

Discussion question on supply chain management and capacity management

[Business](#), [Marketing](#)



Supply Chain Management and Capa Management of the of the Supply Chain Management and Capa Management Module8 DQ 1

In the contemporary corporate arena, a new paradigm has made its presence felt. This is supply chain management, which has emerged as a pristine source of competitive advantage. It comprises of several unified activities that bring forth a product and ensure the satisfaction of the customers. Supply management is a group of interrelated activities that bring about the close collaboration of manufacturers, suppliers, warehouses, and stores (Ozkurt, 2013).

The objective of this collaboration is to ensure the manufacture and optimal distribution of goods to the desired locations, at the correct time and in the right quantities. This serves to minimize system wide costs, and at the same time ensures satisfaction of the service levels. As such, supply chain management adds value and ensures a clear competitive advantage. Some of the objectives of this intervention are to remove assets from the balance sheet, reduce working capital, improving cash to cash cycles, and enhancing inventory turns (Ozkurt, 2013).

The impact of supply chain management on the financial position of an organization assumes importance due to the fact that competition is between supply chains and not organizations. This situation is the reality of the contemporary business world. The emphasis, since the 1990s, when globalization came to the fore, has been the conveying of a product to the right place at the right time and at the minimum price (Li, Ragu - Nathan, Ragu - Nathan, & Rao, 2006, p. 107).

Module 8 DQ 2

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Capacity strategy is an important principle that utilizes advanced simulation modelling to enable business organization to develop realistic and relevant capacity strategies. Moreover, such strategies are painstakingly evaluated from the operational and financial perspectives. In the context of healthcare organizations, the capacity strategy promotes the optimization of capacity in the principal departments and service lines. This salutary outcome is achieved by authenticating and developing specific strategies aimed at improvement, formulating a structure of governance, and engendering inter – disciplinary commitment (General Electric Company, 2013).

With regard to adhering to a schedule of end user response times, capacity management provides information about the exact proportion of infrastructure investments required. In fact, capacity management makes it a simple task to compare vendors and establish the optimal configuration of infrastructure necessary for meeting service levels at the best cost. Another advantage is that performance holdups can be identified, long before they actually transpire (ca technologies, 2013).

Every aspect of an organization’s supply chain is affected by capacity management. For instance, production can cease due to inadequate supplier capacity. Moreover, a production capacity that does not satisfy the peak demand will not fulfill customer demand. Storage and output determine the delivery of the right product at the right time. A very important element is that of transportation, which binds every element of the supply chain. It has a profound impact upon service levels and timely delivery of products. However, capacity undergoes change due to its dynamic nature and the correlation between the various features of the supply chain (Citrin, 2013).

References

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