

Economic Estimation of Profit and Selling Price Across Supply Chain

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Abstract

This article aimed at Economic Estimation of Profit and Selling Price across supply chain. Business chain management is crucial for effective operations and Economic Profit and Selling Price Estimation and management across supply chain and meet customer and suppliers needs. Companies should try to establish Mathematical kinds of economic productive relationships with their suppliers that they have with their customers. By developing partnerships, customers and suppliers can build economic relationships that will help them satisfy their shared customers and end users further along the customer-supplier chain.

Index terms— economics; supply chain; profit; price; customer; supplier.

Suppliers are those business firm that provide goods and services that help them to satisfy the needs of their own customers. The idea of creating mutually beneficial relationships with both customers and suppliers is a major departure from the traditional approach to customer and supplier relationships. Thus, there must be economic method of managing price of products and services across supply chain. This article present the general concept of business and business chain management. Core concepts of Economic Profit And Selling Price Estimation using mathematical techniques to measure, analyze and implement Economic customer-supplier relationships and productive business chain Profit And Selling Price management across business chain is aim of this article.

II.

2 Analysis and Result

Every Business is part of a long chain (actually many long chains) of customers and suppliers. Each Business is a customer to its suppliers and a supplier to its customers, so it does not make sense to think of a Business as only one or the other. One implication of this concept is that your customer's customers are, in a sense, your customers as well. Sometimes a Business must focus on both their immediate customers and those next in the chain. Business firm must works hard to satisfy the needs of both the people who use their products and the retail establishments that sell them, labeling the former price and across customer-supplier business chain of consumers and the latter customers.

3 Introduction

he process of business economy management is now presenting a multitude of challenges to governments and all organizations that both provide, directly or indirectly, services to citizens, and undertake large-scale projects with national and international impacts. Global competition for profitability of market actors and citizens demand for fair priced technologically empowered quality product and service worldwide are making these challenges more formidable, and governments can no longer hide behind bureaucratic rules, inadequate resources, and managerial inefficiency while performing their functions.

We are facing inflation daily with out any tangible reason. Price is surging trimendesly. Managing trade is weak and trading become uneconomically surging price of products and services across business chain. Individuals

usually add price on products they sells and services they offers. Organizations are increasing price of product they produce and service they offers because of unbalanced economic conditions and their own uneconomical profitability desires. Product and service Price is increasing across Business chain and purchasing cost of product is become high and higher which affect economy of end users. End users, customers, are challenged by demands for better quality services, improved performance standards, and more fair and responsiveness commodity price across Business chain. While there is a long way to go, the first steps must be taken and this article offers strategic instrument toward optimal economic goal of improved Economic Estimation of Profit and Selling Price across Business chain mathematically.

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 Note: Commodity with low initial cost per unit product should have higher unit product profit in relation to initial unit cost where as Commodity with higher initial unit cost should have lower unit profit in relation to initial unit cost. Moreover, Commodity waiting short mean number of days shall have lower profitability rate where as Commodity waiting longer mean number of days shall have higher profitability rate as per mean number of days Commodity stored and waits to be sold at each Business chain mathematically. Thus, expected profit of unit Commodity at Business chain shall be: The quality of goods and services received from suppliers, the upstream portion of the supply chain, has a significant effect on the quality of goods and services that downstream customers receive. Similarly, The price of goods and services paid to unit Commodity received from suppliers, the upstream portion of the business chain, has a significant effect on the price of goods and services that downstream customers shall pay to receive. Thus, unit Commodity selling price at each chain of supply chain shall be: Unit Commodity selling price of producers or importers is: $9Br. + 0.723 Br. = 9.723 Br.$

5 Similarly

Unit profit of whole sellers= 1.205Br. Unit selling price of whole sellers =10.928Br. Unit profit of retailers, =1.687Br. unit selling price of retailers,= 12.616Br. Unit profit of distributors=1.687Br. Unit selling price of distributors =14.304Br. Unit profit of shops=2.169Br. Unit selling price of shops=16.473Br.

Example: trading across three business actors of supply chain of producers or importers (BC 1), whole sellers or retailers (BC 2), distributors or shops (BC 3) to reach end user with Initial cost of unit Commodity 4,000br and mean unit Commodity waiting days at actors varies across business chain as shown on figure.

6 Unit Commodity waiting days of Business chain

$Wd=55/3 =18.33days$ Note: as number of days increase income increase due to cost corresponding days. For instance, if mean unit Commodity waiting days of business chain of example 3 increase from 20 days to 29 days expected profit of unit Commodity at Business chain will be increased to 80,100.36276 with additional income of 8,838.657831. Note: if there is shortage of supply of commodity we can manage it economically by: 1. Increasing initial cost of commodity economically as per supply and need and requirement of commodity and reducing days as per demand. 2. Increasing initial cost of commodity economically as per supply and letting days constant as per need and requirement of commodity.

7 Using initial cost of commodity economically as per

supply and letting days constant and reducing chain actors as per need and requirement of commodity.
 III.

8 Discussion and Conclusion

Businesses have recognized that supply chain management is crucial for effective operations and meeting customer needs. In business today, operations are often highly decentralized and dispersed around the world. Consequently, managing a complex network of suppliers becomes a critical inter organizational issue.

Suppliers play a vital role throughout from design through distribution. Suppliers can provide technology or production processes not internally available, early design advice, and increased capacity, which can result in lower costs, faster time-to-market, and improved quality for their customers. In turn, they are assured of stable and long-term business.

Supply chain management is crucial for effective operations and meeting customer and suppliers needs. Companies should try to establish economic productive relationships with their suppliers that they have with their customers. By developing partnerships, customers and suppliers can build relationships that will help them satisfy their shared customers further along the customer-supplier chain.

Three governing principles describe customersupplier relationships: ? Recognition of the strategic importance of customers and suppliers, ? Development of win-win relationships between customers and suppliers, and ? Establishing relationships based on trust.

Customer must be at the center of the business universe. Satisfying their needs leads to repeat business and positive referrals, as opposed to one-shot business and negative referrals. Suppliers must also be considered

crucial to Business success, because they make it possible to create customer satisfaction economically. Neither the quality nor the cost can be brought to competitive levels and continuously improved without the contributions of suppliers.

The second principle of customer-supplier relationships is the need to develop mutually beneficial (often called win-win) relationships between customers and suppliers economically. This was discussed previously as working together to increase the size of the pie, rather than competing over how to divide it. The goal of building partnerships with customers and suppliers can be seen as an extension of the teamwork principle that applies to economic activities and as recognition that the needs of both partners must be satisfied if economic productive long-term relationships are to be created.

The third principle of effective customer-supplier relationships is that they must be based on trust rather than suspicion. Aside from the obvious teamwork implications for relationships based on trust versus suspicion, monitoring supplier or customer behavior does not add any value to the product and customers satisfaction. If a trusting relationship between customers and suppliers can be developed so that neither must check up on the behavior and profitability of the other.

Customer-supplier chain can be broken at any point by one person or one piece of equipment not meeting the requirements of the customer. Failure to meet the requirements in any part of a chain has a way of multiplying, and failure in one part of the system creates problems elsewhere, leading to yet more failure and problems, and so the situation is exacerbated. The ability to meet requirements is vital. To achieve quality throughout a business, every person in the chain must be trained how to build and maintain customer-supplier relationships economically.¹



Figure 1:



Figure 2: =

117

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=	$\frac{33 \cdot 18}{4} = 1402.798 \text{ Br.}$
Unit Commodity selling price at end of chain = 4000 + 1402.798 = 5402.798 Br.	
Expected profit and selling price of unit Commodity at each Business chain	
Producers or importers unit	Producers or importers unit
Commodity profit	Commodity selling price = 4408.087 Br.
408.087 Br.	
Whole sellers or retailers unit Commodity profit	Whole sellers or retailers unit Commodity selling
484.603 Br.	price = 4892.689 Br.
Distributors or shops unit	distributors or shops unit
Commodity profit	Commodity selling price
510.108 Br.	5402.798 Br.
Example: trading across supply chain of single business actor act as producers or importers and sellers to reach end user acts with Initial cost of unit Commodity 300,000 br and mean unit Commodity waiting days of business chain is 20 days.	
Expected profit of unit Commodity = 71261.705 Br.	
Unit Commodity selling price is = 371,261.705 Br.	

Figure 3:

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