



IIT ROORKEE



NPTEL ONLINE
CERTIFICATION COURSE

SUPPLY CHAIN ANALYTICS

Introduction to Supply Chain Management

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Outline

- What is a Supply Chain?
- Important Changes in Supply Chains over the ages
- Decision Phases in a Supply Chain
- Process View of a Supply Chain
- The Importance of Supply Chain Flows
- Examples of Supply Chains
- Competitive and supply chain strategies
- Achieving strategic fit
- Expanding strategic scope



What is a Supply Chain?

- All stages involved, directly or indirectly, in fulfilling a customer request.
- Includes manufacturers, suppliers, transporters, warehouses, retailers, and customers.
- Integration of Demand and supply
- Within each company, the supply chain includes all functions involved in fulfilling a customer request (product development, marketing, operations, distribution, finance, customer service).

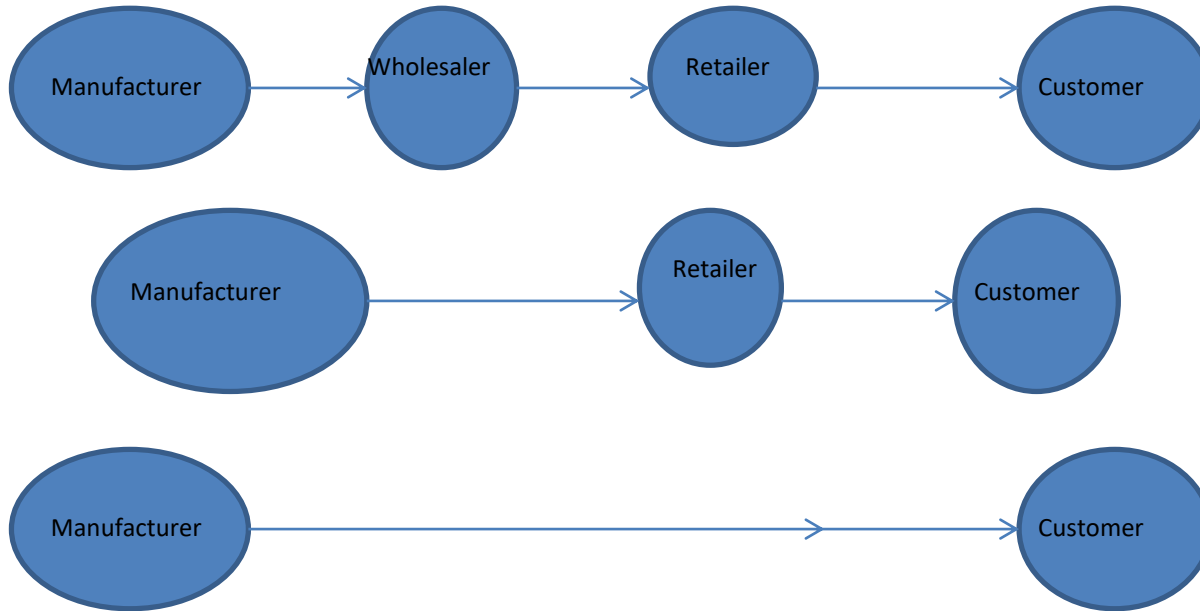


What is a Supply Chain?

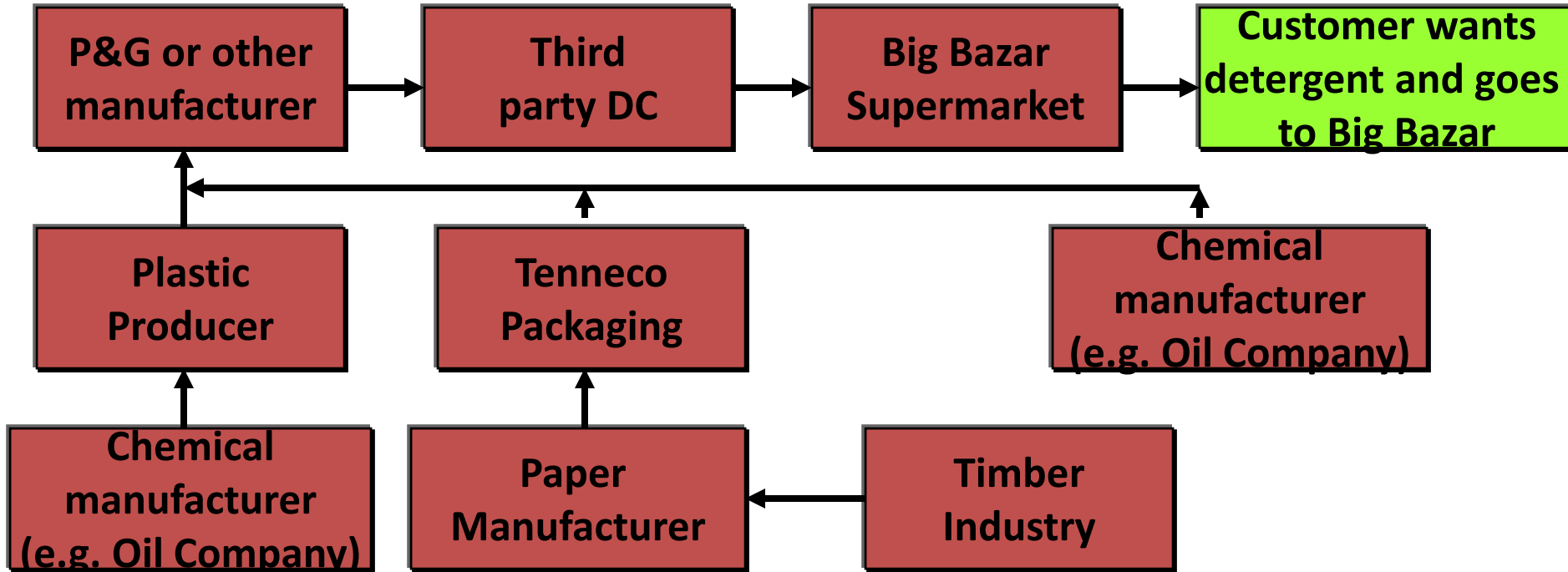
- **Customer is an integral part of the supply chain.**
- Includes movement of products from suppliers to manufacturers to distributors, but also includes movement of information, funds, and products in both directions.
- Probably more accurate to use the term “supply network” or “supply web”



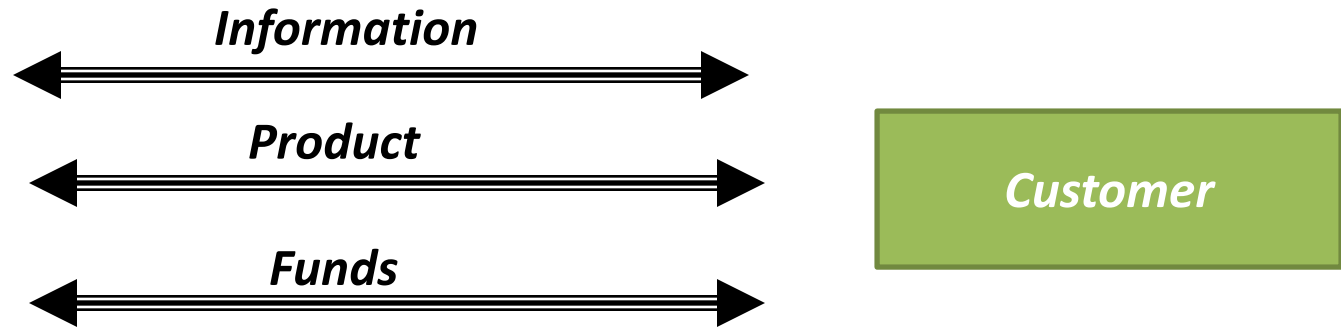
Different Types of Generic Supply Chains



What is a Supply Chain?



Flows in a Supply Chain



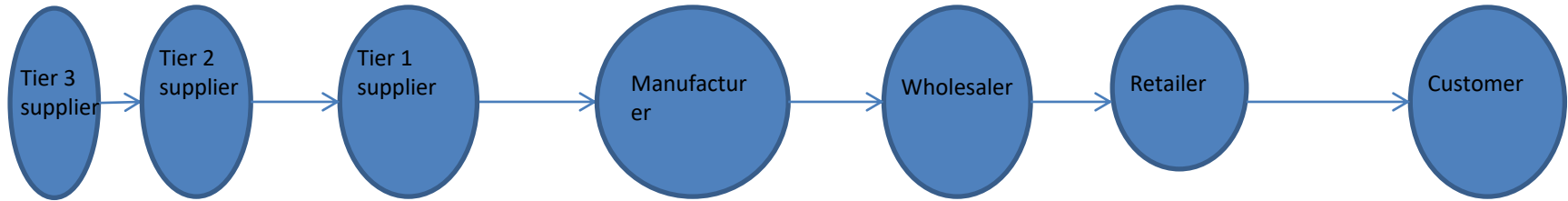
Supply Chain

The Objective of a Supply Chain

- Maximize overall value created.
- **Supply chain value:** difference between what the final product is worth to the customer and the effort the supply chain expends in filling the customer's request.
- Value is correlated to supply chain profitability (difference between revenue generated from the customer and the overall cost across the supply chain).



Value addition in Supply Chain



Most Value addition due to processing and manufacturing activities

Most value addition due to marketing and logistics activities

The Objective of a Supply Chain

- Example: Micromax receives Rs10,000 from a customer for a mobile phone (revenue)
- Supply chain incurs costs (information, storage, transportation, components, assembly, etc.)
- Difference between Rs10,000 and the sum of all of these costs is the supply chain profit
- Supply chain profitability is total profit to be shared across all stages of the supply chain
- **Supply chain success should be measured by total supply chain profitability, not profits at an individual stage**



THANK YOU

