Colin Scott • Henriette Lundgren • Paul Thompson

Guide to Supply Chain Management

Ż

17

j.u

es.



÷.

Contents

1	Introduction to Supply Chain Management	1
	1.1 What Starts a Supply Chain?	
	1.2 A Functional View of Supply Chain Management	3
	1.3 Supply Chain Players	
	1.4 Supply Chain Dynamics	
2	Guide to Plan in Supply Chain Management	9
	2.1 Inventory and Supply Chains	
	2.1.1 Different Types of Inventory	11
	2.1.2 Cycle Stock	11
	2.1.3 Safety Stock	13
	2.1.4 Reducing Inventory	16
	2.2 Demand and Supply Planning	16
	2.2.1 Describing Demand	16
	2.2.2 Forecasting Methods	20
	2.2.3 Demand Planning Improvements	23
	2.2.4 Two Models of Order Cycle Management	24
	2.2.5 The Economic Order Quantity (EOQ)	26
	2.3 Sales and Operations Planning	28
	2.3.1 The S&OP Process	28
	2.3.2 Guiding Principles for Successful S&OP	
	Implementations	30
	2.3.3 Customer Service Improvements Through S&OP	31
	2.3.4 Why S&OP Implementations Fail	32
	2.3.5 Different Planning Horizons	33
	2.4 Case Study of Best Practice in Plan: Beiersdorf	34
	2.5 Suggestions for Further Reading	36
	References	36

11

3	Guide to Source in Supply Chain Management	37
	3.1 Introduction to Sourcing	37
	3.1.1 The Purchasing Process: Pre-order Steps	39
	3.1.2 The Purchasing Process: Post-order Steps	40
	3.1.3 Tactical Sourcing	41
	3.2 Strategic Sourcing Initiatives	42
	3.2.1 Category Sourcing	42
	3.2.2 Supplier Relationship Management	44
	3.3 Sourcing Management Tools	46
	3.3.1 Negotiation	46
	3.3.2 Cost Management	47
	3.4 Case Study of Best Practice in Source: Negotiations	49
	3.5 Suggestions for Further Reading	51
	References	
4	Guide to Make in Supply Chain Management	53
	4.1 Introduction to Make	53
	4.1.1 From Craft to Mass Manufacturing	53
	4.1.2 Five Types of Manufacturing Process	54
	4.1.3 Manufacturing Planning and Control	57
	4.2 JIT Manufacturing Strategies	62
	4.2.1 JIT Philosophy	63
	4.2.2 Elements of JIT Manufacturing	65
	4.2.3 Limitations of JIT	66
	4.3 Lean Manufacturing	66
	4.3.1 TQM and Continuous Improvement	67
	4.3.2 Improving Performance Through Waste Reduction	68
	4.3.3 Tools to Improve Make Performance	69
	4.4 Case Study of Best Practice in Make: Unipart	72
	4.5 Suggestions for Further Reading	73
	References	73
5	Guide to Deliver in Supply Chain Management	75
	5.1 Introduction to Deliver	75
	5.1.1 Network Trade-Offs	77
	5.1.2 Facility Location Decisions	78
	5.1.3 Deliver Components	78
	5.2 Transport Management	79
	5.2.1 Air	80
	5.2.2 Road	81
	5.2.3 Rail	81
	5.2.4 Water	82
	5.2.5 Pipeline	82
	5.2.6 Intermodal Operations	83

.

	 5.3 Warehouse Management 5.3.1 Warehouse Planning 5.3.2 Warehouse Planning Process 5.3.3 Warehouse Layout 5.4 Case Study of Best Practice in Deliver: DHL 5.5 Suggestions for Further Reading References 	85 85 86 87 89
6	Guide to Return in Supply Chain Management	91
U	6.1 Introduction to Return	
	6.1.1 Why Do Products Return?	91
	6.1.2 Drivers of Reverse Logistics	93 94
	e	
	6.1.3 Key Players in Reverse Logistics	98
	6.2 The Return Process	
	6.2.1 Reverse Logistics Activities and Recovery Options	98
	6.2.2 Five Stages of the Product Return Process	99
	6.2.3 Different Return Business Models	101
	6.2.4 Product Recovery Issues	103
	6.3 Strategic Outlook in Returns	104
	6.3.1 Returns in Different Industry Sectors	104
	6.3.2 Improving Returns	106
	6.3.3 Golden Rules for Returns Management	107
	6.4 Case Study of Best Practice in Return: Wincanton	107
	6.5 Suggestions for Further Reading	109
	References	109
7	Guide to Strategy in Supply Chain Management	111
'	7.1 Introduction to Corporate Strategy	111
	7.1.1 What is Corporate Strategy?	111
	7.1.2 What is Competitive Strategy?	112
	7.2 Achieving Strategic Alignment in Supply Chain Companies	112
	7.3 Concepts to Support Supply Chain Strategy Development	114
	7.3.1 Four Drivers of Supply Chain Performance	115
	7.3.2 Five Inventory Strategies	115
	7.3.3 Lean and Agile	119
	7.3.4 Postponement	120
	7.4 Case Study of Best Practice in Strategy: Wal-Mart	120
	7.5 Suggestions for Further Reading	121
	References	122
		123
8	Guide to People in Supply Chain Management	125
	8.1 The Importance of People in Supply Chain Organisations	125
	8.1.1 Constructing a Learning and Development Strategy	126
	8.1.2 Linking Learning and Development to Supply	
	Chain Strategies	127

	8.1.3 Encouraging a Learning Culture	128
	8.2 Team Development in Supply Chain Management	129
	8.2.1 Dimensions of Situational Leadership [®]	130
	8.2.2 Leadership and Team Development Levels	131
	8.2.3 Matching Development Level and Leadership Style	132
	8.3 Individual Learning of Supply Chain Professionals	133
	8.3.1 Four Types of Learning Styles	134
	8.3.2 Learning in Supply Chain Management: Applying	
	Different Styles	135
	8.3.3 Improving Performance Through Supply Chain Learning	137
	8.4 Case Study of Best Practice in People: Supply	
	Chain Academy	137
	8.5 Suggestions for Further Reading	139
	References	139
9	Guide to Finance in Supply Chain Management	141
-	9.1 Introduction to Supply Chain Finance	141
	9.1.1 The Business Process	141
	9.1.2 Gearing	143
	9.1.3 Returns	143
	9.1.4 Hurdle Rates	143
	9.2 How Companies Cascade Financial Information	144
	9.2.1 Profit and Loss	144
	9.2.2 Balance Sheet	146
	9.2.3 Cash Flow	147
	9.3 How to Add Value and Improve Corporate	
	Financial Performance	148
	9.3.1 Supply Chain Impact on ROCE	148
	9.3.2 Applying Six Supply Chain Performance Levers	149
	9.4 Case Study of Best Practice in Finance: NWF	152
	9.5 Suggestions for Further Reading	154
	References	154
10	Guide to Customer Service in Supply Chain Management	155
	10.1 Introduction to Customer Service	155
	10.1.1 Who Are Our Customers?	157
	10.1.2 Managing Variability to Improve Customer Service	158
	10.2 Managing Key Customers	160
	10.2.1 Customer Lifetime Value	161
	10.2.2 Customer Service Ambassadors	162
	10.3 Delivering Against Customer Needs	162
	10.3.1 Delivering the Core Promise	163
	10.3.2 Meeting and Exceeding Customer Expectations	163
	10.3.3 Service Recovery	165

10.4 Case Study of Best Practice in Customer Service: Unilever	166
10.5 Suggestions for Further Reading	168
References	
11 Guide to Outsourcing in Supply Chain Management	169
11.1 What is Outsourcing?	169
11.1.1 Growth Drivers in Outsourcing	170
11.1.2 Common Reasons for Outsourcing	170
11.1.3 Outsourcing Concerns	
11.2 The Tendering Process of Outsourcing	171
11.2.1 Step 1: Review Scope for Outsourcing	
and Requirements	171
11.2.2 Step 2: Identify Potential Service Providers	173
11.2.3 Step 3: Produce Request for Information and Shortlist .	174
11.2.4 Step 4: Prepare and Issue the Request for Quotation	174
11.2.5 Step 5: Assess the Tenders	
11.2.6 Step 6: Select Contract and Assess Risk	
11.2.7 Step 7: Determine Contract	175
11.2.8 Step 8: Implement Contract	177
11.2.9 Step 9: Manage Ongoing Relationship	
11.3 Improved Service Through Better 3PL Management	177
11.3.1 Disputes: Why Outsourcing Relationships Fail	
11.3.2 Managing Expectations	178
11.3.3 Managing the Relationship	179
11.4 Case Study of Best Practice in Outsourcing:	
Hi-Tech Industry	
11.5 Suggestions for Further Reading	
References	182
About the Authors	183
Index	185

i.s.

ai

1*