

Informative essay on supply chain management

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



CHAPTER 1 INTRODUCTION 1. Background PT. DAS motor is dealer of Yamaha Motorcycle, they play an important roles in supply chain management. They link the manufacturer to the customer, while in their activity the perform actions and making profit. In indonesia, motorcycle is one of in demand transportation for middle to low class society. In this era of globalization, companies are involved in tight competition, so that proper procedure of supply chain is needed to gain competitive advantage upon the other competing industry especially chinese motorcycle. PT.

DAS motor is specilized in distribution of Yamaha motorcycle in Jakarta Barat. They have two branches in west region. To support supply chain management, they well managed every activities by knowing exactly their position on the distribution process. To make a good sytem in supply chain management, every steps should be well managed efficiently, effectively, and economically. PT. BKM also perform warehousing and logistic, so they should take care of these things. PT. DAS Motor should carefully forecast the demand of the market and capacity of their warehouse.

All the personnel in the company and related parties in YAMAHA should be well informed and communicate well to achieve excellent system in supply chain management. As a distribution company, they also perform activies that bring them to be close to the end customer. By giving facilities and extra services such as fast delivery and discount. But there are several term that allows the company to give discount. Because these discount may increase competition between each YAMAHA dealer. So there are specific rules and regulation.

The current knowledge about the company and process:

- DAS MOTOR as dealer to distribute product to current customer
- Build relation with customer.
- Provide warehouse and showroom for YAMAHA's customer.
- DAS MOTOR benefit from incentives given from YAMAHA and leasing company for credit payment.
- Distribution channel which in this case is DAS MOTOR help to market and advertise the product.
- DAS MOTOR becomes chain in supply chain management.

2. Scope There are several scope include in this thesis project: The DAS motor involvement in the distribution process of YAMAHA motorcycle.

- The activities of DAS motor in their contribution of YAMAHA distribution process.
- The importance of distribution channel (dealer) in supply chain management of motorcycle company
- The existing problem in the process of distribution of PT. DAS motor.

3. Aims and Benefit These are several aims and benefit of these thesis project:

- To better understand their distribution process in supply chain management, on how they produce, distribute and deliver products to final customer.

Briefly, we will study on how this distribution process affect to the company revenue in next future. We will examine the flow process that related in our study of supply chain management in order to seek the best results.

- To help improve our knowledge about management process in supply chain management. It would be more specific on how they can manage the product in high quantity for several days to be delivered to the customer.
- To help us examine and analyse the major problem occurs in the company, what is the problem and how they can solve it.

The aim is to know how the company solve the particular problems.

CHAPTER 2 THEORITICAL FRAMEWORK 2. 1 Supply Chain Management

Supply chain management is the active management of supply chain activities and relationships in order to maximize customer value and achieve a sustainable competitive advantage. In brief, it represents a conscious effort by a firm or group of firms to develop and run supply chains in the most effective and efficient ways possible. First, we know that organizations in the supply chain are linked together through physical flows, information flows, and monetary flows.

It is on how we can combine those attributes into the simple management system to be more effective and efficient. Supply chain is also a network of manufacturers and service providers that work together to convert and move goods from the raw materials stage through to the end user. It is simply like how the manager in one company can build a system to manage their product to be distributed and consumed for end user. The supply chain management is the important phase in the company to be redirect to the company management system.

It's not only how the system looks a like, but it is especially on how we can manage our product and keep maintaining the flow of distibution. 2. 2

Warehousing A warehouse is a commercial building for storage of goods.

Warehouses are used by manufacturers, importers, exporters, wholesalers, transport businesses, customs, etc. They are usually large plain buildings in industrial areas of cities and towns. They usually have loading docks to load and unload goods from trucks. Sometimes warehouses load and unload

goods directly from railways, airports, or seaports. . 3 Distribution Channel

Distribution is also a very important component of Logistics & Supply chain management. Distribution in supply chain management refers to the distribution of a good from one business to another. It can be factory to supplier, supplier to retailer, or retailer to end customer. It is defined as a chain of intermediaries, each passing the product down the chain to the next organization, before it finally reaches the consumer or end-user. This process is known as the 'distribution chain' or the 'channel'. Each of the elements in these chains will have their own specific needs, which the producer must take into account, along with those of the all-important end-user. A number of alternate 'channels' of distribution may be available:

- Distributor, who sells to retailers via direct marketing, or brokers can also be used,
- Retailer (also called dealer or reseller), who sells to end customers
- Advertisement typically used for the consumption goods

Distribution channels may not be restricted to physical products since from producer to consumer in certain sectors, since both direct and indirect channels may be used.

Hotels, for example, may sell their services (typically rooms) directly or through travel agents, tour operators, airlines, tourist boards, centralized reservation systems, etc. process of transfer the products or services from Producer to Customer or end user. There have also been some innovations in the distribution of services. For example, there has been an increase in franchising and in rental services - the latter offering anything from televisions through tools. There has also been some evidence of service

integration, with services linking together, particularly in the travel and tourism sectors.

For example, links now exist between airlines, hotels and car rental services. In addition, there has been a significant increase in retail outlets for the service sector. Outlets such as estate agencies and building society offices are crowding out traditional grocers from major shopping areas.

2. 4 Type of distribution channel

1. Intensive distribution - Where the majority of resellers stock the 'product' with convenience products, for example, and particularly the brand leaders in consumer goods markets (price competition may be evident).

2.

Selective distribution - This is the normal pattern (in both consumer and industrial markets) where 'suitable' resellers stock the product.

3. Exclusive distribution - Only specially selected resellers or authorized dealers (typically only one per geographical area) are allowed to sell the 'product'.

2. 5

Inventory Management System Inventory management is primarily about specifying the shape and percentage of stocked goods. It is required at different locations within a facility or within many locations of a supply network to precede the regular and planned course of production and stock of materials.

The scope of inventory management concerns the fine lines between replenishment lead time, carrying costs of inventory, asset management, inventory forecasting, inventory valuation, inventory visibility, future inventory price forecasting, physical inventory, available physical space for inventory, quality management, replenishment, returns and defective goods

and demand forecasting. Balancing these competing requirements leads to optimal inventory levels, which is an on-going process as the business needs shift and react to the wider environment. . 6 Logistic Logistics is the management of the flow of goods and services between the point of origin and the point of consumption in order to meet the requirements of customers. Logistics involves the integration of information, transportation, inventory, warehousing, material handling, and packaging, and often security. Logistics is a channel of the supply chain which adds the value of time and place utility. Today the complexity of production logistics can be modeled, analyzed, visualized and optimized by plant simulation software.

Logistics is that part of the supply chain which plans, implements and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customer and legal requirements. A professional working in the field of logistics management is called a logistician. Logistics management is known by many names, the most common are as follows: • Materials Management • Channel Management • Distribution (or Physical Distribution) • Business or Logistics Management or Supply Chain Management CHAPTER 3 COMPANY PROFILE 3. 1 Company Profile • Company name: PT. Dwikarya Anugrah Sejati (DAS motor). • Location: Jl Utan Jati Blok LB 5 No. 26. Daan Mogot baru, Kali deres, West Jakarta • DAS company was established on 2002 • DAS motor specializes in selling all type of YAMAHA Motorcycle. • It has 2 branches, 1 of them is only showroom and the other having showroom and repair shop. • Their target market are Jakarta and surroundings (Tangerang, Bekasi), and region with

license plate B 3. 2 Company's Supply Chain [pic] 3. 3 Business Ethics The company only allowed to sell the product in one location (Jakarta and surrounding, license plate B) if we sell to other region. The company will get STNK violation.

- The company can't supply to channel which is not authorized dealer.
- There's must be distance coverage between one dealer and another. For example: 2 km.
- If our relatives already open authorized dealer. We can't open another YAMAHA dealer.

3. 4 DAS MOTOR purchase procedure

- Manufacturer allocates the purchase unit for 4 periods / month (week 1 - 4).
- Then they fax these allocation purchase unit to financed department of DAS motor. Then we open 4 " GIRO MUNDUR" according to allocation period. We should pay to manufacturer one month after we purchase the units e. g. we purchase motors for January week 1, we pay them in week 1 , next month (February).
- We send the " giro mundur" to them and they will release the unit according to their allocation unit (depends on the allocation period). Then, administration unit department will check the unit physically, and completeness of the unit (helmet, tool kit, etc).
- If there are defective unit, we should return at that time immediately before we record into document.

When we received the unit, we got travel pass (surat jalan) from manufacturer then we prepare document for prove of unit received (bukti penerimaan barang).

3. 4. 1 DAS MOTOR purchase cycle flowchart [pic] 3. 5 DAS MOTOR revenue cycle Customer come to the dealer, they negotiate about the price. If they have met the agreement about the prices, the sales person prepare document " PERMOHONAN PENGIRIMAN" which is should be sign by finance department and forwarded to administration unit (operational

department). Then finance department make receipt for sales unit (3 copies), one copy for customer, two copies for accounting department.

Unit administration prepare all the things (unit+accesories) 3. 7 Inventory Management of PT DAS MOTOR series) and create document " BUKTI SERAH TERIMA BARANG" (including travel pass because the motor do not have STNK). Unit and receipt are sent to customer and then finance administration will receive cash, they transfer to company's account and enter them in cash/bank receipt journal. Dispatch process: Administration Unit: Travel pass with photocopy of ID card are sent to " Administrasi Balik Nama". That photocopy ID card is used to request the invoice to YIMM (manufacturer).

Invoice and other required document are sent to service agency, and then service agency will process the STNK and BPKB to provincial police. After STNK and BPKB are released they are sent to customer. 3. 5. 1 DAS MOTOR revenue cycle flowchart [pic] 3. 6 Credit sales Procedure of PT. DAS motor Customer come to the dealer, they negotiate about the price. If they already met the agreement, the sales counter will survey the customer about customer's creditworthiness. Then sales counter will inform the leasing department about survey by phone. Then leasing will survey the customer.

If they accept the credit, the leasing department will make purchase order and then it will be sent to the sales counter. According to this PO, we prepare " PERMOHONAN PENGIRIMAN" document. So, these PO is the supported document of the " PERMOHONAN PENGIRIMAN". The document of PERMOHONAN PENGIRIMAN should be sign by finance department which are sent to administration unit. This document is also used to release the unit.

Administration finance prepares the receipt but only for the initial payment . There are 3 copies of receipt (1 for customer, 2 for accounting department, 3 for leasing).

Administration unit prepare all the things (unit and accessories) and create document “ BUKTI SERAH TERIMA BARANG” (including travel pass because the motor do not have STNK). Unit and receipt are sent to customer and then we will receive down payment which is transfer to bank and record in cash/bank receipt. Administration finance: Based on the PO leasing, we prepare receipt bill to leasing. The receipts, copy of travel pass, PO, SPP BPKB were sent to leasing department. Leasing department will process the payment then they transfer it to our account.

Dispatch process: similar with cash sales procedures, but the difference is the customer will not received the BPKB, the BPKB are given to the leasing department. If the customers have completed the payment, then the leasing company will give the BPKB to them. 3. 6. 1 Flowchart of credit sales procedure [pic] 3. 7 Inventory Management of PT DAS MOTOR PT. DAS motor use inventory management software for their inventory stock opname. The software that they use is MYOB, this software are for accounting purpose and link to the inventory information.

They also do check of inventory, to match the amount of real inventory and amount of inventory in the MYOB data. PT. DAS motor forecast the market demand and supply from YAMAHA each month, while YAMAHA also see past sales of PT. DAS motor to allocate the inventory according to ability of DAS motor to sell products. PT. DAS motor forecast are not 100% reliable because

of fluctuating market condition and market ability to purchase product. PT. DAS motor always makes sure that their product fit in the warehouse and showroom.

The condition and security of the warehouse should be maintained by authorized person and key keeper. Inventory checking also important for Das motor to operate because they have to check the amount of motorcycle that they order in the warehouse. For example, they order 100 motorcycles every month but they also sell the motorcycle in one month's so they should check the amount of motorcycles that they sold and the amount of the motorcycles that are still in the warehouse every month whether the inventory is balance or there is missing either the motorcycle or the mistake of the accountants.

On the day PT. DAS stock their motorcycle, they should check the amount of the motorcycles that their order whether the amount is the same that they order or not. Checking the condition of the motorcycle should be implemented also because if there is broken part they should complain and return back directly on that day. They should not receive the broken motorcycle because it hard to return back the motorcycle to the manufacturer because the manufacturer might think that PT. DAS is the one who broke it. 3. 8 Logistic of PT. DAS MOTOR To transport motorcycle from YAMAHA factory to PT.

DAS motor, YAMAHA hire third party logistic to send motorcycle to authorized dealer. The third party logistic provide assurance and on time delivery to each dealer because transportation for motorcycle is quite unsafe. YAMAHA focused on the production and hire third party logistic to do

logistic for their product. To transport motorcycle from DAS motor to customer, they use their own transportation. They have driver and co-driver to bring down motorcycle from truck. In doing transportation DAS motor should make sure that motorcycle accepted by the right person.

Because if they ship motorcycle to wrong person, it become DAS motor responsibility for the losses. DAS motor should maintain the product quality, no scratch or breakage during transportation. They also equipt the driver with travel permit and letter of authorization, driver should ask customer sign after receiving goods (evidence of product acceptance). CHAPTER 4 PROBLEM AND DISCUSSION 4. 1 Role of PT. DAS MOTOR in supply chain management of YAMAHA DAS motor as an authorized dealer of YAMAHA plays an important roles in the supply chain management of the product. To be an authorized dealer of YAMAHA, PT.

DAS motor should met several criteria (prodcut knowledge, strategic place, ability to market the product, and the company's competitive advantage upon other dealer). YAMAHA should make sure that there is no fight between dealer by price margin, advertising, and etc. In this part, DAS motor help YAMAHA to market the product and gain market share in the society. As a distribution channel, DAS motor not only play a role in handling inventory and bridge between YAMAHA to end user. But they also help YAMAHA to forecast market demand, advertise, and provide credit sales (using leasing company such as ADIRA).

DAS motor also provide showroom and workshop equipped by sparepart and repairing facilities. DAS motor provide roadshow using budget from YAMAHA.

This shows that DAS motor plays an important role to bring the product to end customer in supply chain management. Function perform by DAS motor:

- Storing product (warehousing)
- Transportation to end customer

Forecast market demand and capacity of dealer

- Showroom
- Perform credit sales
- Build relation with customer

4. 2 Problem in storing product (warehousing) There are several problem face in storing product or warehousing: Place for storing product and showroom are in the same place. So the place are crowded and force them to place some product out of showroom. The air condition and security are not maintain, especially if there crowded customer in the showroom.

- If there's no empty space in the first floor, they have to use third floor and they have to use elevator to move goods to third floor. Elevator only be reach by minimum goods that's only one product can be fit to the elevator.
- The security system in the warehouse is more simple than the other security system.

The company should provide more high and effective security system to avoid theft, fire, etc. The company should hire security company to provide hightechnologysecurity to avoid those problems.

- The warehouse capacity is too small for storing products. It should be larger than the previous space, so it will be easier to store big quantity of the products.
- The product classification in storing management is fall apart. It should be classify and differentiate between one type to another type , so it would be more efficient.

4. 3 Solution to problem in storing product (warehousing) Assign authorize personnel in charge for security and placed hood to cover motorcycle from hot sunny day and rain. It should separated or hire a new space for warehouse, workshop and showroom to make the company more

easily in storing the product. • Reconstruct the elevator, so the company can store the product in high quantity. It means to reduce cost, time and makes the company more efficient in storing product. • Hire security company or hire security people to avoid theft, fire, etc. Although it added more cost by hiring security people or company, but it will makes the product more safe. Build extra space in warehouse to added lot of quantity inside. By extending space in warehouse, we can easily store high quantity product and manage the product more easily than before. • It should be classify from the types of product, so the company can easily see where the product have been placed in the warehouse.

4. 4 Problem in transportation to end customer

- When transport the product to the final customer, the major problem is the product could be damaged during the process. • Delayed in meeting the customer satisfaction. ot of traffic occured especially in jakarta, it will create additional cost whether the product itself should be passes to the customer in one day, but it should takes another one or two days later to deliver the product to end customer. • The transport limitation. We can't transport product outside JABODETABEK, so it all means that we can't reach fully the customer satisfaction. • The company doesn't provide security during logistic. The increasing criminilatiy in Jakarta may bring insecure logistic process. Road and highway condition in Jakarta create a possibility to defect product (bumpy road, etc). We have to delivered the product to the right person or customer, because we have to get a letter of acceptance from the right customer to avoid error in delivering the product.

4. 5 Conclusion to the problem in transportaion to end customer

- Provide a big plastic cases to covered the product, so the product will be safe delivered

to the end customer • The company should find another direct road, so the product can delivered on time to the customer. • The company should hire third party logistic, so the they can delivered the product if the customer live outside JABODETABEK. In order to avoid criminality and road/highway condition in jakarta, the company should hire number of people or security to maintained the product and believe that the product is safe delivered to the customer. • Offered the end customer with a letter of acceptance to avoid misunderstanding in delivering the product or certain error in delivering the product. 4. 6 Problem in Forecast market demand and capacity of dealer • In fact, forecast is not really needed and it is not accurate if the company wants to order the motorcycle.

The quantity and capacity that the company order per month can change anytime. It depends on the number of sales in the company. 4. 7 Solution to the problem in forecast market demand and capacity of deal • The company create the forecast report to YAMAHA and make forecast is important and needed. 4. 8 Problem in perform credit sales • Sometimes when the company offers credit sales to the customer, some customers usually will not paid back the maximum mounts. They usually run away from the mounts and it accessily harm the company. Complex procedure in perform credit sales. The company should makes several agreement with the bank. 4. 9 Solution in perform credit sales • Hire number of people to directly meet andinterviewthe customers if they have late payment. • Find bank with simple procedure to easliy make agreement and it will aimed to the customer satisfaction. 4. 10 Problem in build relation with customer • Company may find difficulties in maintain customer relationship. Customer

sometimes being cool and not fully understand the aim of the company in building customer relationship. There are different behaviors between the customer and sales people in the company. 4. 11 Solution in build relation with customer

- Satisfy the customer by send them a gift or premium item. Create an unique gift so the customer will satisfy and remember the company. It will create a strong relationship and will keep the customer buying back company's product.
- The sales people should treat the customer with good behaviour. It means that sales people has to prioritizing customer, and treat them in a good term to achieve customer satisfaction.