

Supply chain managemetn – scm vs. crm and erp

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



Supply Chain Management (SCM) and Customer Relationship Management (CRM) vs. Enterprise Resource System (ERP) a Comparative Paper. Enterprise Resource Planning System (ERP), also referred to as the traditional management system, was generated from the MRP or the Material Requirement Systems. Companies have utilized this system for well over 25 years. In its primary set up, the MRP stores data related to inventory control and production planning. The system is widespread with the use of one its system with the largest market share, the SAP system is the primary base system for over 60 percent of multinational companies.

Many companies have been influenced by ERP over the years, including both small and medium size businesses; it is the core of their information processing landscape. Benefits of the ERP Systems: * Improvement to the quality and efficiency of a firm * Improvements to Customer Service and Manufacturing outputs. * Upper Level Management can benefit with critical decision making information * Firms become more alert after incorporating the ERP systems. Supply Chain Management Systems (SCM) captures the relationship between a firm and its database of suppliers.

The processes allows for records of production, sales of goods and services, delivery of goods. With this process, a firm can improve on lead times, production values and on-time deliveries of goods and services. Strategies are put in place to allow companies to document inventory control data, along with financial resources require to produce quality goods and provide services in an efficient manner. As a collaborative process, SCM depicts activities where sales of products or goods and services are closely linked with consumers.

The solution derived from the process allows customers and vendors to connect inventories, order distribution and order production. The processes are distributed between partners who collaborate on different aspects of supply chain management including logistics, order fulfillment. Supply Chain management's core premise ensures that its distribution channels are reflected cohesively amongst its members. Succinct inventory needs and cost control are among the substantial benefits of SCM.

Results are improved profit margins and efficient environmentally friendly transportation. Benefits of SCM System: * Improvement in Firm / Vendor relationships resulting in opportunities to cut cost through a volume discount. * Improved Collaboration by developing reports to effectively progress goods and services from supplier to distributor. * Improvement in cycle times which allows raw materials to be made available to your firm needs them in order to keep the production flow moving. Improvement in Conflict resolution; opportunity to better cope with issues on all sides of the production spectrum allows you to be proactive in your responses to problems as opposed to being blindsided by them. Customer Relationship Management (CRM), in its core element, sync up customers and vendors which ensures that goods and services are ultimately delivered to customers efficiently and in a timely manner. This process can only be embarked upon after the sales group closes if you will the sale; said process integrates sales, customer support, and supply chain management and customer relationship in order to enlarge the operation.

The CRM system incorporates data collections in specific databases; in most CRM program, the primary role of each functional session is first and

foremost customer driven with sales, marketing and customer service emphasize. The goal is to target the customers with the best attributes to build long term efficient relationships. The key element in the CRM system is providing a function that helps business streamline their processes as it relates to taking care of their customer. Benefits of CRM System: * Allows the collection of data tht can be shared within the company. Improvement in Customer Service. * Improvement in your company's marketing strategies. Comparative Analysis Supply Chain integration though fundamental, can be difficult to implement. The ultimate goal is to effectively change the nature of the relationships between vendors and buyers from a traditional perspective to a non-traditional one. Comparatively, when implementing SCM, firms must take in to consideration the impact of the human side of the equation whereas, CRM though relationship based, affects all aspect of supply chain and directly influence performance.

More than likely, the base setup such as the information andtechnologysystems needed to implement the supply chain system will be readily available and can be executed almost immediately. Even with all this in place, there are instances where a number of supply chain and customer relationships initiatives fail due to lack ofcommunicationor clear and concise expectations from all parties involved. The customer relationship aspect is usually assumed by managers of a firm, and thus tries to merge the SCM and CRM, the result of said merger often end up being one the most difficult part of the integration.

Maintaining a decent relationship between the customer and vendors/supplier makes for a succinct SCM and CRM; integrating the two is

critical to developing trust and essential to the success of the firm. Trust building is essential in developing a relationship between the SCM and CRM; however, it's an ongoing process that must be managed on a continual basis otherwise it can be loss leaving the firm vulnerable. Like supply chain management, customer relationship management is a critical contributor to a firms survival, incorporating three integral components, organizational, strategic and cultural factors in order to succeed.

However, unlike SCM, Customer relationships management further breaks down these components to further impact its implementation. On the organizational level, the firm takes a look at integration, commitment and system readiness and moreover, on the strategic issues, the firm considers vision planning and customer based cultured. Lastly, the 3rd component added to the mix for a successful implementation is the cultural foundation which consists of networking and human interaction. All of these components and sub-parts combine with comprehensive customer knowledge, contributes to a successful CRM implementation.

This method “ emphasizes the importance of continuously identifying and satisfying customers’ ever-changing needs by the facilitation of appropriate organizational structure and management approaches” (Stefanou et al. 2003). By comparison in their approach, the CRM unlike the SCM, establishes long-term relationships, combine with customer knowledge and in most cases a customer-based-focus along with a determined strategy. By impressive results, the long-term relation aspect of the CRM is fundamental and essential for the implementation. This notion is closely related to an awareness of the positive correlation between customer retention and a

company's profitability" (Reichheld et al. , 2000). By the same token both SCM and CRM lays claim to customer information playing a significant role in their implementation and ultimately their success. In order to provide superb customer service, there is a certain amount of research that goes into becoming familiar with the target market and by extension the customer base within those markets.

According to Winer, 2001, constructing a comprehensive customer information profile or database is the foundation for any CRM implementations. This method is also essential in the foundation of a SCM implementation. While the CRM primary approach is customer-centered and looks to building long-term interaction with customers, the SCM tends to center its approach on process management and project initiatives in order to satisfy their customer needs. The ISO 9000 is a tool implemented to evaluate processes of a supplier through grading and registering.

This tool helps suppliers and vendors keep track of their systematic process and enable them to stay in line with standard practices. Alternative Approaches to SCM and CRM: In trying to perfect standard processes, there are alternative tools to the SCM and CRM system, which in turn contributes to improving products in order to meet customer needs. These tools or approaches can generally be used in conjunction with SCM and CRM or individually. Quality Function Deployment (QFD) also known as 'house of quality' allows engineers and marketers to communicate effectively (Hauser and Clausing 1988).

Another alternative approach is the Computer-aided design (CAD), which aids in the design process. (Meredith 1987). Design of experiment (DOE)

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coordinates off-line functions which allow inputs to product and processes to be configured effectively for optimum customer satisfaction (Foster 2010). Though there are more design approaches, one primary one worth mentioning is the Designs for manufacture (DFM). This approach is formulated to assist in the improvement of manufacture for products (AIAG 2008).

The aforementioned approaches are not intended to be all-inclusive; the intention is to highlight a collection of tools use to improve quality and provide insights to the differences between SCM and CRM and the traditional operational system. Diverse Approaches Processing information can vary by cultural and social standings. These attributes allows managers to solve problems and process information differently. In some early research statistics shows that supply chain has significant correlation to marketing and logistics.

From a research perspective, the supply chain field has essentially been a proponent for diverse management derivatives. Though research shows that there's very little differences in traditional and supply chain practices; however, the gap in the differences in process between the SCM and CRM has close in the last few years. Executive Summary The relationship between software systems that impact value chain management varied in all aspects of its functions; traditionally, the Enterprise Resource planning systems (ERP) system is engineered to streamline business processes and connects their information and work flow.

Similarly, the Supply Chain Management Systems incorporates activities between a firm and it's vendors and by so doing, it too connects their

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information and work flow. The Customer Relationship Management System focuses on the customer interaction with emphasis on sales, customer service, and marketing, The management of the supply chain systems can be challenging in every aspect; it requires constant supervision of suppliers back to the point-of-origin and all goods/services out to the point-of-consumption might prove to be even more challenging.

The key understanding is that managing these relationships could lead to power in the supply chain industry including the supplier network which could provide opportunities to improve profits significantly. Ultimately, supply chain management is about establishing and managing relationships, in managing these relationships, a link is formed thereby establishing the customer relationship management process and the end result is a structure relationship between customers and suppliers. Studies show that " the structure of activities within and between companies is a critical cornerstone of creating unique and superior supply chain performance.

The study allows for business processes if linked, increase in potential profitability while managing individual functions could lead to an effective management system. Study also shows that optimizing the product flow can be realized if a direct approach to business is implemented. Though the focus of this paper is the relationship between the supply chain management system and the customer relationship management system, the Global Supply Chain Forum has also recognized other management processes; accordingly they are: * Customer Service Management * Order Fulfillment * Supplier Relationship Management Return Management * Demand Management * Manufacturing Flow Management These highly capable

processes, have all been established and integrated into the supply chain management process, they all also have strategic and operational sub-processes. In order to examine how the process is implemented, the strategic sub-process provides the structure while the operational sub-process allows you to implement with detailed step-by-step instructions; and furthermore, the strategic process is essential in integrating all departments in the supply chain process providing day-to-day functions operationally.

Much like the supply chain management system, the customer relationship system provides structure; however, the focus is primarily on the relationships between the customers and the firm. This system provides key components on developing and maintain the relationships with could lead to long-term success. With most supply chain organization, decision on which customer base to target base on market analysis, these customers eventually becomes key target points for the firm's business mission. Similarly, most of these decisions are made and put in place by a leadership team of the firm.

The successful integration of the management systems across key components of the supply chain process will ultimately leads to a successful firm. Both the supply chain management and customer relationship management systems are successful when valuable resources are used proficiently. Research shows that when activities within a firm are implemented throughout the eight supply chain management process using cross-functional teams, the result is cross-functional relationships with customers and supplier. References Financial Decision Making for Managers: Volume 1, 2011 * Supply Chain Management Vs. Customer Relationship

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