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Basic Understanding on Supply Chain in Management

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Basic Understanding on Supply Chain in Management

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I. Introduction

The study looks at the administration of an organization (in brief) and Supply Chain Management, its design, and some advantage. The study also looks at the Supply Chain of Dell as they are one of the leading electronic service providers and are well known for their computer products. This study is purely based on the understanding of the student in Supply Chain Management study.

a) *The student understanding of Enterprise Management*

The efforts of individuals to achieving goals and objectives by the use of existing resources effectively and efficiently is a managerial function. Management involves the following among others planning, organizing, staffing, leading or directing, and controlling an organization to achieve the goal or target. Resourcing is the deployment and manipulation of human resources, financial support, technological resource, and natural resources. Management is also an academic discipline, a science whose objective is to study social organization.

According to Henri Fayol (1841-1925), "to manage is to forecast and to plan, to organize, to command, to co-ordinate and to control." Moreover, according to Fayol's definition, he considers management to consist of six functions thus forecasting, planning, organizing, commanding, coordinating and controlling. All these six functions as identified by him can be seen in the management of organizations today either for profit-making or not for profit, either small scale or cooperation, for production or service provision.

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Mary Parker Follett (1868-1933) said: "management is to get things done through people." She described management to be a philosophy. By taking the management definition of Follett as a working definition, we can say that organizational goals, mission, vision, objectives cannot achieve by only one person (the manager) but with others (workers) in the various aspect of the organization. In another hand, we can say that people are needed in every aspect of the organization. By going with the definition given by Fayol, all the six functions identified only work among social settings, at where people are located.

Peter Drucker (1909-2005) says the essential task of management is in twofold thus marking and innovation. By going with the view of Peter Drucker, we can say that successful management depends on the innovation and marketing strategies put in place by the manager to the running of the organization.

According to all the definitions and the viewpoints looks at we can say that Supply Chain in Management view is an innovative marketing strategy designed to regulate the people within and outside the organization to achieving the organization's goals, mission, visions, and objectives. Hence, we can see from the viewpoints of management that the management definition giving by Fayol, Follett as well as Drucker is what a Supply Chain seeks to achieve.

II. What Supply Chain Management (SCM) is About

Supply Chain can be referred to as the management of value flows of final goods, materials, and related information among suppliers, resellers, company, and final consumers. An SCM can also be referred to as a systematic, strategic coordination of traditional business functions across all business service within a particular company and across firms in the supply chain for the determination of improving the long-term performance of the individual organization and the supply chain as a whole. The performance of any organization either for manufacturing or service provision is depending on its supply chain. The design of the supply chain is, therefore imperative. Base on the vision, mission statement, as well as the objectives of an organization, supply chain, is designed to maximizing the profits of the organization as well as removing unnecessary spending or waste. Depending on the

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production or service line of a particular business its supply chain can be complex or simple.

a) The design of Supply Chain

Supply Chain Management is the partnership of manufacturers, wholesalers, and retailer to provide the best value to buyers in a particular trade channel or market. In other to maximize customer valve so as to gain competitive advantage, however, companies has to streamline their Supply Chain management activities in the marketplace. Furthermore, the suppliers effort to developing and implementing a chain that could be efficient and economical as possible. The development of this chain, however, is applied to production and product development down to the information system. In a simple form, one can say that supply chain management is the management of the flow of goods and services. It includes raw materials, work-in-progress inventory, finished goods from one point of origin to the point of consumption. From this understanding, we can take the figure bellow as a supply chain design of a manufacturing company.

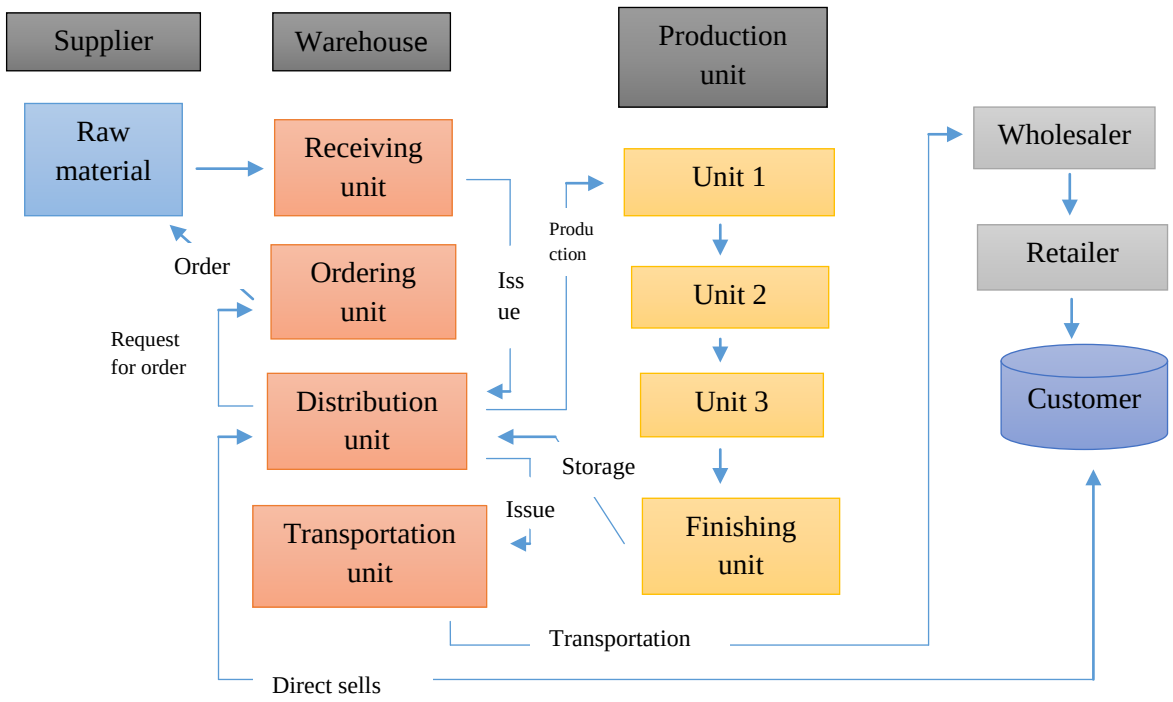

Fig. 1: A supply chain design in a manufacturing company

As it has been earlier established in this study that supply chain aims to maximize the net profit of an organization, therefore, all supply chain either simple or compound designs to build a good business relationship with its customers. The figure below shows the form of a supply chain design.



Fig. 2: The form of every supply chain design

b) Some Important of supply chain management

Supply chain management is vital to company success and customer satisfaction. This study identifies the following few points as an advantage of a supply chain basis on the understanding gotten from this study. It is imperative to note that apart from the importance identify by this study. However, every buyer can have his or her advantage of a particular supply chain base on the system of operation.

- It boost customer service
- It improve financial position of the organization
- It reduce transaction cost
- It promote share of information
- It support effective inventory management
- It also improve organizational customer relationship

This study, therefore, identifies the figure below to be the usual process of flow within a corporate supply chain.

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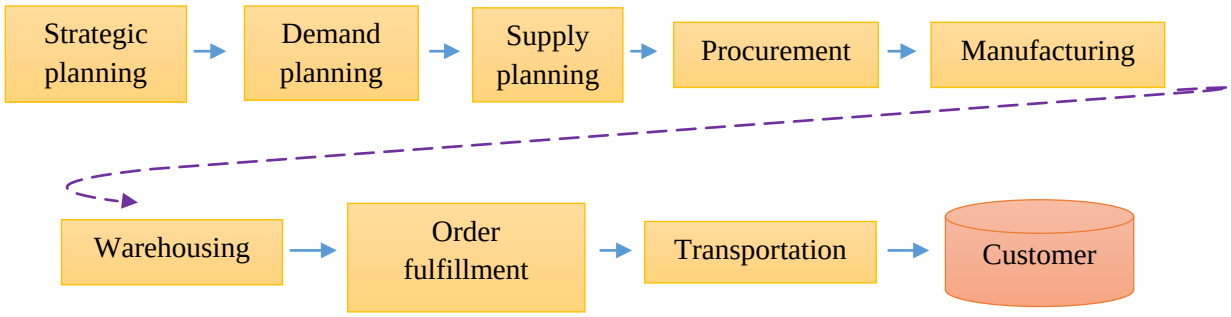


Fig. 3: Supply chain management process

III. Supply Chain of Dell

Dell as one of the leading electronic service providers, this study takes a look at its supply chain management system. Below shows the supply chain of Dell.

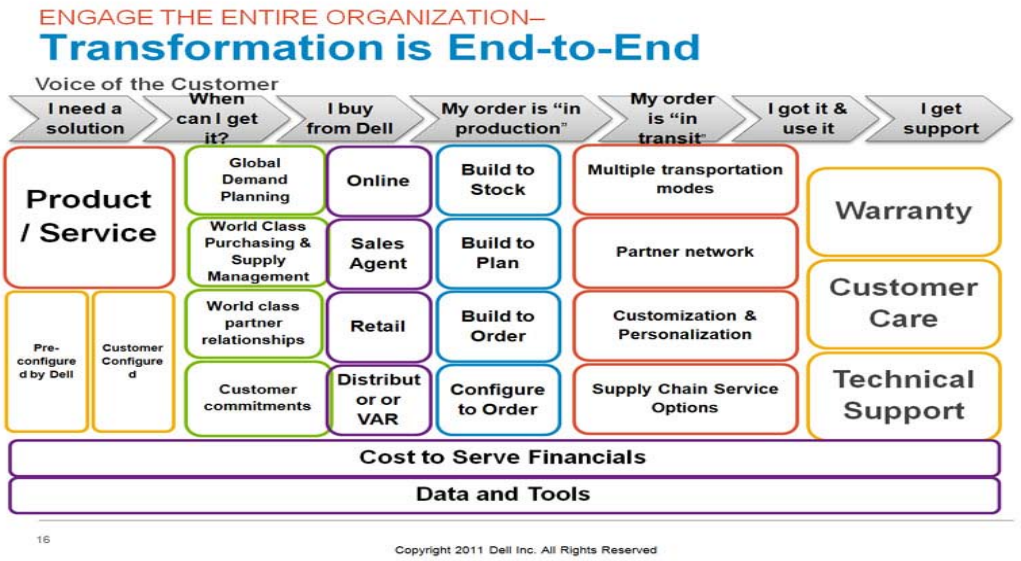
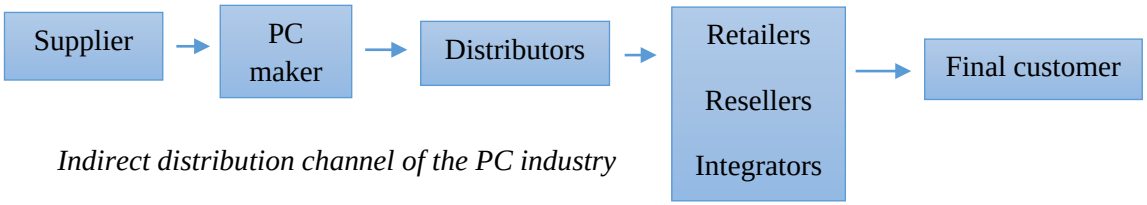


Fig. 4: The operation supply chain of Dell

Dell makes direct sales to its customers. The right model of Dell shows, therefore that it does not take advantage of the retail channel instead makes a sale of its PCs through its website directly to customers. Hence, the elimination of added cost and time that may come with intermediary steps. Dell is therefore linked directly to its clients.



Indirect distribution channel of the PC industry



Dell's direct distribution channel

Fig. 5: The traditional company vs. the direct channel of Dell

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The structure of a design adopted by a corporation would also determine its profit maximization level within the chain. This study identified from the direct distribution channel of Dell that the other cost to be incurred as a result of involving others players in the delivery of its products are cut off as a result of its direct dealing with the customer hence its profit maximization within the chain would be higher comparatively than the fabulous company.

IV. Lessons Learn, Conclusion, and Recommendation

a) Lesson Learn

This study has identified the following few points as the experience gained;

- Every supply chain is designed to create an excellent organizational relationship between itself and the customer.
- The supply chain aims to maximize profit by eliminating unnecessary cost of operations. Moreover, also by minimizing its cost of production.
- The supply chain is designed for quick delivery of goods and services to its customers.
- It aims for the rapid flow of the right information on time within and outside the organization.
- The supply chain is also designed for effective and efficient running of the systems within the organization and the management of the people within the organization for efficiency.

b) Conclusion

The management definition given by Henry Fayol and Parker Follett are all pointing to the fact that people are needed for efficient operations of organizations activities. In another hand, there would not be forecasting, planning, organization, commanding, coordinating, and controlling as identified by Fayol, in an environment where there are no people. The management activities will not beget done according to Follett definition if there are no people. The design is needed, however, to get things done on time as well as managing the people involve. The supply chain is hence the design needed. The supply chain does not only manage the activities and individuals within the organization but also those outside the organization (customers).

c) Recommendation

- It is suitable for every organization to have a supply chain system for the efficient running of the organization's activities.
- The design of the supply chain should be the one that best fit the operations of the organization involved.
- It is advisable to keep a simple supply chain like Dell than making it too complicated so as to get the optimal maximization of profit from its operations.
- Every manager needs an understanding of supply chain management for effective management.

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