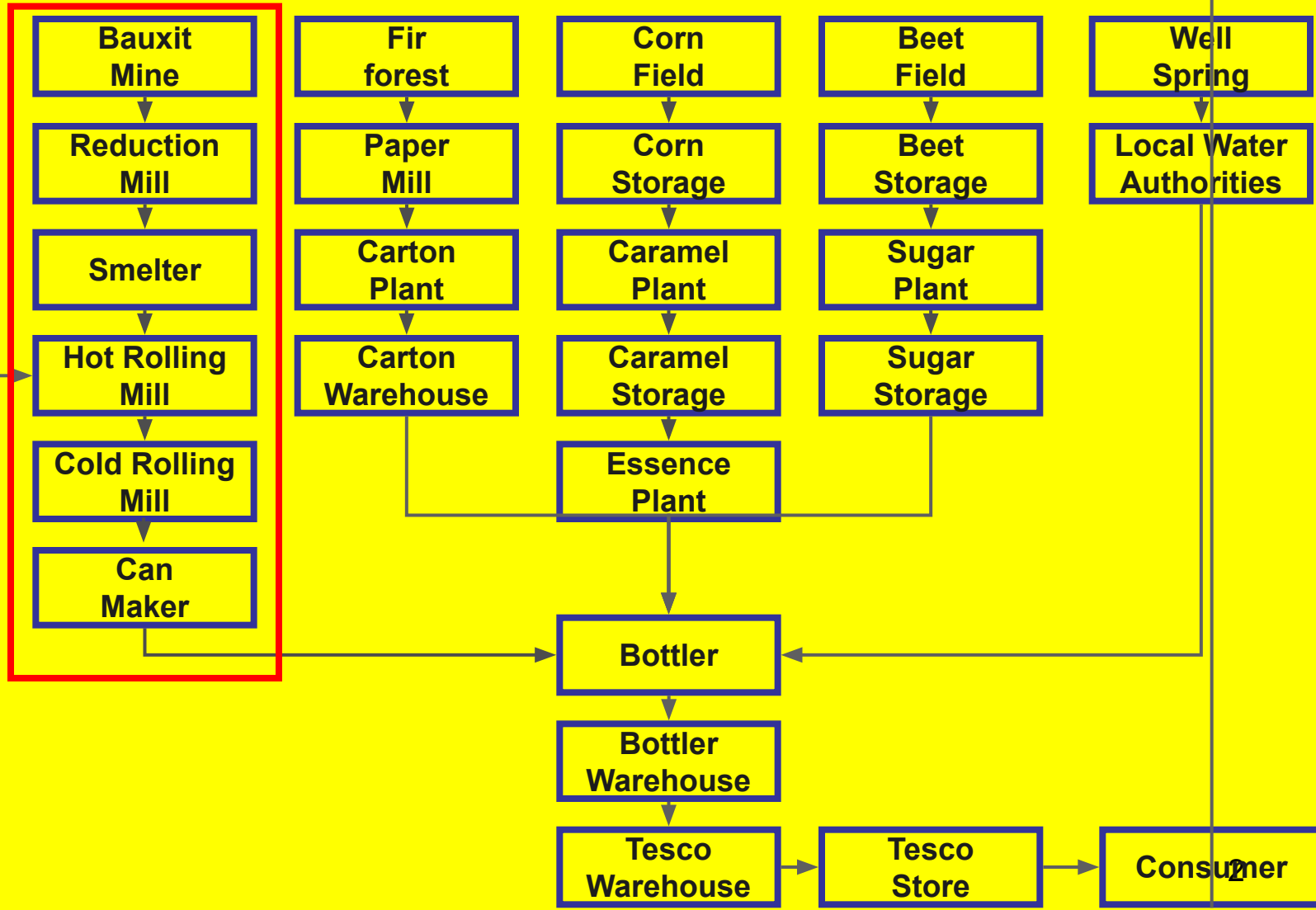


# **4. Supply Chain Management**

- 1. Definition of Supply Chain Management**
- 2. Definition of a Channel of Distribution**
- 3. Development of the Channels of Distribution**
- 4. Channel Structure**
- 5. Flows in the Channel of Distribution**
- 6. Channel Design**
- 7. Types of distribution**
- 8. Product characteristics**
- 9. Processes of integrated supply chain management**

# 1. Definition of Supply Chain Management

## Example: Tesco's Cola Supply Chain



# Supply Chain Management =

Logistics Management

+

Manufacturing Operations

+

Marketing Coordination

+

Sales Coordination

+

Product Design

+

Finance

+

Information Technology

The Management of upstream and downstream relationships with suppliers and costumers to deliver superior customer value at less cost to the supply chain as a whole.

[Christopher, 2005]

## Relationship Management

*Information, product, service, financial, and knowledge flows*

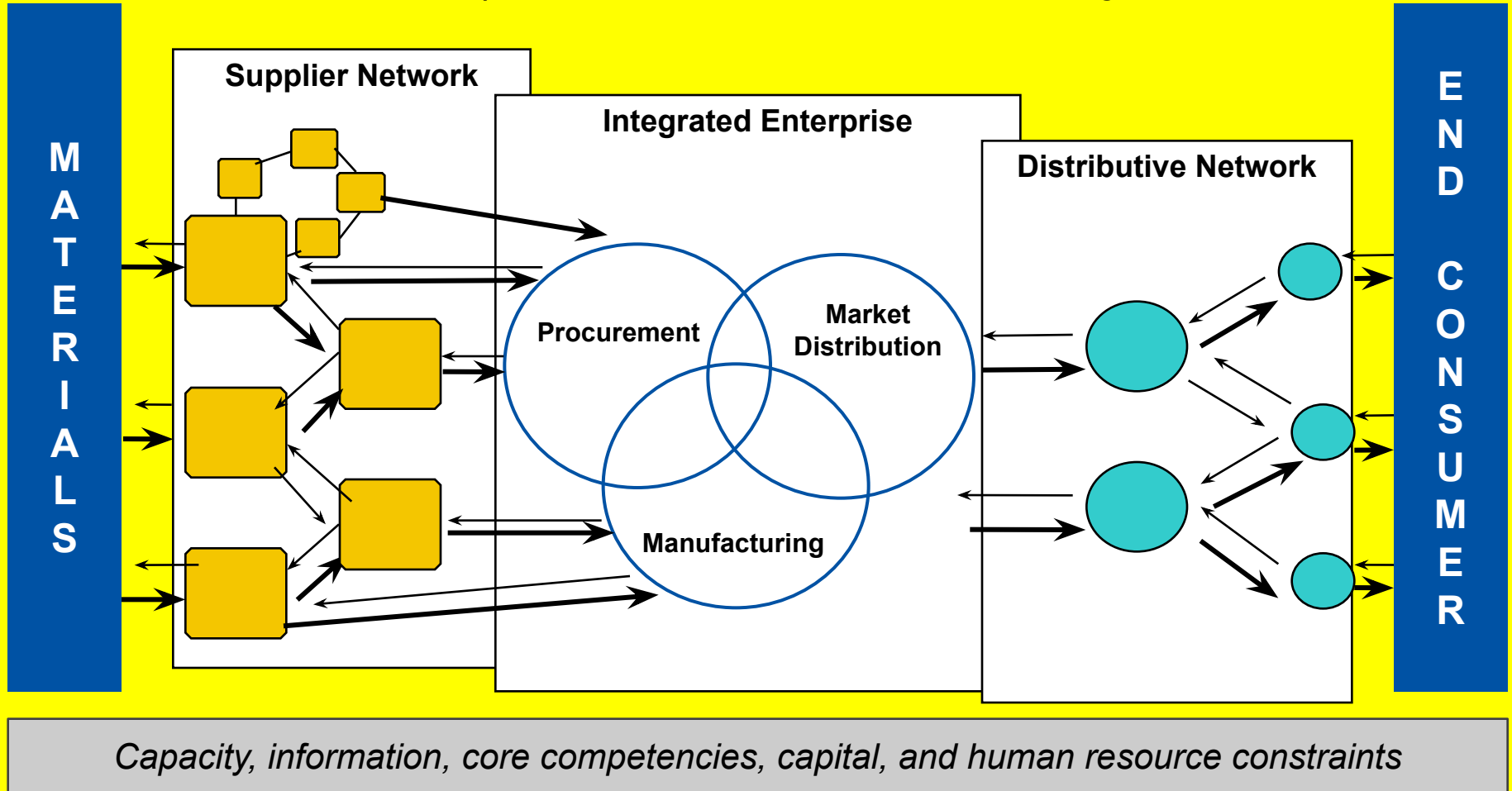


Figure 1 – Supply Chain Management

# **Factors** influencing channel structure:

1. Outsourcing.
2. Postponement and speculation.
3. Speed.
4. Technological, cultural, physical, social, and political factors.
5. Physical factors – geography, size of market area, location of production centers, and concentration of population.
6. Local, state, and federal laws.
7. Social and behavioral variables.

# 5. Flows in the Channel of Distribution

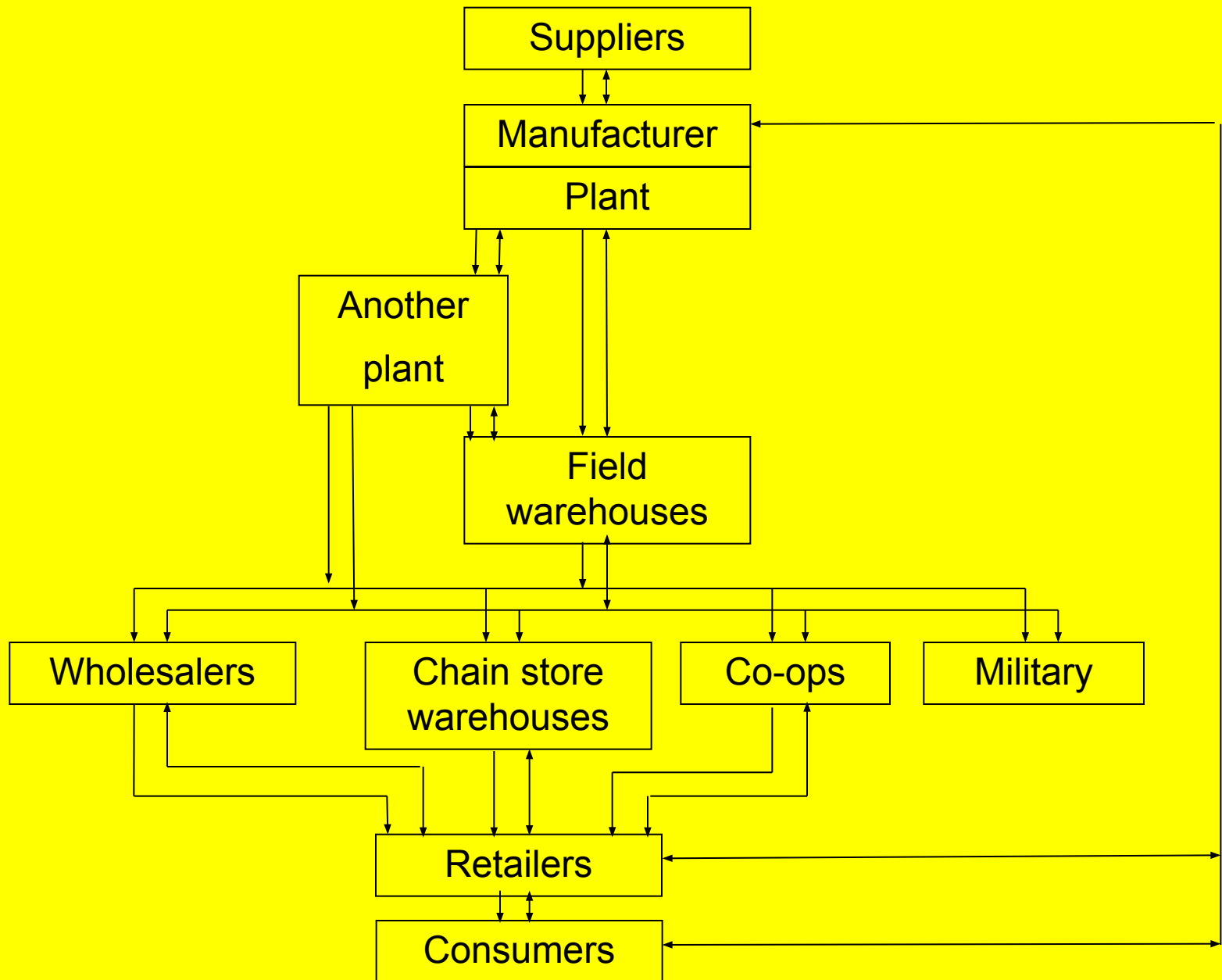


Figure 2 – Distribution's Channels of a manufacturer of grocery products

# 6. Channel Design

The **design process** consists of the **following steps**:

1. Establish objectives.
2. Formulate a strategy.
3. Determine structure alternatives.
4. Evaluate structure alternatives.
5. Select structure.
6. Determine alternatives for individual channel members.
7. Evaluate and select individual members.
8. Measure and evaluate channel performance.
9. Evaluate alternatives when performance objectives are not met, or attractive new options become available.

# 8. Product characteristics

1. Product value.
2. Technicality of the product.
3. Degree of market acceptance.
4. Degree of substitutability.
5. Product bulk.
6. Product perishability.
7. Degree of market concentration.
8. Seasonality.
9. Width and depth of the product line.



# 9. Processes of integrated supply chain management

1. Customer relationship management.
2. Customer service management.
3. Demand management.
4. Order fulfillment.
5. Manufacturing flow management.
6. Procurement.
7. Product development and commercialization.
8. Returns channel process.