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NPTEL ONLINE
CERTIFICATION COURSE

SUPPLY CHAIN ANALYTICS

Drivers of Supply Chain

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Supply Chain Strategy



Drivers of Supply Chain Strategy

1. Facilities
2. Inventory
3. Transportation
4. Pricing
5. Information
6. Sourcing



What is Driver?

These are factors which help supply chain to be efficient or responsive.



Facilities

Role - Manufacturing, warehouse, cross docking, retail

Location – Cost effective (for efficient supply chain),
Close to customer (for responsive supply chain)

Size - Whether consolidation or not



Inventory

- How much to stock?

Tradeoff between service level and cost of holding the inventory

Transportation

- Inbound - More Economies of Scale
- Outbound – Less economies of Scale
- Tradeoff – cost Vs responsiveness



Pricing

- Use pricing to distribute demand over lean periods in case of efficient supply chains. E.g. concept of happy hours in restaurants
- Use high margin pricing in responsive supply chains.

Information

Better Information network helps in achieving responsiveness and efficiency simultaneously.
E.g. Wall-Mart



Sourcing

- Strategic sourcing
 - Multiple sources- fear of competition help customer
 - Single sourcing – strength of source helps customer to gain competitive advantage

THANK YOU

