

Upstream supply chain management: real estate development and construction compan...

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The ultimate objective of any effective supply chain management system is to decrease inventory and to minimize expenses. Supply chain management flows of the firm I work for are divided into three major flows: the material flow, the information flow and the financial flow. At my place of work, a lot of materials are used especially stationery, computing equipment, construction materials and equipment. When a need has been identified by an individual, the individual is expected to raise the issue with the department with which he or she works. The department's representatives analyze the need and the alternative products that can be purchased to fulfill the need. The department also may make suggestions as to which organizations can supply the said products. An inventory is taken of the products available with an aim of ascertaining the need. Once this is done, the issue is forwarded to the purchasing office which is charged with the responsibility of sourcing for potential suppliers. Sourcing When sourcing for suppliers, the purchasing department considers a number of factors. One of the factors is the reliability of the organization and the quality of its products based on research or past supply history. In the event that the product to be bought is a service that does not fall under its core activity, the company usually opts to outsource to reputable organizations which focus on providing the said service. The purchasing office with the approval of the management may place a tender so as to qualify a supplier based on market competition. Apart from economic factors, the organization currently has adopted a policy that requires the purchasing office to consider sustainability as an important aspect of the organization's focus. In this respect, the

company demands that the department considers purchasing goods from suppliers who care for the social wellbeing of employees and the environment. The department therefore scrutinizes the activities of potential suppliers striking off the list those that are noted to engage in child or forced labor, those that disregard human rights and those that clearly disregard the physical environment.

Purchasing When the company settles on a product to purchase, the company may place a tender on the media or opt to procure from a list of credible suppliers. Before settling on a particular supplier, the purchasing department normally tries to weigh the costs involved. In most cases, the office negotiates with potential suppliers in a bid to get a better deal such as lower prices or favorable discounts. Once the potential suppliers have been evaluated, the best possible alternative is contracted to supply the product/service. Working in collaboration of the accounting department and management, the product is finally paid for as agreed with the contractor.

Supply Management Given the nature of the company's activities, the reliability of the contracted organization in supplying products is normally a great concern. The company therefore normally specifies the time by which the products must be delivered. When the product being purchased is deemed expensive by the company's standards, it is normally insured to protect the company from potential loss. When the product is delivered, the quantity and quality of the products delivered are checked before they are admitted. At each stage of the supply chain management process, a lot of information is passed between different departments concerned and with potential suppliers.