

# Supply chain design

Profession



**ASSIGN  
BUSTER**

In the world of efficiency and competitiveness, the importance of supply chain management have enhanced significantly. Despite having been recognized all over the globe, few have actually practiced the concept of supply chain management and get positive results from in (Cohen, 2004). In this paper, I am making a supply chain design of a hypothetical company using the theory of supply chain management.

## 2. Theory of Supply Chain Design – Basics

In theories of supply chain management, there are several aspects that construct the quality of a supply chain design, those aspects are:

? **Clear Strategy** The presence of a clear-cut strategy is crucial for a supply chain design. This means clear-cut objectives and clear-cut processes that are utilized to achieve those purposes.

? **Integrated Organizational Structure** A good supply chain design is the one built based on a clear organizational responsibility structure (IBM, 2005). Every department within the supply chain needs to know their exact role within the grand design and how they should integrate with other parts of the supply chain design.

? **Quality Processes** The best supply chain designs are the ones that are visible.

Despite the complicated structure of a supply chain, the processes must be visible so that errors are quickly discovered and then remedied.

? **Reliable Information** In the real world, errors and problems are happening everywhere and every time. Therefore, a real time communication network between all parts of the supply chain is a necessity, if we are to deliver good and on-time services to our customers.

? **Effective Performance Management** In the end, a managerial review of how the supply chain has been performing is a must.

All parts of the supply chain must be evaluated according to their responsibilities.

This will keep the design updated to the newest developments and challenges (Haag, 2006; Ketchen, 2006) 3. Supply Chain Design of SP Inc. To describe how supply chain works in the real world, I used a hypothetical company named Spare Parts Incorporated (SP Inc). SP Inc is a license holder, manufacturer and distributor of spare parts for several Japanese automotive brands like Isuzu, Suzuki and Honda. The company places its manufacturing plants in China because of China government's supportive policies to foreign investment. It markets its products all over the Asian region, mostly China and South East Asia.

The Japanese brands do not produce and distribute the parts into these countries themselves and thus, they provide licenses for other companies like SP Inc in order to take their place in supplying the regions with spare parts for Japanese vehicles. Sp Inc uses mostly local materials in order to supply their customers with licensed spare parts. Within the design I have described the simple flow of processes between SP Inc and its customers and suppliers. Most of these customers are large distributors that are selling to smaller distributors.

Therefore, the chain actually extends a little further into the market (Noreck, 2008). The design also describes how SP Inc is maintaining its relationship with its vendors and suppliers. 4. Processes within the Design The design describes that there are similar processes at work both when we are managing the supply chain relationship with customers or vendors. These processes represent the presence of a genuine effort to manage the supply

chain in order to deliver the best values to SP Inc's customers. The processes include: ? Human Resources Organizations

These activities represent how operators of the supply chain connect with one another (Free Management Library 2008). Responsibilities are divided within these processes and they must be clearly divided and always evaluated periodically. ? Tech Support This process represents how departments within the supply chain develop and maintain a system of Electronic Data Interchange (EDI) that provides real time connections between people operating the supply chain (CovalentWorks Corporation 2008). ? Information Exchange The information exchange procedure itself needs a clear structural design.

Sp Inc and partners of the supply chain used various forms of letters and Electronic Data Transfer Sheets to generate effective communication between operators of the supply chain (health. gov. on. ca 2004). These forms are designed to be as efficient as possible. ? Performance Evaluation A monthly managerial review is performed between SP Inc managers to discuss how the supply chain system has been running for the month and how can mistakes be prevented for the future (tennessee. edu 2006). 6-monthly managerial review is performed between members of the supply chain including vendors and large distributors.