

Key aspects of wal- mart

Business



One of the key aspects as to why large organizations like Wal-Mart are able to manage their supply chain despite the differences in objectives with the vendors is the overall size of the buying being made. Wal-Mart could easily be the single largest buyer for any vendor therefore vendors in order to maintain the overall profitable relationships attempt to align their systems and processes with that of the systems and processes of the organization like Wal-Mart. In a large supply chain like the one run by Wal-Mart, there is more emphasis on the realignment of the processes to become part of the one supply chain system to avoid any conflicts. By integrating all the players within the supply chain, conflicts can be avoided as all players are integrated into a leaner operating model which generates relatively similar results for all. (Ireland)

Information exchange, effective communication and partnering at various stages of the supply chain can also ensure decision rights are realigned to provide space to every player in the overall supply chain of the organization. Some of the conflicts which can arise as a result of having different objectives include conflicts on the margins, delivery schedules, production quantities, freight charges etc. Since Wal-Mart also has an advanced level of IT system in place therefore it can share with its larger suppliers its data which can reduce such conflicts as vendors can easily track the production requirements and schedule the deliveries accordingly. A strong information technology system can help large firms to easily share the data with vendors to avoid any conflicts.

One of the key benefits achieved by Wal-Mart through its effective and efficient supply chain is that of the lower prices. Wal-Mart has been successful because of its ability to lower the prices for its end customers and

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this has only been achieved through a strong focus on cost cutting and achieving efficiencies in its operations. Since, supply chain is the key to the success of managing inventories at desired level therefore it becomes important for Wal-Mart to actually reduce costs and improve its supply chain to pass on the benefits of savings to its customers in the form of low prices. Another benefit is that of delivering good value for the customers as its efficient supply chain management system ensures that required goods are delivered on time therefore stores never run out of the inventory and customers always get what they want. Efficient transportation, well-placed distribution centers as well as cross-docking system makes it more efficient for the stores to receive the inventory on time and serve the customers. Above all, Wal-Mart has been able to achieve the efficiencies across its different functions and innovation which has resulted as a result of this has allowed it to actually become efficient as an organization. An efficient organization can deliver better value, improved customer satisfaction and better career prospects for its employees. Above all, the integration of the supply chain makes it more profitable for the vendors to deal with Wal-Mart.

Works Cited

Ireland, Ronald K. Supply Chain Collaboration: How to Implement CPFR and Other Best Collaborative Practices. New York: J. Ross Publishing, 2005.