

# Supply chain management .reflecti ons on the theory of constraints (toc)



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The Theory of Constraints in Supply Chain The Theory of Constraints in Supply Chain Background Organizations conduct business in the presence of numerous constraints that limit them from achieving their objectives. The constraints may include delays, shortage of raw materials, inefficient communication channels, and shortage of other materials such as electricity and water (Tiwari A, Chang, & Tiwari M, 2012). The theory of constraints recognizes the fact that firms operate in the presence of limits and it tries to draw a direction that organizations may take to avoid the effects of the constraints. In supply chain management, the theory of constraints advises companies to network with all the stakeholders who are involved in the chain to prevent the undesirable effects of constraints.

The current trend in the supply chain management indicates that there is an increase in collaboration between supply chain stakeholders in numerous organizations in the world. The collaboration of supply chain parties is increasing in numerous industries such as manufacturing, healthcare, and agri-food (David, Vafa, Paul, & Seung-Chul, 2014). Collaboration has increased because organizations have recognized that all stakeholders take part in the production of high quality goods and services. This means that their actions have to be accounted for while delivering the product to the final customer. A study conducted by Li, Ford, Zhai and Lu (2012) found out that the main benefits of supply chain collaboration include improved communication and relationships, efficient customer service, and efficient problem solving.

#### Application

The theory of constraints is based on the premise that organizations must concentrate on the limiting factors for them to succeed. The hypothesis <https://assignbuster.com/supply-chain-management-reflections-on-the-theory-of-constraints-toc/>

argues that organization managers must first identify the constraints that face their businesses; after determining the limiting factors, the management then makes all decisions based on these factors (Matapoulos, Vlachapoulou, & Manthou, 2007). The decisions that managers make aim at preventing the occurrence of the constraints. The hypothesis is essential in healthcare supply chain planning because this field has numerous constraints that must be taken care of to avoid unfavorable occurrences. The constraints include inefficient communication, shortage products such as medicine and injections, and poor customer service that are caused by inexperienced employees. Therefore, the theory of constraints is essential in healthcare because it helps to reduce delays and shortages of products that lead to dissatisfaction of customers (David, Vafa, Paul, & Seung-Chul, 2014). The theory motivates stakeholders to collaborate by ensuring constant communication. The communication among the various parties enables them to determine when there is need for additional stock and how much of it is needed (Matapoulos, Vlachapoulou, & Manthou 2007). Through communication, supply chain stakeholders may be able to set replenishment targets that ensure that a healthcare does not run out of stock. For example, parties involved may study the rate at which medicine is sold out from a healthcare and then set targets to replenish medicine stock in the hospital and at the wholesaler's premises from the manufacturer's premises.

#### Supporting evidence

The theory of constraints improves the supply chain by increasing mutual interactions and mutual commitment between manufacturers and logistics operators. This is according to a study conducted by Li, Ford, Zhai and Xu (2012) who aimed at finding the benefits of supply chain relationships. The <https://assignbuster.com/supply-chain-management-reflections-on-the-theory-of-constraints-toc/>

research discovered its findings from a sample survey of two hundred and ten manufacturing firms in the United States. The research also found out that the efficiency of service provision increased in the manufacturing firms when they collaborated with their supply chain stakeholders.

The research also found out that there are certain obstacles that hinder efficient collaboration of supply chain stakeholders; these obstacles include lack of trust among members and the inability to prioritize activities because of different opinions. Lack of efficient communication channels may also hinder successful collaboration of supply chain members (David, Vafa, Paul, & Seung-Chul, 2014).

#### References

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