

Every learning Organization must formulate a Supply Chain Management strategy that would enable the formation of a single integrated function to be responsible for all facets of material movement and storage from suppliers to final customers.

# Supply Chain Management

An Essay

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## **Introduction:**

In most organizations where Supply chain function is adopted, the organizational spend in terms of cost majorly come from Supply chain function up to 80% of total business cost ranging from Purchasing of raw materials, Production, quality management, procurement of technical spares, equipment maintenance, Safety gadgets building and environmental maintenance, Energy cost, Logistics and delivery cost, overhead cost etc. This is the reason why cost reduction effort must start from supply chain. A well-managed supply chain function will result in production of high-quality products, high customer satisfaction and delivery at least cost. The aim of supply chain function is to make products or services available to the customer at the right quality, right quantity, at the right time & venue and at the least cost. Anything short of these negates the benefits of supply chain function.

Supply chain could be a sub-function of the organization or an end-to-end function. In the end-to-end function, there are various units or departments viz: Planning, Procurement, Logistics and supply or warehousing, Production or manufacturing, Quality Assurance and Engineering. These units function integrally to form Supply chain end-to-end. In other arrangements, Supply chain function could compose of Planning, Procurement, Warehousing, and logistics. The scope of supply chain function varies from Organizations and sometimes, it depends on the type of industry. Some other supply chain integrates functions such as product design, raw materials procurement, and spare parts, estimating demand, product planning and execution, supply arrangement, selecting sales channels, delivering support and ensuring excellent customer satisfaction by providing adequate information to the customers on the status of their orders.

## **Definition of Supply Chain Management:**

Supply chain management can be defined as the process of setting and implementing activities in a business to enable an advantage over competitors as well as maximize customers value at least cost. It predominantly represents the efforts by which the supply chain management solutions help to develop and manage supply chain activities in the most efficient way. Supply chain management looks at the following process chains in an industry: product development, sourcing of materials, production of quality goods and logistics. Today, there are several and efficient SCM Software which can be used to manage the flow of easily. Supply Chain Management is an important business function which coordinates and directs all the activities of manufacturing supply chain by leveraging and bringing together suppliers, transporters, internal functions, third-party organizations, and information systems. These functions include but not limited to:

- Ensuring the movement of goods through the supply chain from suppliers to manufacturers, quality assurance, warehousing, Sales, and distribution to the final consumers.
- Making available relevant information that could enhance operations and customer satisfaction such as sales forecasts, sales data, and promotional campaigns, as such providing the organization with a sustainable, competitive advantage which will place the business at advantage over competition.

## **The Concept of Supply Chain Management:**

Before now, organizational units operate in silos and were not adequately linked to each other for example, purchasing or supply, production unit, quality assurance, sales function

and Logistics were operating within their comfort zones. This approach led organization to huge waste and loss of resources, yet customers satisfaction was not guaranteed. It was at this point that organizations began to integrate these functions to minimize waste. Early integration has to do with that of Logistics and Distribution followed by Production and Quality assurance integration and finally the wholesome integration of all the units which gave birth to Supply Chain Management. This led to supply chain becoming the network of activities that delivers a finished product or service to the customer. The operation of this function starts from the sourcing of raw materials and parts, producing the required products and assembling the products, carrying out warehousing operations, ensuring order entry and tracking, distributing the products through the approved channels, and final delivery to the customer.

In the supply chain function, information relating to forecasting, raw materials procurement, potential sales orders, production or manufacturing capacity, quality management, warehousing, sales, delivery, and transport management are shared. At the commencement of the chain are the external suppliers who supply and transport raw materials and items to the company. The production function of the company transforms these materials into finished products that are shipped either to the company's own warehouses or to distributors and wholesalers. From the distributors and wholesalers, the product is shipped to retailers who in turn sell the product to the customers. The supply chain function is a continuum as goods flow from the beginning of the chain through the manufacturing process to the customer. Summarily, the concept of Supply Chain Management (SCM) is based on two main ideas - The first is every product which gets to

the consumer represents the cumulative effort of multiple units of the organizations.

These organizational units are referred to as the supply chain. The second idea as supply chains have existed for a long time, most companies have only been paying attention to what was happening within their organizations. Only few businesses understood the importance of the entire chain of activities that predominantly delivered products to the final customer.

### **The importance of Supply Chain Management to Business Operations:**

Reliance on effective supply chain or networks has increasingly become the norm of organization just to enable them to compete in the global market and networked economy. We all know that in today's world, business relationships encompass beyond outmoded enterprise limits and seeks to establish entire business processes throughout a value chain of multiple companies. These are some of the reasons why Supply Chain Management is important to Business Operations.

- **Profit making:** Where I work today, supply constitute 80% of the total cost element of the company, this is because the supply chain function is end-to-end i.e., from procurement until the product is delivered to the customer or consumer. If huge cost is assigned to SCM, it is only fair to expect much profit from that end. At least, cost reduction and effective management of resources can add to the bottom line and encourage growth. The whole aim of SCM is to reduce operation cost while delivering quality goods and services to the customers.
- **Cash flow:** Due to the huge cost associated with supply chain management, cash can be tied down in this function if not properly managed. There should be a continuous flow

of activities, operations and cash within the SCM function to enable ease of doing business. Of course, this is the reason why the function should be efficiently and effectively run.

- **Competitive advantage:** A supply chain function that is adequately and properly managed in line with supply chain policies and procedures will give a return on investment to offset cost and deliver revenue. High performing SCM function will deliver complete advantage especially with today's customer demand for next-day and even same-day delivery.
- **Risk management:** The risk level in supply chain function is high because any disruption in flow of materials or activities would naturally delay the flow. Environmental issues, weather impact, natural occurrences (Covid-19 lockdown), inflation, fuel scarcity etc. are all major supply chain risk matters. When these disruptions occur, and if not absolutely managed could damage the reputation of the organization and malign her dependability.
- **Revenue generation:** The aim of doing business is to generate revenue and make profit. This is also a supply chain goal. Business can respond very fast to demand and supply resulting in higher revenue if the supply chain function is properly run. A lot of revenue can come from SCM especially when it is end-to-end.

### **Steps in a Supply Chain:**

- 1) **Inventory planning and manufacturing processes:** The aim of this process is to ensure that materials are available so that manufacturing can happen to enable the business meet up supply and demand adequately and on time. Inventory

management resides with warehouse and logistics; however, procurement ensures that availability of these materials through suppliers and vendors who are already registered with the company based on the agreed service level and in line with legislation of the host area. It is at this level that all sourcing rules and regulations come into play. It is important that organizations “buy right” to avoid high level of cost of goods sold. This is because price of raw materials and parts affect cost of goods sold in the long run.

2) **Sourcing the materials needed to create the final product through**

**manufacturing:** Apart from making raw materials available, there is the need to also provide other needed materials for the full complement of production – they include Packaging materials, Chemicals, additives etc. depending on the type of industry and their mode of operation. It is when all these materials have been made available that production will happen, and products will be made available for shipment.

3) **Assembling parts and testing the product:** During the process of manufacturing, products are made while quality inspection and assurance occur in-process to ensure that products meet customer requirements. Off spec products are blocked or quarantined either for rework or outright write off depending on the type of product. Once materials are assembled and matched as finished products, it is transferred to outbound or finished goods warehouse from where it will be delivered to customers.

4) **Storing or arranging the product for shipment:** The finished goods are always kept in the warehouse pending delivery to customers for make-to-stock process manufacturing or shipped immediately to customers for make-to-order process manufacturers. In most cases, make to order requests are associated with perishable



products or products with short life span. Also, special or customized orders are treated in the same manner – this is because no other customer will pick up a product that has been customized for another customer.

- 5) **Transporting and delivering the finished product:** After all manufacturing and storage requirements have been met, the next step is to get the products to the distributor, retailer, or consumer. This activity is managed by the distribution and transport channel. Their role here is to ensure that the wholesome products are taken to the warehouses of the distributors, wholesalers, or the external warehouses of the company safely and at the least cost. This activity is close to the tail end of Supply chain management.
- 6) **Customer service support for returned items:** In cases where products are physically or quality impaired during delivery, it remains the function of supply chain to provide customer service to the affected customer and ensure the business does not lose that customer. This support could range from replacement of impaired or damaged product, provision of stock cover in advance to provision of product handling and use advice.

### **Types of Supply Chain:**

Many different types of supply chain models exist and are available to companies with penchant for implementing the strategy to improve cost effectiveness in delivery, efficiency, and workflow. The type of supply chain model a company adopts will naturally depend on how the company units and functions are structured and what the company intends to achieve at the end.

- **Continuous Flow Model:** For organizations manufacturing the same kinds of products with little or no new introductions, this traditional supply chain model works well for them. Such products are in high demand and require little or no modification. Examples of such products are Beverages, Soft drinks, Food items like rice, beans, tomatoes etc. With this consistent product line, operations could be streamlined with better control and management of inventory. In a continuous flow model, products are continuously replenished to avoid stockout and cover up other exigencies that may arise due to planned shutdown or maintenance of the production line and breakdowns.
- **Fast Chain Model:** Business organization that sell products based on trends of events with a limited time for customer to remain with the business require fast chain model. The aim is to get the product to market as quickly as possible and take advantage of the prevailing situation or trend. These companies will have to quickly from conception of the idea to making the prototype, to producing the products and finally to the consumer. There is no time to waste in this chain as competitors are always available to grab whatever market share is available.
- **Flexible Model:** The flexible model is recommended for companies that manufacture seasonal or holiday merchandise. There are always inconsistent surges or uptake in demand sometimes while in another time demand crashes to near zero level – with this model, these variations in supply and demand pull can be taken care of. The flexible model ensures they can gear up quickly to begin production and shut down efficiently as soon as demand tapers off. For these organizations to make high

revenue and be profitable, their forecasting and material planning must be near accurate to avoid wastages that may result from over stocking and lack of orders.

### **Supply Activity Planning and Profiling:**

The aim of supply activity planning and profiling in supply function is to compile and scrutinize supply and supplier actions and inputs to build a database for decision making throughout the supply master planning program. The profiling process when done painstakingly, would generate the layout and population of a supply activity database. Ordinarily, the logistics information system where an automated approach is applied, should maintain a bucket of historic purchase orders and a supplier master file in a database equipped with data-mining tools to unravel and present useful data and patterns of activities in supply network. The main elements of a supply activity profile include the supplier activity profile, item purchasing activity profile, supplier-item activity profile, and purchase order profile. The listed profiles represent the customer activity profiles from the perspective of the organization.

### **Performance Measurement in Supply Chain:**

It is important to mention that anything we cannot measure, we cannot control. Measurement is fundamental to the growth and development of any human endeavor because it forms the pivot for continuous improvement, it is also important to hold each supply chain function accountable to business measurements that conforms with the execution and planning of the activities to deliver the needed goals. These indicators are

a mix of metrics for monitoring the performance of both the internal supply organization and the performance of company suppliers.

**Cost of Goods Sold (COGS):** This is the total average cost of a product from procurement, supplies, manufacturing, quality, and logistics costs. The higher the cost of raw materials, overheads, energy, Packaging materials, delivery, and logistics costs, the higher the cost of goods sold. Organizations make deliberate efforts to reduce these costs to remain in business and have competitive advantage.

**Customer Service Level (CSL):** This is a measure of how happy the customers is with regards to orders placed. The quality of the product supplied, the timeliness of the supply, the Packaging of the products, the completeness of the quantity ordered and the approach with which the products were supplied are all elements of customer service level. If a customer is unhappy about a supply, the service level can drop to less than 70% depending on the degree of dissatisfaction. So, it considers how customers' orders have been met in accordance with the compliance to cost and satisfaction of the customer.

**On-Time-In-Full (OTIF):** When a customer places an order, the various store keeping unit (SKU) are specified, the time the customer need the shipment or have the orders arrive in his warehouse is also noted. The fulfilment of the orders in time and the completeness of the orders in terms of SKUs ordered is called OTIF. It measures the extent to which the company satisfied the customer in relation to the time the order should be delivered to the customer and the supply of all the variants the customer paid for. It is usually between 95% - 105%.

- **Purchase order cost:** This is the cost that affects the size of order quantities and related inventories. Individual cost per purchase order is a key characteristic in supply

planning, as it affects the size of order quantities and the quantity of materials in stock.

One of the effects of this cost is in the economic order quantity whereby the greater the Purchase Order Cost, the greater Economic Order Quantity, and also increases the resulting average stock levels. To reduce the stock levels, one way is to reduce the cost per purchase order. An organization with the supply operating at a lower cost level must have considered the purchase order cost and brought it under control.

- **Total supply cost:** Any cost resulting from supply planning, management of the suppliers, supply communication cost and cost of execution of procurement is called total supply cost. Also, the supply overhead cost, computer hardware and software cost, accommodation or office space cost, telecommunication and other related costs are part of this cost. To reduce supply chain cost, this is a key performance indicator (KPI) that must be focused on.
- **Total Acquisition Cost:** This cost is also called either total ownership cost or total logistics cost, it validates for each supplier the cost of items on order or purchased and the cost of purchase order placement, lost sales, float, inventory carrying, transportation, warehousing, and logistics fees. Form the total acquisition cost elements, the terms of payment, Logistics capacity and capabilities, Locations, unit cost, and infrastructure vary from supplier to supplier, this cost can vary significantly for the same materials or SKUs. In aligning the sourcing cost, this KPI is very useful to align the cost to lean approach and reap the benefits of purchasing right.
- **Suppliers return on inventory:** The total profit on the stock keeping units (SKU) provided by a particular vendor divided by average inventory value for that vendor is known as Suppliers return on inventory. This is a good measure or indicator of how

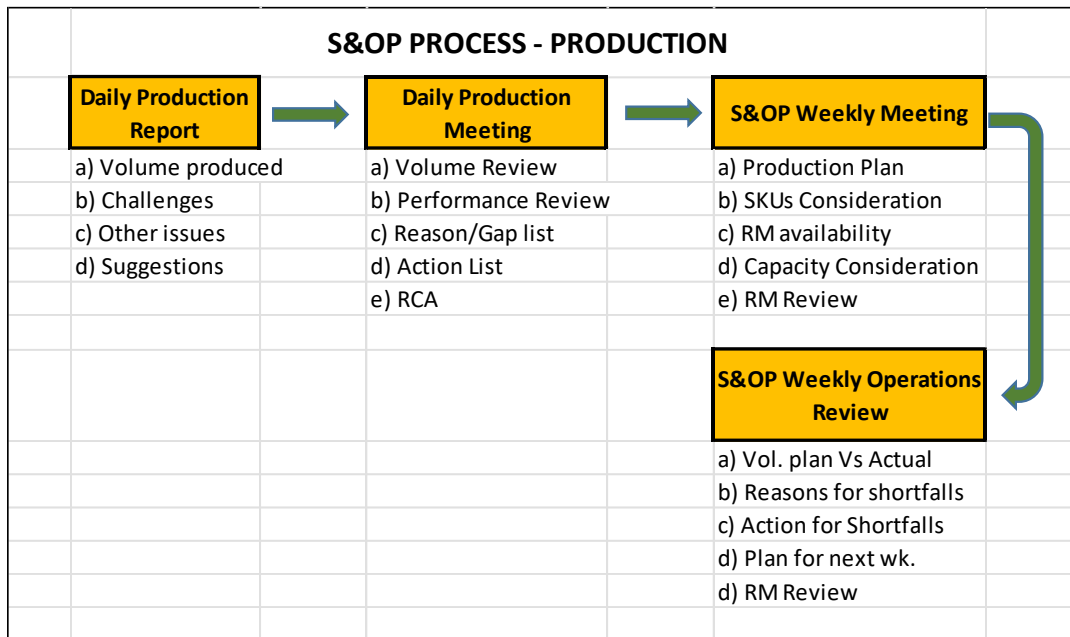
efficient the logistics operations executed with that supplier has been. Invariably the deliverables of vendors should be monitored, and improvements encouraged as they are the partners of the business.

### **Sales and Operations Planning (S&OP):**

Sales and Operations Planning always referred to as S&OP is an integral part of supply chain process which brings about a harmonized operations between Commercial division of a company, Manufacturing, Finance and Logistics divisions to ensure smooth flow of activities end to end. It brings harmony in planning between the various stakeholders or the decision-making chain of the organization. There are several elements of S&OP planning: it begins with Marketing activities, demand planning, supply material planning, fulfilment plan, Business optimization and Executive Decision meeting.

- A) **In Marketing Activities:** The business KPIs are reviewed, Marketing Activities planning and performance to identify drivers of deviations from Consolidated Plan & make necessary corrections. It is also in this meeting that stakeholders agree Sales & Marketing activities through the Sales Region and uplift into Volume Planning and Baseline forecast. Finally, we identify & Quantify Roll Over to Marketing Activities.
  
- B) **Demand Planning:** Here we review Business Key performance Indicator (KPI) for last month and year-to-date (YTD), Revenue and Gross Margin variance to identify drivers of deviations from Consolidated Plan & Make necessary corrections. Agree Unconstrained Plan or Demand for the next 12 to 24 months with allocation to Sales Region by SKU and finally, Quantify risk to the plan.

- C) **Supply & Material Planning:** Review Business KPI for last month and YTD, Production accuracy, Capacity Utilization, Distribution / Logistics, COGs, Material Usage Variance to identify drivers of deviations from S&OP Plan. Scope available Capacity per Production Location, per SKU, incorporating any planned maintenance, fumigation, cleaning, or other activities. Identify & Quantify R/O to Available Capacity (Line overhaul, Raw Materials, Packaging Material, out of stock of materials, Labor unrest; etc.), derive mitigation plan for Risk. Align on Finished Goods Inventory Norms for the next 3 months.
- D) **Fulfilment Plan:** Fulfillment Plan to ensure Stock Norm Per SKU / Location Fixed/time fenced production plan for Week1 of next month Identify R/O to Customer Service Level (CSL) and Order fulfilment On-Time-In-Full (OTIF) and mitigation plan for Risks.
- E) **Business Optimization:** Discuss Cash flow to support the Fulfillment Plan. Review Key Financial metrics (Profit and Loss, Cash Flow) based on Constrained Plan, Scope Risk to Financial plan based on identified Demand & Supply Risk Optimize Sales value by depot location.
- F) **Executive Decision Meeting:** Agree the business Outlook for balance of Year, agree on Business Strategy and changes to tactical plans-Including Projects. Agree Profit & Loss Outlook and agree on status of Risk Register / Overall Project Status and key actions to mitigate / execute, agree change to Business Calendar.



S&OP process for Production or Manufacturing unit.

### Sourcing:

Sourcing is a key element of supply chain which heavily influences total supply chain cost. There is dependency from a business to business because an organization cannot do everything end to end. There are some good or products and services they cannot manufacture or deliver in house respectively. Best in class sourcing practices are listed below:

- Make-buy analysis
- Total acquisition cost analysis
- Global sourcing
- Ongoing supply base rationalization and consolidation
- Primary-secondary sourcing
- Electronic bid-based sourcing Make-Buy Analysis



The starting point for sourcing decision is whether to buy or make the item. The aim is to have a cost benefit analysis that would give the business some savings and reduce cost. Normally, such decision considers long term and short-term business aspirations and strategies, core competence analysis, quality and associated costs implications and the capability of optional supply sources to determine if internal or external sourcing should be triggered.

An optimal mix balanced sourcing strategy and domestic sources based on the total acquisition cost, global business strategy, and high-level sourcing policies should be considered if an organization intends to prosper. The benefit of unit price reduction which emanates from increasing the volumes contracted out with the smaller supplier base should also contribute to the baseline. It should be noted that long- and short-term logistics initiatives with the overall aim of enhancing customer service and reducing total logistics cost are much easier to implement.

## **SUPPLY CHAIN STRATEGY:**

Supply chain management has a huge impact on the growth and survival of an organization. A solid supply chain management can directly improve customer service. The right product and the correct quantity must be delivered in a timely manner, location where consumers would go for the goods of their choice should be easily identifiable, and high standard of customer support must be granted to the customers and consumers alike. It is the responsibility of the supply chain management arm of a company to assure that goods are delivered in time and in full (OTIF). Supply chain management has a huge

impact on the bottom line of a company, all these must feature prominently in the policy formulation of supply chain management.

A good supply chain strategy should be one that guarantees good quality products, customers satisfaction and least cost. The strategy must put into cognizance the cost of Raw Materials, alternative sourcing criteria, buying right, process strategies and compliance, absolute quality assurance mechanisms and delivery ruggedness. Supply chain policies must be in place to mitigate deviations from different office holders who may want to implement their own strategies in good faith. For sourcing policy, there should always be a contingency sourcing plan in place in the event of natural disasters or major shifts in the business environment regardless of the existing policy guidelines. Supply Chain Policy should not only consider manufacturing supply but also service organizations who can also benefit from supply chain management. A supply chain for a service organization is same as that of manufacturing organizations since external suppliers, internal operations, and external distributors may be required at any time.

### **Buying Right and Payment:**

It is very important to note that buying right is the best approach to procurement of any organizational item. Buying right has become the bane of some organizations today because they failed to adopt a smart strategy, proactive approach to know when a material is ubiquitously available in the market and at least cost. World-class practices in buying and payment include

- Local delivery and Central buying
- Buying partnerships

- Electronic funds transfer
- Consignment inventory

The above listed approaches allow the organization to leverage as much on superlative negotiating prowess as possible with each supplier, delivering the lowest possible unit purchase cost. Once negotiations and pricing are firmed up, each division's local authority can direct deliveries to their localized environment or plant and control purchases under an authorized purchasing budget. The benefit of this strategy is to obtain low unit purchase cost and excellent service to local operations which are meaningful to the business. Buying Partnerships is another means of leveraging increased negotiating power with suppliers by partnering with other organizations using the same materials. Purchasing employees should always take the honorable and painstaking way of doing serious market survey, checking price indices, source of raw materials, qualities and delivery options of materials at least cost to avoid pricing exploitation by some suppliers. Payment terms should be made clear – it should be established in the purchasing document (Local Purchas Order -LPO) especially the payment period. A minimum of 2 months and a maximum of 6 months payment period should be enshrined in the purchasing document varying from per supplier. By so doing, the business can have an enabling cash flow pattern which will allow the organization to thrive.

### **Supply Management Systems:**

These are the system put in place to facilitate supply chain management. These systems are integral and synchronized to work in an organized manner to deliver the supply chain objectives. The best-in-class practices positively impacts design requirements for supply

management systems. So, the supply management system should invariably support and provide the pivot for the following supply chain activities to succeed:

- Implementation and maintenance of Supplier service policy design
- Supply chain optimization, simulation, and collaboration
- Bidding and negotiating Electronically
- Supply activity profiling, data mining, reporting, pattern recognition, data warehousing, and graphical presentation
- Tracking of Purchase order.
- Supplier performance reporting and Supply organization
- Electronic, real-time links for demand information sharing, purchase order submittal, forecast sharing, funds transfer, purchase order status, advance shipment notifications, automatic replenishments, and inventory visibility
- Consolidated purchasing requirements
- Total acquisition cost analysis

### **Factors that influence Supply Chain Management:**

It is obvious that Supply Chain Management has enabled timely deliveries, improved financial performances, greater customer satisfaction and building trust among suppliers - to improve an organization's performance in the long run. It is pertinent to note that there are several factors influencing supply chain management. So, below are some of the major factors affecting supply chain:

#### **i) Environmental Uncertainty**

There are several environmental factors militating against supply chain management.

They range from challenges relating to product chain including varying changes in customers and their expectations, suppliers, competitors, and changes in technologies. Government related issues and policy summersaults also create overbearing challenges to supply chain. Company's expectations of quality, timely delivery, competition, and the level of rivalry among firms are all environmentally related issues which must be attended to when they emanate. For imported goods and services, the level of government support for the import of crucial item in terms of favorable policy documents cannot be over emphasized as it plays a crucial role for the business. They include norms, regulations, policies, and advice from the government whose reforms encourage importers and exporters alike by increasing the manufacturing sector's attractiveness in the international market through supply chain and logistics competency.

## ii) **Information Technology**

Information technology plays a vital role in supply chain management. Today, technology today enables all supply chain practitioners to stay in tune with global practices and keeps them connected in real-time. It helps to reduce lead time in supply and delivery, reduce paperwork, and other needless activities, which form the fulcrum for managers in supply chain to coordinate, access information and data exchange, it also improves customer and supplier relationships, and inventory management. There are several supply chain management IT tools which can be deployed to enable improved performance. In the dearth of these enhancement tools, performance becomes grossly abysmal.

### iii) **Supply Chain Relationships**

The main objective of supply chain management is to ensure coordinated effort to enable quality supply of goods and services on-time and in-full at the least cost and ensuring customer's satisfaction. The efforts of supply chain must eventually benefit the organizations by coordinating and integrating activities with suppliers and understanding the customer's needs in a timely manner. There should be a mutual understanding between the company, customers, and the suppliers in such a way that each of them reaps some benefits from this cordial handshake. Relationships play a vital role in enhancing business growth and sustainability.

### iv) **Manufacturing**

Manufacturing – a subset of supply chain is a critical function in the chain. The concept of lean manufacturing where applied guarantees competitive advantage and guarantees savings. The concept of smart manufacturing entails flexibility and quality in manufacturing process. With lean and smart runs, complex markets, fierce competition, and fast changes in demand would have been taken care of for the benefit of the customers. Most businesses think that quality is an add-on to the product whereas quality should be given by default. To destroy a business is to attack of destroy the quality of her business.

### v) **Supply Chain Management Performance**

The performance of supply chain management is anchored on procurement performance indices, manufacturing key performance indicators and delivery or logistics cost performances. The supply chain performance determines the

manufacturing and supply excellence because the 75% cost of a business comes from her supply chain expenses. Invariably, the performance of the supply chain function can make or mar the total well being of the entire business – this cannot be toyed with.

vi) **Business Management**

The art of leading the people, planning, organizing, monitoring, and controlling all activities in an organization to achieve set targets/objectives and goals is called business management. The aim is to take care of changes in customer demand, globalization of markets, and the changing technology to enhance competitive advantage and deliver customer satisfaction. When the leadership structure or the work climate is in contrast with people's welfare and well-being, it would definitely impact supply chain management of the business for the fact that a chunk of the employees is in supply chain.

vii) **Customer Satisfaction**

Customer satisfaction is a key index in supply chain management key performance indicator. The concept can make or mar a business, it is an element that cannot be joke with. The primary objective of an organization or company is to give customers the best product and service in an efficient and effective manner and in turn making profits or attaining the company's goals. Customer satisfaction comes from order fulfilment with passion for cordial relationships between the customer and the company. Relationship is paramount, trust is inevitable, and reliability - a must. Satisfaction comes from quick and prompt delivery of products with the right quality specification, cheaper and real-time delivery.

## **Challenges of Supply Chain Management:**

Many challenges exist for supply chain management due to its scope and coverage in the organization. There is the need to outline those challenges and have them in mind such that we would be able to mitigate them when need arises. Some of the challenges are listed below:

### **1. Quality Customer Service**

The main reason for supply chain management is to cater for the needs of the customers by improving customer satisfaction. It is about delivering or supplying the right quality and quantity of product or service at the right time and for the right amount of money. It is difficult to manage customer expectations because it varies from one customer to the other just as humans are different.

### **2. Costing**

It is true that due to the advent of Covid-19 pandemic, the costs of raw materials, energy and labor have increased due to rising inflation and economical constraints. This has led to a rising cost of finished goods and services; these costs are transferred to the customers at the end of the chain. As a result, customers keep lamenting about high costs of goods and services which ultimately affects the disposable income of consumers. It has also become so difficult for some operations to continue production and provide customers with good quality items at affordable rates, because regular adjustments in terms of pricing must be made to keep operations running.

### **3. Risk Management**

Lots of risks exist for supply chain management due to the regular changes in the market structure, emanating from a combination of sources such as consumer demands,



government policies and global sourcing issues, thus causing major issues to the operations of businesses.

#### **4. Supplier Relationship**

Though we emphasize mutually sound and harmonious relationship with business partners or suppliers, it has also become apparent that relationships go sour sometimes leading to trust issues and failure in understanding each other. Whatever be the case, the underlining factor is to be able to provide the customers with products of high standards in a timely manner. This enables the fulcrum to create opportunities for performance improvement.

#### **5. Qualified Personnel**

Sometimes it is very difficult to get employees who are experienced and ready to do the calls of supply chain management. As a difficult role especially as it challenges the integrity of the individual – majority have failed in this role because of compromise in their integrity. Employees in this field must have an understanding of their roles responsibilities and accountabilities in a challenging global logistics environment.

#### **6. Unforeseen Delays**

Delays are always experienced for the supply of good and materials from Procurement for the purpose of manufacturing and delivery of good to customers. In Nigeria where there are bad roads, high cost of diesel, failed and non-operational rail lines and non-usable it is difficult to deliver materials 100% on time and in full. Same goes for imported items which are delayed due to government policies, shipping guideline and costs especially with time differences and a variety of shipping time frames. When items are sourced from different countries, delays like this are very common.

## **7.Fast-Changing Markets**

Today, a lot are happening on the online platforms and markets where people buy and sell their goods and commodities. As technological advancements are changing our markets each day, it makes it difficult to stay in tune with the rapid changing market structures.

### **What I learned from the course:**

For the past three weeks I have been focusing and studying books and literatures on Supply Chain Management to enable me to understand the basics and rudiments of the course to confirm the alignment of my studies to what I have experienced in my work life. For the fact that it is a major course of study for me because it directly relates to the course I am studying, it became imperative that I must digest a lot about the theories and practices of supply chain. It is important to note that Companies of today have realized the opportunities and potential benefits of using supply chain management process to deliver superior performance and outperform competition, deliver better customer satisfaction, and enhance shareholders well-being. Insofar as one of the aims of supply chain management is cost savings, end to end supply chain management gives superior results in that it considers all facets of the chain and plugs any loophole that could lead to deficiency in performance. I have learnt a lot from this course especially with regards to procurement, manufacturing, and delivery. I have gone through each facet of the chain to understand how they function in harmony to deliver the expectations.

As a course of interest, it has broadened my experience about the relationship between supply chain, Logistics and Distribution. I have realized that an organization's

performance and brand reputation depend on the supply chain's cost, speed, quality, and reliability. Timely supply chain information flow is critical in aligning product development, procurement, manufacturing, and shipping. It is of no doubt that reducing the cost of supply chain would reduce the total cost of doing business for the organization. World class supply chain management principles enhances the growth and development of the business and keeps them focused on the customer.

### **How I would apply the knowledge to study better at AIU:**

With the learnings from this course, I should be able to communicate effectively with my fellow students and be able to contribute my learnings in any supply chain business discourse. It is true that AIU is an academic environment, but it is vicariously a business environment as it produces business gurus and academia who would deliver tomorrows business ideals. Sharing my experience with AIU community also tends toward my communication acumen and improved confirmation of my assimilation of the subject matter. We have been tutored on how to create a website of my own, considerably websites contents entail a lot of logistics principle because the aim of a website is to share ideas and inform customers about your product or service. Issue of payment of fees and other related activities also have much to do with supply chain. I still remember how difficult it was at the beginning of this program how difficult it was for me to pay the fees due to government policies on financial dealings and restriction on foreign currency supply chain. Until I was able to identify another supply chain and logistics means to handle my payments, that was when I had a relief. Supply chain management is applicable in almost all facets of life whether a private life or industrial application.

## Conclusion:

Supply chain management has featured prominently in the corporate discourse and business engagements of today. It is an essential process of business management and customer relationship. Businesses that want to grow exponentially must dwell more on effective supply chain management by entrenching supply chain policies and procedures which every employee will follow and adopt as a means of interaction and reaching out to customers, suppliers and other clients and consumers. For business objectives to be met, supply chain principles must be improved to improve market share improved by delivering superior performance, and corporate objectives achieved. Supply chain functions and activities are not the sole responsibility of one individual or one organization. The stakeholders in supply chain management need to be actively involved in all the different processes to make it work. To win the Supply Chain Management “game” requires supply chain managers to play similar roles. Each supply chain professional must understand his role, in developing winning strategies, and working as a team with their supply chain teammates.

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