussion of each is given (Harmon, 2010).

Core competencies

One of the core competencies in the design of supply chain networks is quality management of the products and services. This is achieved through the use of severe controls and efficiency of operations for all the members of the supply chain. The success of the supply chain network will be based on the balance of the chains where all the members of the supply network undertake their own roles and tasks in a balanced system which is characterized by reciprocal interest. The ability of the supply chain members to run their own operations basing on the common goals is one of the success factors that make this a success (Poirier, 2010). The stability of the whole supply chain network where there is no supply network member which dominates the others is a sure aspect that is looked at when undertaking supply chain network management. The marketing capabilities of the supply chain network are developed well in the entire supply network. The reputation that is achieved in the development of these networks make it a good contributing factor for product innovation. A high quality product is obtained using good management of the chain supply members which make it a success in the overall strategy. Another core strategy that is seen here is the ability of the supply chain members to solve problems and ability to cooperate in their undertakings (Koh, & Wang, 2010).

Another important core competency of a supply chain network design is the product innovation degree and strategy used. Joint product innovation is a core competency in the design of supply chains. It is especially common in the design of food chains. The market orientation of the supply network and also the ability to share the innovation with other suppliers is an important

aspect in the development of supply networks. The ability to share resources on the network is an important factor that is considered in the design of the supply chain (Montgomery, 2012).

The core competencies that are valuable in the design of supply chain networks include market orientation. Market orientation is achieved by bringing together consumer resources. This is in regard to information. The market structure is another important aspect that is considered of great importance in the design of supply chain network. The market structure of the supply chain network will determine how the network will be designed. This is a core competency in the design of supply network due to the fact that the market segment will determine the network technology that will be used in that given segment. Many market segments have different ways of accessing them (van Weele, 2009). A company will design the supply chain network looking at the market in which they are operating. The global nature of operations, the market conditions which are volatile, and the tight competition that is seen in the corporate world justifies the need to come up with policies that will be used in the various market segments. Also, it calls for design strategies where the low cost of operations are attained (Bardi, 2012).

Another important aspect that serves as a core competence in the design of supply network design is that of inventory management. The method that a company has chosen to manage their inventory is an important aspect in the design of supply network. It is one of the core competencies that has been adopted and will affect the design of the supply network. The main objective of inventory management is to bring together the decision procedure for the

supply chain network. This way, the inventory policies will be optimized so that it is in tandem with the aspiration levels that are available at the moment (Arlbjørn, 2010).

Long term partnership with suppliers and consumers is another core competency in the design of supply chain network design. This core competency is achieved by integrating together capabilities of close cooperation and reciprocal information sharing. This core competency enables supply chain members to maintain high quality of the products (Shah, 2011). With this, the information on achieving product quality will be shared across the supply chain network. With this information, it is possible to have incremental innovations which are necessary in enhancing the quality of the products (Stanley, & Wisner, 2010). It has been found out that the successful inclusion of suppliers in the process of developing the product can yield successful innovation and quality management. The supplier power is strong due to the fact that there are many suppliers in this industry. Other factors include the fact that the switching costs of the retailers are low. The leading companies are large and they will do almost everything dealing with supply chain. With this, there is high likelihood of forward integration (Lambert, 2012).

It is important to understand the strategy that is used in the supply chain. One core competency is to understand the flow of information in the supply network. This is attributed to the network choice that has been made in the whole process. The supply chain has three types of flows that need to be carefully designed and coordinated. The material flows, information flows and financial flows. The coordination of these flows is achieved through three

pillars; processes, organizational structures and enabling technologies (Wilkins, 2012). Application of these three pillars has improved coordination of demand and supply. Upstream supply chain is the coordination of supply activities of an organization from the suppliers while downstream supply chain involves the transactions between the organization and its customers. The pull approach enhances product and service quality by using technology to carry out extensive market research. Data integration reduces the cycle and response time needed to achieve low inventory levels at a given time (Poirier, 2010). The benefits of an efficient supply chain are unquestionable. Improved data integration in supply chain eliminates paper processing cost. It also reduces the cost of the product due to competition and enhances customer responsiveness. The abundant choice of suppliers and a 24 hour, 7 days a week, 365 days ordering mechanism reduces the buying cost of the company (SINHA, 2009). The achievement of operational excellence is not a one-time event rather it is a continuous process of improvement. It is important to note that a company rests on three pillars; people, processes, and infrastructure to ensure progress and meeting the customer needs and demands. Therefore, to achieve operational excellence, the company should focus on leveraging these pillars. Operational excellence in the company is achieved through consideration of consumer needs and preferences and taking them into account while developing products and services (Sokolov, & Ivanov, 2010). To effectively do this, there is need to identify our consumers, stakeholders and partners. After the identification then we can assess their needs and requirements and defining the procedures, and processes that have to be followed to meet these needs and requirements (Alexander,

2012).

Another important aspect that is considered in designing supply chain management is that of knowledge about other firms. There should be inter-firm knowledge sharing. It has been argued that inter-firm knowledge acquisition is crucial to the success of a given company. It has been argued that knowledge is the one resource that has long-term effects and use in the process of attaining competitive advantage. With knowledge exchange, chains are bound to increase and prosper. Basing on shared knowledge, chains in a supply network are able to build on skills that are required to develop a supply chain. With this knowledge, supply chain members are able to enhance their competitive advantage (Ross, 2012). In some cases, the aspect of shared knowledge in supply chain network has been contributed to the initial sharing of information in these networks. Network sharing is an important aspect of information sharing. Important aspects such as the preferences of the consumers or the input of the innovation process are some of the key factors that are put into considerations while designing a network (Sketer, 2009). The trends in the supply chain network design are other factors that are considered important in the design of these processes. In some industries, majority of innovation that has been integrated in the network can be attributed to the suppliers. This calls for efficient design of the network so that suppliers can be included in the design process. In most cases, though, most innovations are obtained from the contributions of the suppliers and manufactures. Network sharing is therefore seen to be an important and core competency in the design of supply networks. It is worth stating that the locus that innovation falls is due to a combination of factors.

Also, quality management is a locus of many factors and not one (Skjoett-Larsen, 2012).

Conclusion

In conclusion, it can be argued that the ability to share resources in the different supply chain members is one of the core competencies that will affect the success of the design of the supply chain network. When designing the supply chain network, one thing that should be considered is the ability to share resources and knowledge. It is important to understand the requirements of the supply chain networks. The design of the supply chain network provides a management view of the supply chain. It also acts as a strategic analysis for the various factors that affects supply chain networks. The critical factors that should be considered in the design of the supply network are also looked into in this aspect.

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