

Best value supply chains (Ketchen et al)

Time, money and supply chains

time is money has encouraged the modern emphasis on supply chain management

21st century deserves a new approach: best value supply chains

it does not only focus on speed but on the value added to customers

it focuses on four qualitative and concurrent priorities

- speed
- cost
- quality
- flexibility

strategic supply chain management

coordination of

- strategic sourcing
- logistics management
- supply chain information systems
- relationship management

Overall features of best value supply chains

strategic supply chain management

classic view is one of a process of obtaining and moving goods and services

supply chains are tactical and transactional and cost center

strategic supply chain as a mean to create competitive advantage and enhance firm performance. It implies excel in the four competitive priorities

- speed (cycle time)
- cost
- quality, refers to the reliqibility of the process
- flexibility, refers to chain management responsiveness to changes in customr 's needs. Ex. Walmart during Katrina or Motorola regarding cell phones with cameras

The three A's

- agility
 - it is the supply chain's relative capacity to act rapidly in response to dramatic changes in supply and demand. Rapid Responsiveness.
 - buffers while inventory reduction or colocating with the customer
- adaptability
 - willingness and capacity to reshape supply chains when necessary. However, it demands the alignment of chain member
- alignment
 - refers to cretaing consistency in the interests of all participants in a supply chain

- incentivs in the contracts
- collaborative forecasts (suppliers and clientes)

Specific features of best value supply chains

strategic sourcing

- involves suppliers early in product development
- three strategic sorcing enablers drive these outcomes in best value chains: human resources, strategic sourcing design and measurement systems
- monitor performance end to end
- Ex. Grumann

sourcng managers must adopt a holistic, big picture view of their role in the company

they should manage critical relationships

logistics management

- is a strategic inventory mechanism
- finding the ideal balance of speed, quality, cost and flexibility within distribution systems
- Ex. Dell

supply chain information system

- participants have the data prior to a product's movement
- data must be available along the supply chain
- A best value supplu chain develops systems that efeffectively manage four types of functionality: transaction systems, management control, decision analysis and strategic planning
- Ex. Walmart, satellite tech, GPS

proactive focus is critical

Relationship management

- effectively integrating the participants in a supply chain is crucial tu supply chain success
- there are two ways to organize associations with other supply chain participants
- moderate success at matching nature of relationship to the task
- most supply chain relationships should be managed through contracts, not rich partnerships
- Ex. Wendy's

- cooperation, refers to contractual relationships, such as outsourcing o subcontracting
- collaboration, refers to trust-based realtionship centered on a shared purpose. Its learning intensive

Toward best value supply chains- Raytheon approach

- agility
 - colocating center adjacent to its key customers
- adaptability
 - rapid response supply chain
- alignment
 - financial incentives
 - supplier ratings system
- strategic sourcing
- logistics management
- supply chain information
- relationship management