

# Supply chain management

[Business](#), [Management](#)



The inability to run in full capacity leaves some of its products unmanufactured. This can be seen as an opportunity cost for the company. The supply chain is truly "one of the major areas for companies to gain a competitive edge" and operations is the first step (Lee, 2002). Efficient operations management allows the company to cut costs through efficient labor and capital use and presents desirable products to the marketing people. The Seven Principles of Supply Chain Management suggests that to "develop a supply chain-wide technology strategy that supports multiple levels of decision making and gives a clear view of the flow of products, services, and information" (David L. Anderson, 1997). The system prepares the company in the short-term, the midterm, and the long-term operations. For the daily transaction, this technology will be used to align the "supply" to the "demand" through "sharing of information on orders and daily scheduling" (David L. Anderson, 1997). For the midterm, this strategy must be able to "facilitate planning and decision making, supporting the demand and shipment planning and master production scheduling needed to allocate resources efficiently" (David L. Anderson, 1997). Lastly, for the long-term, this technology should provide a sophisticated model used to analyze "what-if" scenarios so that managers are helped to "evaluate plans, distribution centers, suppliers, and third-party service alternatives" (David L. Anderson, 1997). This last part could have helped Exceso a lot.

The marketing department of the company is also facing extreme pressures to hit the target sales and profit and the pressures to reduce price given the economic climate. Exceso has given a significant discount to its customers so

that they have sacrificed a clear profit margin (Butman). They have also employed various sales and marketing strategies but the figures seem to be very uncooperative. They have targeted a 9% increase in sales, but Martin Wu, the sales team manager admitted that they can only round up to 3% (Butman). Aside from this, they are also receiving a lot of products from the operations department which adds to their burden. The inability to grow in sales and the weakening of its hold as the no. 1 in the product has made a substantial decline in its stock standing. This adds another pressure to the marketing department.

#### Conclusion

With such the seven principles of supply chain management offers various suggestions: " segment customers based on service needs, listen to signals of market demand and plan accordingly and differentiate product closer to the customer" (David L. Anderson, 1997). The first suggestion can be an immediate solution to the sales team while the second and third can be their midterm strategy.