



IIT ROORKEE



NPTEL ONLINE
CERTIFICATION COURSE

SUPPLY CHAIN ANALYTICS

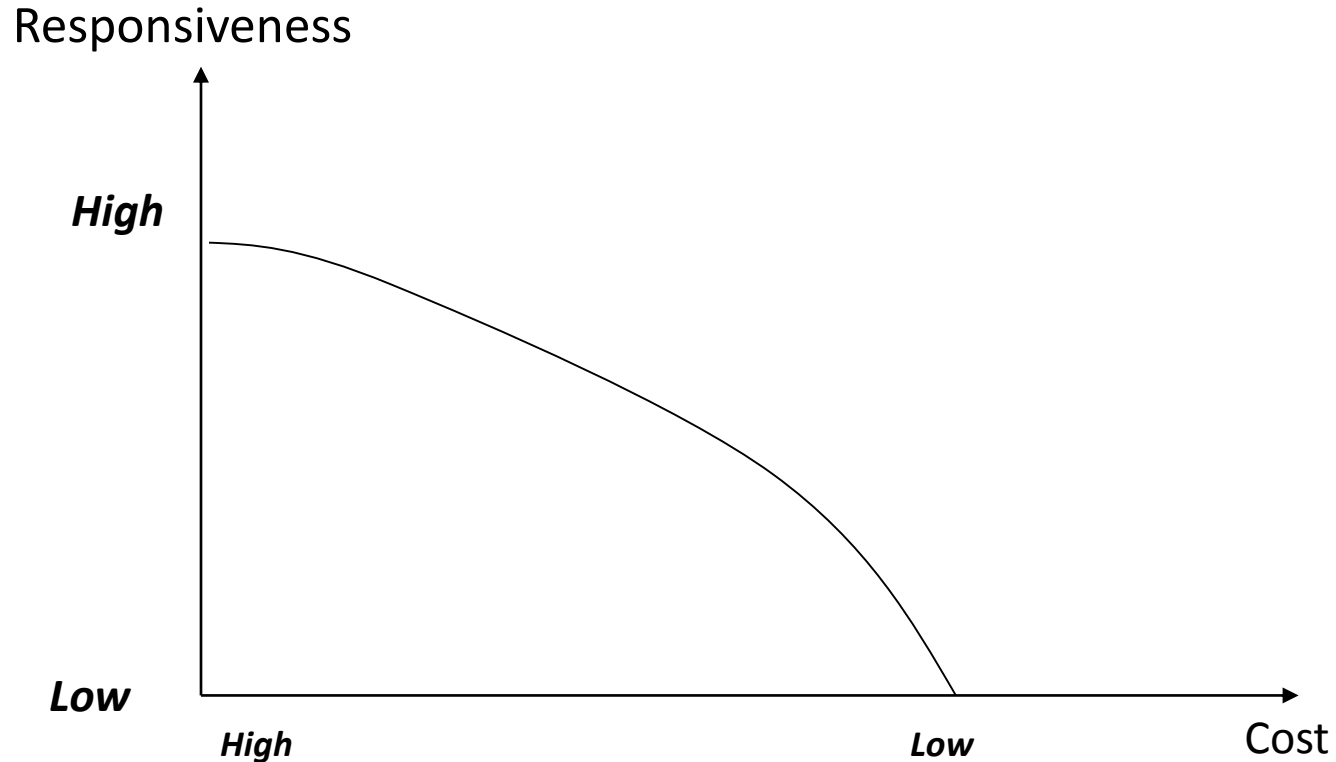
Strategic Fit in Supply Chain

Dr. RAJAT AGRAWAL

DEPARTMENT OF MANAGEMENT STUDIES



Understanding the Supply Chain: Cost-Responsiveness Efficient Frontier

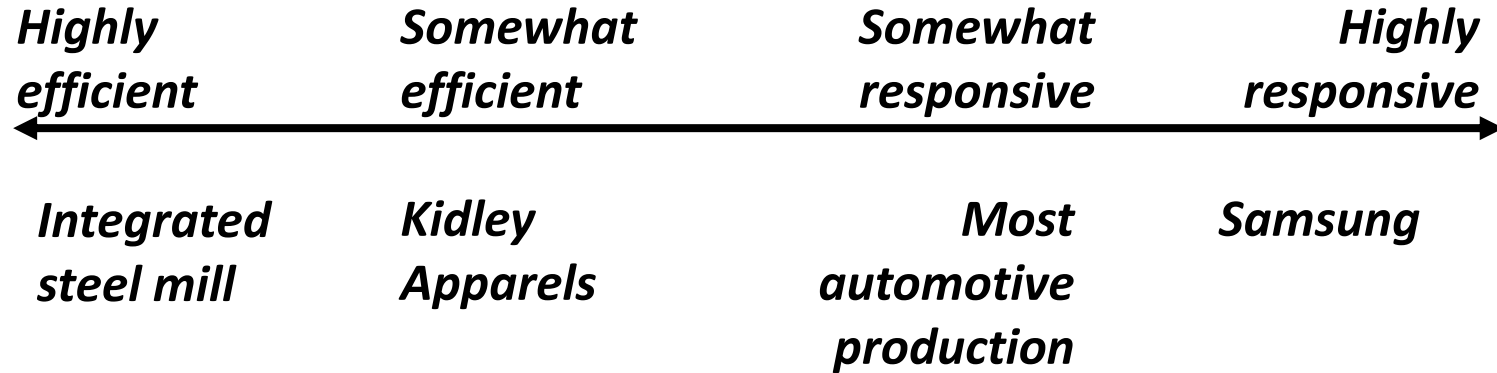


Step 3: Achieving Strategic Fit

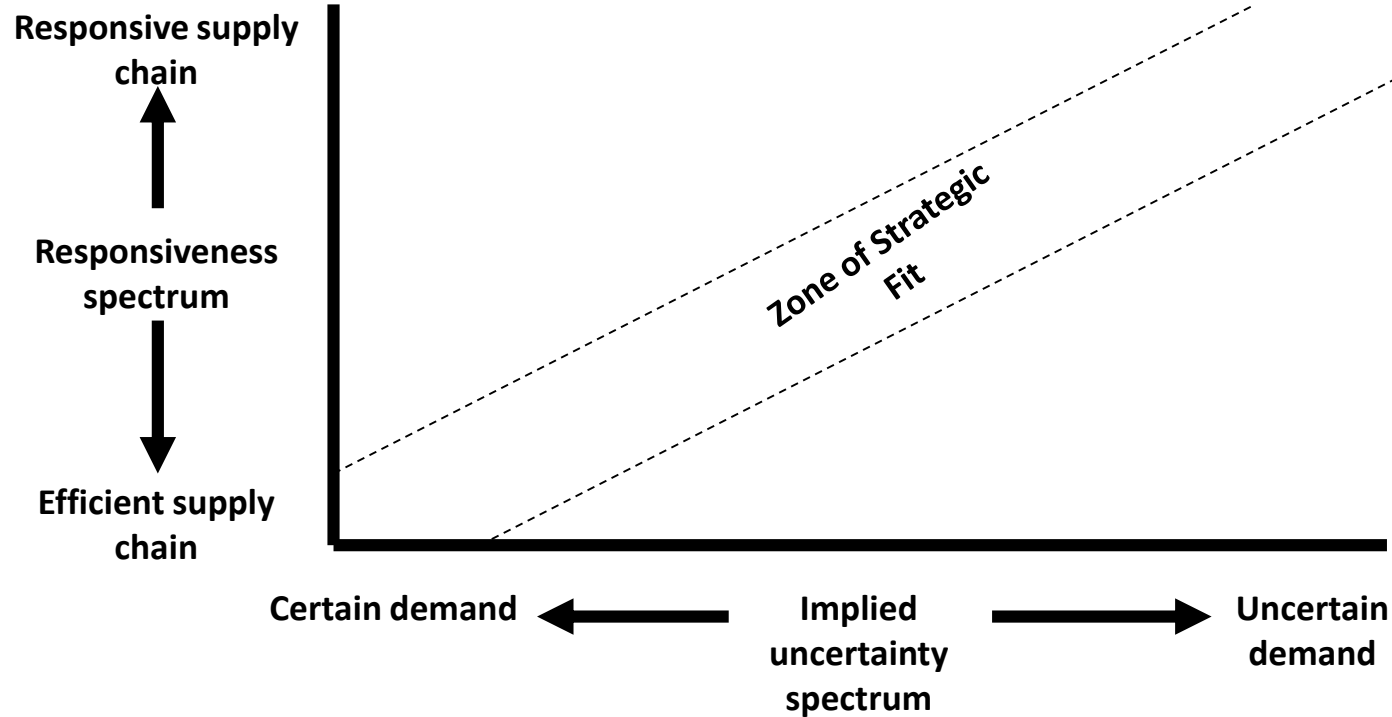
- To ensure that “what the supply chain does well is consistent with target customer’s needs”.



Responsiveness Spectrum



Achieving Strategic Fit Shown on the Uncertainty/Responsiveness Map



Step 3: Achieving Strategic Fit

- All functions in the value chain must support the competitive strategy to achieve strategic fit –
- Two extremes: Efficient supply chains (Indian Post office) and responsive supply chains (DHL) –
- Two key points
 - there is *no* right supply chain strategy independent of competitive strategy
 - there *is* a right supply chain strategy for a given competitive strategy



Comparison of Efficient and Responsive Supply Chains

	Efficient	Responsive
Primary goal	Lowest cost	Quick response
Product design strategy	Minimum product cost	Modularity to allow postponement
Pricing strategy	Lower margins	Higher margins
Mfg strategy	High utilization	Capacity flexibility
Inventory strategy	Minimize inventory	Buffer inventory
Lead time strategy	Reduce but not at expense of greater cost	Aggressively reduce even if costs are significant
Supplier selection strategy	Cost and low quality	Speed, flexibility, quality
Transportation strategy	Greater reliance on low cost modes	Greater reliance on responsive (fast) modes



THANK YOU

