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HOW TO BUILD A GOOD SUPPLY CHAIN

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ABSTRACT

In today's competitive business environment, supply chain management (SCM) has become an indispensable part of action management, dealing with business improvement and exploring the operational actions that managers and staff need to do to drive better business performance and achieve excellence. The customers' needs are ever-changing at a galloping pace which makes an organization competitive and non-competitive based on fulfilling these needs. With increased supply chain management practices, organizations are putting more emphasis on developing their human resources across the chain to ensure adequate performance through training and retraining of their employees. A systematic literature review is presented in this paper. The supply focuses on managerial skills and abilities needed at various levels of the supply chain. The topic of supply chain management has many implications for a firm; however, in this paper, we focus only on supply chains and how they can be used to achieve success with the role of managers in the management process.

Keywords: supply chain, innovation, business strategy, competitive advantage, leadership.

INTRODUCTION

In the competitive worldwide market, organizations struggle to attain a favorable position without exceptional tactics that guarantee client satisfaction with their products or services. Strategy fundamentally involves selecting to execute operations in a manner distinct from competitors (Porter, 1996). Competitive strategy entails the intentional selection of distinct activities to provide a unique value proposition. An effective operational strategy can establish competitive capabilities that align with competitive priorities. The supply chain has four primary competitive priorities: delivery speed, variety, customization, and cost efficiency. Effective supply chain design and integration can enhance an organization's competitiveness within its industry and simultaneously improve its status as a corporate citizen. A prevalent subject among numerous organizations is the responsible management of capital, ecological, and human resources utilized in the production of their services or products. Such companies aim to provide products, services, and processes characterized by sustainability, ensuring that they fulfill what humanity requires without compromising the welfare of future generations (Krajewski, Malhotra and Ritzman, 2018).

When planning an operation's supply chain, some questions must be determined: (1) What is the importance of supply chain design in the business process? (2) Why does every company need the right supply chain? and (3) What is the role of leaders? The paper will answer these questions by analyzing and discussing the main points in more detail.

SUPPLY CHAIN AND THE IMPORTANCE OF SUPPLY CHAIN

One definition of *a supply chain* is "the network of entities involved in the production of a good or service from start to finish, including both internal and external stakeholders" (Krajewski, Malhotra and Ritzman, 2018). The term "supplier relationship management" is more precise; it refers to the interconnected systems that facilitate the exchange of services, goods, money, and information between a business and its suppliers and consumers. Bear in mind, too, that a corporation like Amazon may use a combination of supply chains, depending on the things it purchases and sells. The product or provider's ability to negotiate a successful contract can prevent them from being a supplier in another supply chain. This could be because the supply chains are different.

A supply chain constitutes a network of enterprises. Consequently, each company within the chain must formulate its own supply chains to align with the competitive priorities of its services or products. Despite the implementation of advanced technology like as the Internet, computer-aided design, flexible manufacturing, and automated warehousing throughout all phases of the supply chain, the performance of numerous supply chains continues to be unsatisfactory. Krajewski, Malhotra, and Ritzman (2018). Strategy is characterized as a collection of diverse operations integrated to establish a distinctive and valued market position (Porter, 1996). To convert challenges into chances, firms must enhance their supply chain processes. Innovation and enhancement of firms' productivity likely to generate demand and facilitate growth in wealth (Porter and Rivkin, 2012). A potential cause of failures is because managers lack comprehension of the demand for their services or products, which hinders their ability to create supply networks that meet those expectations. Amazon exemplifies the effective customization of a supply chain to meet client demands in a marketplace that is highly competitive. Figure 1 shows the three major areas of focus in creating an effective supply chain (*Link Services of Products with Internal Processes*, *Link Services or Products with the External Supply Chain and Link Services or Products with Customers, Suppliers, and Supply Chain Processes)* (Krajewski, Malhotra and Ritzman, 2018).

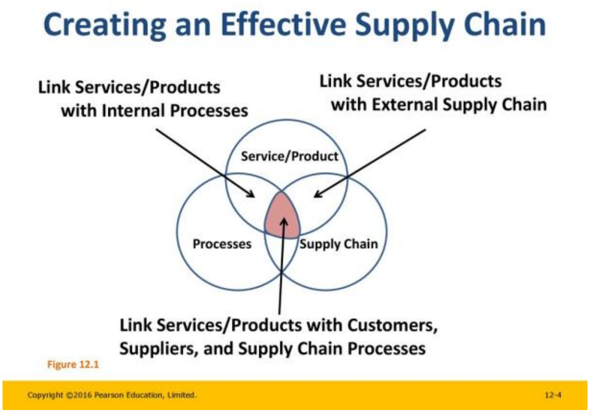

Figure 1. Creating an Effective Supply Chain (Krajewski, Malhotra and Ritzman, 2018).

Creating an effective supply chain necessitates acknowledging external competitive forces alongside internal organizational pressures from departments such as sales, marketing, and product development. Consequently, the service-profit chain must connect customer loyalty, customer satisfaction, employee loyalty, and productivity to enhance profitability (Heskett et al., 2008). An efficient supply chain design necessitates a collective endeavor from the CEO downward to address the four pressures adequately. Every functional area has an interest in an organization’s supply chain decisions. Collis and Montgomery (1995) argue that organizations identify essential competitive priorities that are pivotal for enhancing market share, establishing market positioning, and improving internal process efficiency. A corporation must also consider external factors such as the threat of new entrants, substitutes, and the increasing power of customers and suppliers while formulating its strategy. A strategic initiative is valuable solely if it generates tangible benefits for customers, employees, and suppliers. Furthermore, Porter (1996) posited that the difficulty of formulating or reinstating a coherent plan is predominantly an organizational issue contingent upon leadership. Given the multitude of opposing influences influencing decision-making and trade-offs within businesses, a coherent intellectual framework to direct strategy is an essential counterbalance.

The first step in formulating an efficient supply-chain strategy is to assess the nature of demand for the items supplied by the company, determining if the products are functional or inventive (Fisher, 1997). For example, within the conventional functional category of food, enterprises like Ben & Jerry's, Mrs. Fields, and Starbucks Coffee Company have sought to achieve a competitive advantage through unique flavors and novel concepts. Century Products, a prominent maker of children's car seats, has introduced innovation to a practical product. Companies should formulate the Optimal Supply-Chain Strategy by aligning supply chains with products, utilizing an efficient process for functional products and a responsive method for innovative products. The success of National Bicycle exemplifies a responsive supply chain attained by mitigating uncertainty.

CHOOSING THE RIGHT SUPPLY CHAIN FOR THE COMPANY

This section will address the second question. Hayes and Pisano (1994) assert that no singular strategy is universally applicable to all firms, as each organization has a distinct approach; hence, a strategy that succeeds in one company may fail in another. Consequently, any strategy selected by a corporation must be adaptable. Collis and Montgomery (1995) asserted that it is challenging to implement a uniform business plan across diverse enterprises, as no company possesses a same array of experiences, assets, talents, or organizational cultures. Furthermore, Collis (2021) noted that numerous organizations falter due to their ignorance of company value and the absence of a strategic framework. Consequently, senior executives must implement an appropriate supply chain within their firm to attain substantial competitive advantages.

In addition, Pisano (2015) suggested that a comprehensive company plan must encompass a novel variety of operational capabilities and necessitate backing from innovations. An effective strategy should have substantial effects, including enhancing customer value by increasing their desire to pay, augmenting employee value by improving job appeal, and providing supplier value by lowering operational costs (Oberholzer-Gee, 2021). Sadun, Bloom, and Reenen (2017) emphasized that effective management of fundamentals can result in elevated operational excellence, which is challenging for competitors to replicate, hence aligning with a robust corporate strategy. Furthermore, it is essential to establish strategic flexibility alongside a distinct competitive advantage and develop the capacity to attain that advantage (Hayes and Pisano, 1994).

THE ROLE OF LEADERS IN SUPPLY CHAIN MANAGEMENT

This part will answer the last question. In many organizations, leadership has deteriorated into managing operational enhancements and negotiating agreements. However, the leader's responsibilities are more extensive and far more crucial. General management encompasses more than the oversight of specific functions. An effective leader must possess an open-minded disposition and be physically present in several locations to oversee daily operations (Watanabe, 2007). He proposed that a senior management should empower subordinates with the autonomy to do their duties and responsibilities, while also facilitating open communication channels to address issues. Zeng (2018) asserted that executives must optimize the supply chain process by coordinating firm personnel, third parties, and customers to collaborate inside a network. Krajewski, Malhotra, and Ritzman (2018) underscored the responsibilities of leaders, which encompass operational processes, design, innovation, technological adaptation, workforce challenges, supply chain management, and quality control.

The core of business is in strategy: articulating and conveying the company's distinctive viewpoint, making trade-offs, and establishing coherence among activities. Lower-level managers lack the insight and assurance to uphold a strategy. There will be persistent demands to concede, mitigate trade-offs, and imitate competitors. A primary responsibility of a leader is to educate others within the organization regarding strategy and to decline requests when necessary. One of the primary functions of a clearly articulated strategy is to assist employees in making decisions that involve trade-offs in their activities and daily choices (Porter, 1996).

Why haven't the new ideas and technologies led to improved performance? Because managers lack a framework for determining which options are most suitable for their specific organizational context (Fisher, 1997). Managers must comprehend the characteristics of product demand and develop a supply chain that optimally fulfills that need. Furthermore, decisive leaders who are prepared to make choices are crucial. Collis and Montgomery (1995) assert that in an ever-evolving environment, corporations must consistently exert pressure at the frontiers to prepare for the forthcoming competition. Managers must consistently invest in and enhance their resources, regardless of their current quality, and strategically utilize them in appealing industries to establish a competitive advantage. Managers carefully establish specific strategic objectives, allocate resources in alignment with those objectives, prioritize operational actions, promptly assess the operational and strategic ramifications of their decisions, and, if warranted, revise their strategic objectives. The closed-loop management method allows leaders to oversee both strategy and operations while balancing the inherent tensions between them (Kaplan and Norton, 2008). Managers should get judgments on essential resources from objective market data. Based on our observations, managers frequently regard core competence as an intuitive endeavor, neglecting the comprehensive investigation and meticulous analysis required to arrive at the correct conclusion (Collis and Montgomery, 1995).

CONCLUSIONS

This paper aims to analyze the significance of supply chain management as a critical determinant of a company's performance. This study identifies that competitive advantage is established via the development of an efficient supply chain and the dedication of management and the organization to engage with supply chain participants. The study indicates that managerial capabilities significantly enhance supply chain sustainability. The study illustrates the competencies and skills of managers in effectively managing the supply chain. Certain organizations have achieved success through distinct supply chain strategies, each employing varied approaches to supply chain management (Christensen et al., 2015). A general management approach applicable to all organizations does not exist (Pisano, 2015). Consequently, it is recommended that each corporation detect its internal as well as external factors to determine the most appropriate business strategy.

In addition to the efficacy of supply chain management, it is crucial to highlight the significant function of senior managers in the production process. The company's management confront the issue of being competitive by analyzing and adapting to the ever-evolving market dynamics. To navigate the rapid changes in the competitive market, contemporary leaders must be imaginative and implement unique ideas, as traditional leadership is no longer adequate. The present executives must recognize the shifts in the economy, society, technology, and science, ensuring that the company's innovation attains a high success rate rather than prioritizing operational efficiency.

DECLARATIONS OF INTEREST STATEMENT

The authors affirm that there are no conflicts of interest to declare in relation to the research presented in this paper.

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