

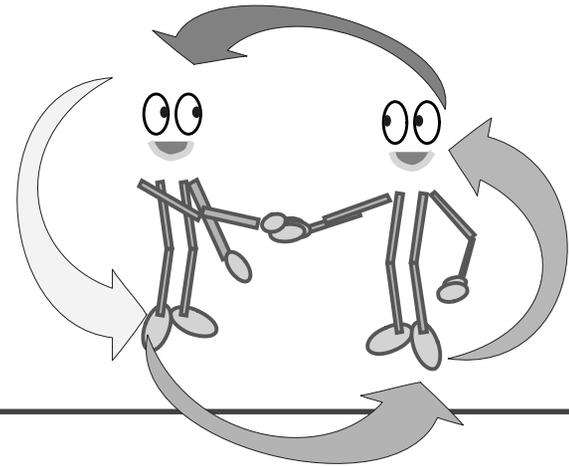


Capability Integration

- Under supply chain management each member of the supply chain realises that they cannot be the best at every activity & *need to rely on capabilities outside of the organisation*
- In order to add the most value on the whole supply chain, *organisations must decide which activities & capabilities to invest in & perform*

Preview from Notesale.co.uk
Page 15 of 68

Relationships

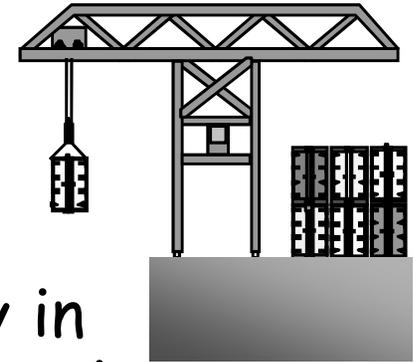


Preview from Notesale.co.uk
Page 16 of 68

A key focus of supply chain management is developing & understanding *cooperation, trust and the management of relationships*

Many relationships within supply chain management are based on the partnership idea which involves *mutually beneficial long-term relationships*

Reliability



To provide reliability at times of uncertainty in demand, *safety stocks* were carried by companies

Traditionally *trade-offs* were perceived as existing between providing high quality, low cost & quick delivery of products

Successful supply chains can now deliver rapidly at low cost with high quality. This reliability comes from *reducing inventory levels as well as reducing the need for quality detection throughout the supply chain*



Identifying and knowing your competitive advantage

What is the basis of your company's competitive advantage?

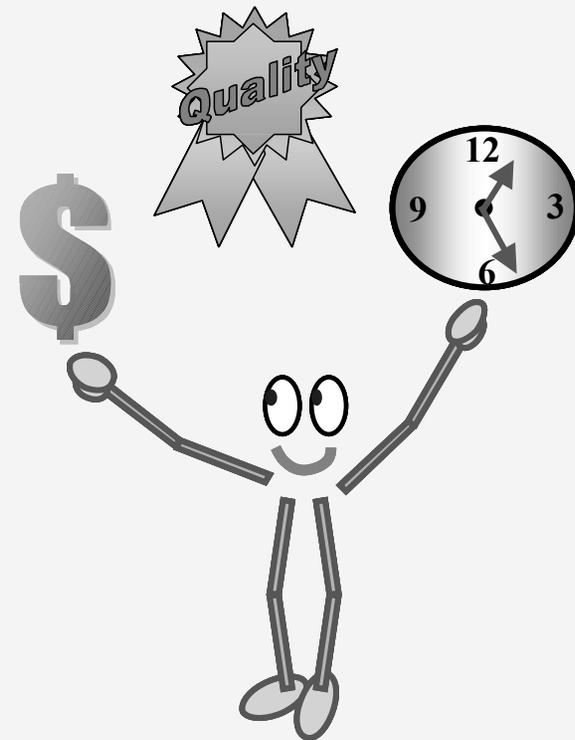
Preview from Notesale.co.uk
Page 24 of 68

Describe how your supply chain allows you to achieve this advantage. Is there any room for improvements?

Advantages of Supply Chain Management

Implementing supply chain management provides the following advantages:

- Reduced cost
- Improved quality
- Value



Ownership & Post-Ownership Costs

Ownership costs include:

- ✓ Processing inventory
- ✓ Repair
- ✓ Maintenance
- ✓ Warranty
- ✓ Training
- ✓ Operating
- ✓ Inventory carrying
- ✓ Contract administration
- ✓ Downtime cost of operating equipment



Post-Ownership costs:

- ✓ Disposal or environmental consequences of product or service

Preview from Notesale.co.uk
Page 38 of 68

Speed Increase

Preview from Notesale.co.uk
Page 43 of 68

The speed objective is similar to the time concept



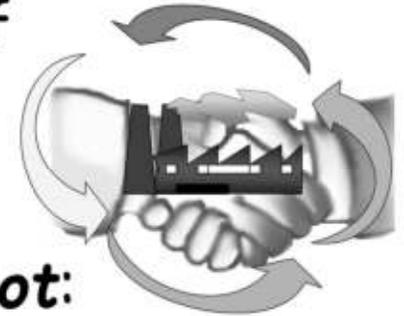
Speed of delivery involves:

- The production of goods & services as fast as possible
- The delivery to the end-customer quicker than competitors

Relationship Types Based on Impact on Company Margin

Relationships depend on the organisational activities

The relevance of the activity to the *sustainability of the company's margins* determines the type of relationships the organisation will enter in

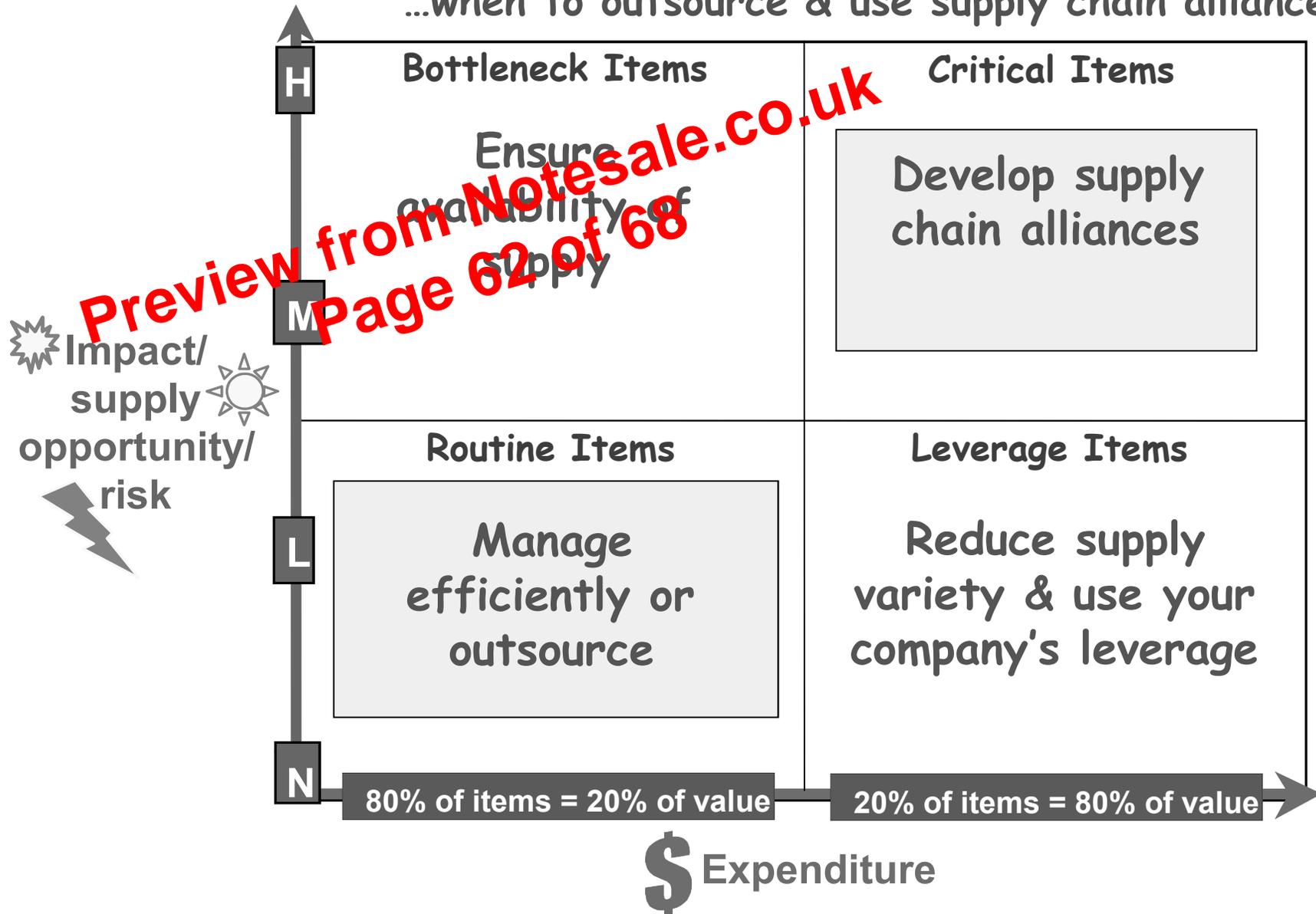


Organisations have to consider whether or not:

- ✓ There is a capability inside the organisation
- ✓ To have the activity supported by an outside company
- ✓ To have the entire activity provided by another company

The Supply Positioning Model & Logistics Management...

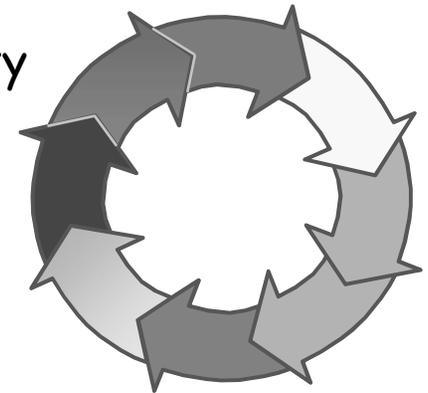
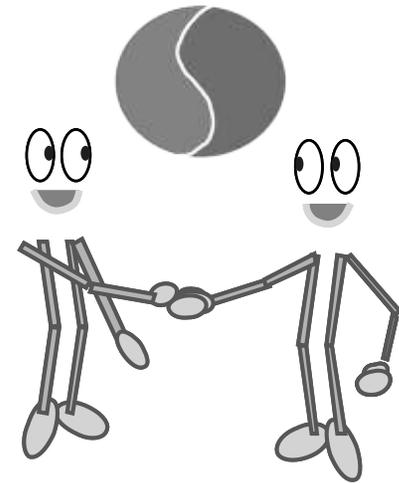
...when to outsource & use supply chain alliances



The Alliance Process

The process of forming an alliance:

- Gaining awareness of the need for an alliance
- Conceptualising the alliance
- Pursuing the alliance
 - ✓ Determining the selection criteria
 - ✓ Searching for partner candidates
 - ✓ Selecting an alliance partner
- Confirming the alliance
 - ✓ Formalising the alliance intentions & expectations
 - ✓ Identifying performance measures
 - ✓ Defining feedback mechanisms to ensure continuity
- Implementing & managing the alliance
- Assessing the alliance
- Terminating the alliance



Assessing Alliance Performance

There are *six issues* to explore when determining the strategic effectiveness of a supply chain partnership:

- 1) *Adherence to operational standards & service level satisfaction*
- 2) *Operational cooperation*
- 3) *Partner coordination*
- 4) *Organisational compatibility & style*
- 5) *Power imbalance*
- 6) *Level of strategic cooperation*

