

FROM THE EDITOR'S DESK

Greetings!

Supply Chain is a network of facilities and distribution options that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers. Supply chains exist in both service and manufacturing organizations, although the complexity of the chain may vary greatly from industry to industry and firm to firm.

The concept of Supply Chain Management is based on the core idea that every product that reaches an end user represents the cumulative effort of multiple organizations. These organizations are referred to collectively as the supply chain. Supply chain management, then, is the active management of supply chain activities to maximize customer value and achieve a sustainable competitive advantage. It represents a conscious effort by the supply chain firms to develop and run supply chains in the most effective and efficient ways possible. Supply chain activities cover everything from product development, sourcing, production, and logistics, as well as the information systems needed to coordinate these activities.

The organizations that make up the supply chain are “linked” together through physical flows and information flows. Physical flows involve the transformation, movement, and storage of goods and materials. They are the most visible part of the supply chain. Information flows allow the various supply chain partners to coordinate their long-term plans, and to control the day-to-day flow of goods and material up and down the supply chain.

In the 1980s, companies discovered new manufacturing technologies and strategies that allowed them to reduce costs and better compete in different markets. Strategies such as just-in-time manufacturing, lean manufacturing, total quality management, and others became very popular, and vast amounts of resources were invested in implementing these strategies. In the last few years, however, it has become clear that many companies have reduced manufacturing costs as much as is practically possible. Many of these companies are discovering that effective supply chain management is the next step that must be taken to increase profit and market share.

Many manufacturing operations are designed to maximize throughput and lower costs with little consideration for the impact on inventory levels and distribution capabilities. Purchasing contracts are often negotiated with very little information beyond historical buying patterns. The result of these factors is that there is not a single, integrated plan for the organization. Clearly, there is a need for a mechanism through which these different functions can be integrated together. Supply chain management is a strategy through which such integration can be achieved.

We have presented few articles on ‘Supply Chain Management’ in this issue. We are grateful to all the contributors of this issue. We do hope that our readers will enjoy the whole journey while they go through the articles.



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