

Chapter 1: Supply Chain Management: An Overview

Five major forces are driving changes in logistics and supply chain management:

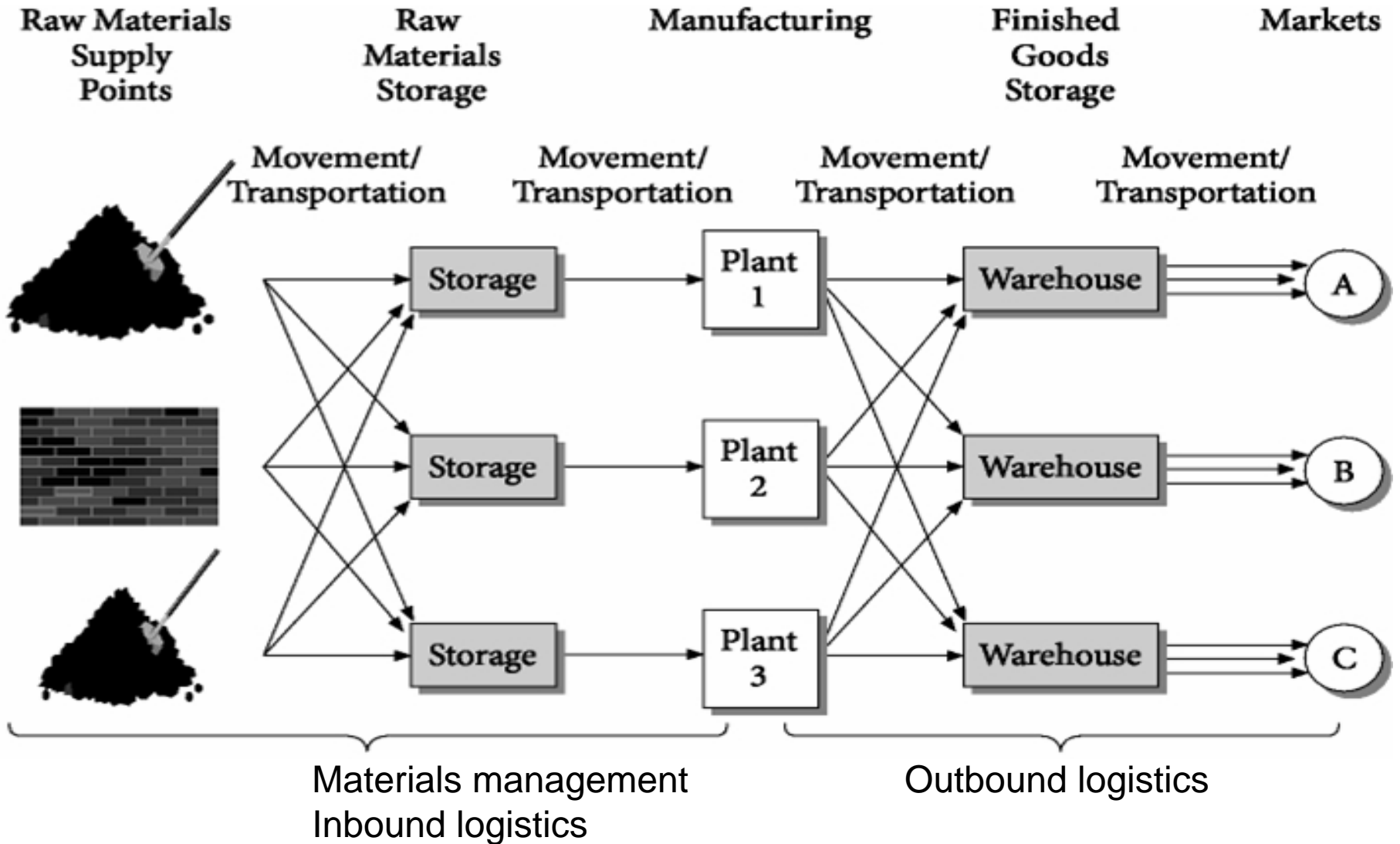
- globalization
- technology
- organizational consolidation
- the empowered consumer
- government policy and regulatory reform



Development of the Supply Chain Concept

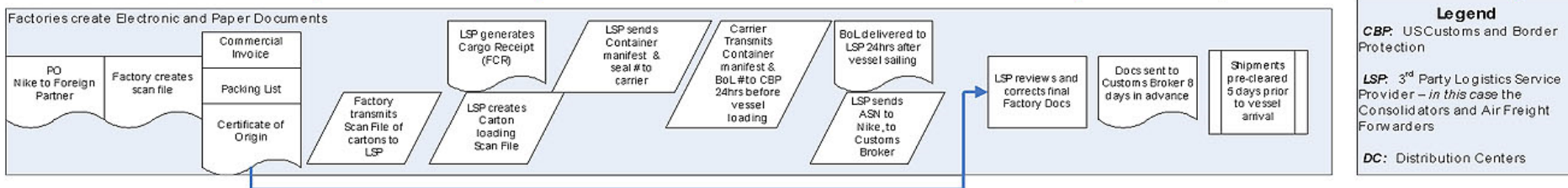
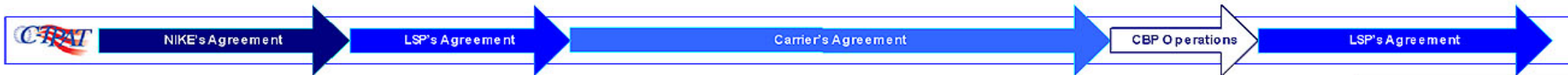
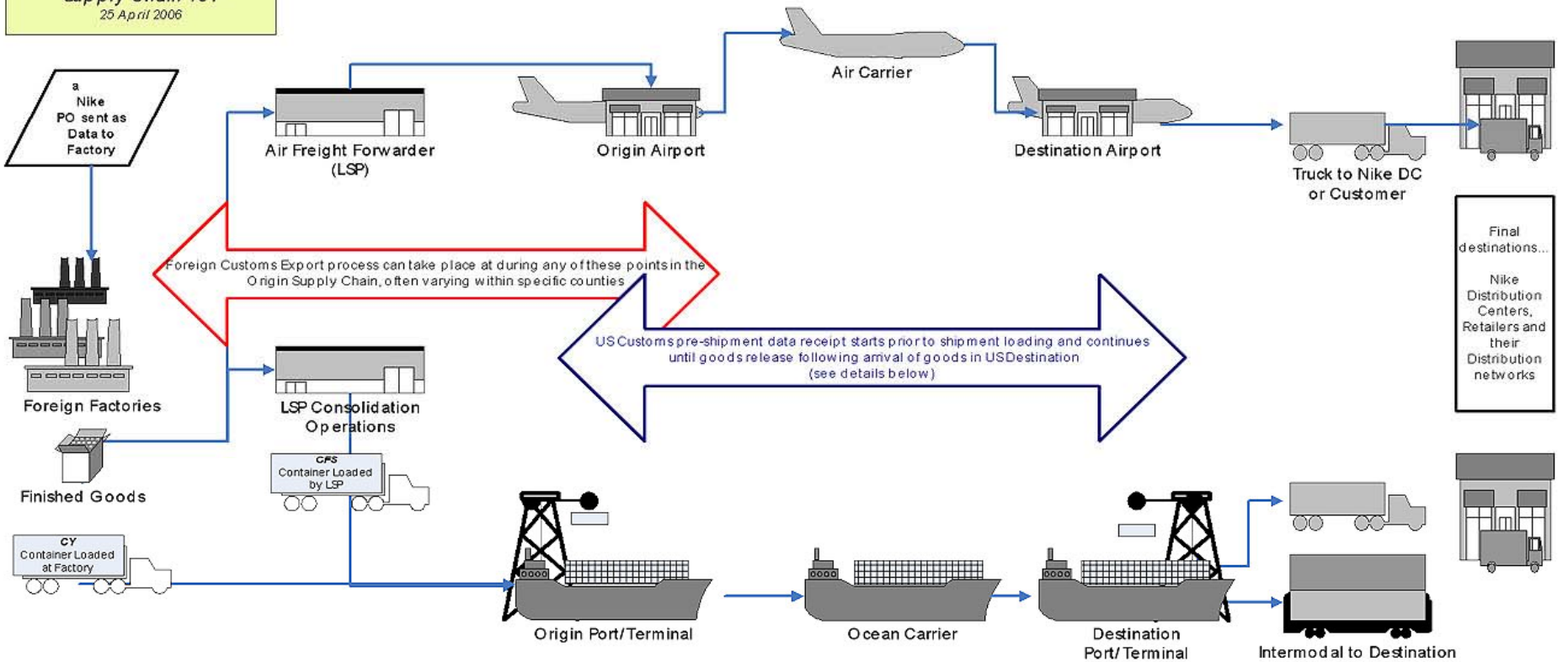
- Started in the 1960s, with the development of the physical distribution concept for finished goods
- During the 1980s, the integrated logistics management concept developed
- The total cost concept is important in logistics management
- Supply chain management can be viewed as a pipeline for the efficient and effective flow of products/materials, services, information, and funds

A View of Business Logistics in a Company

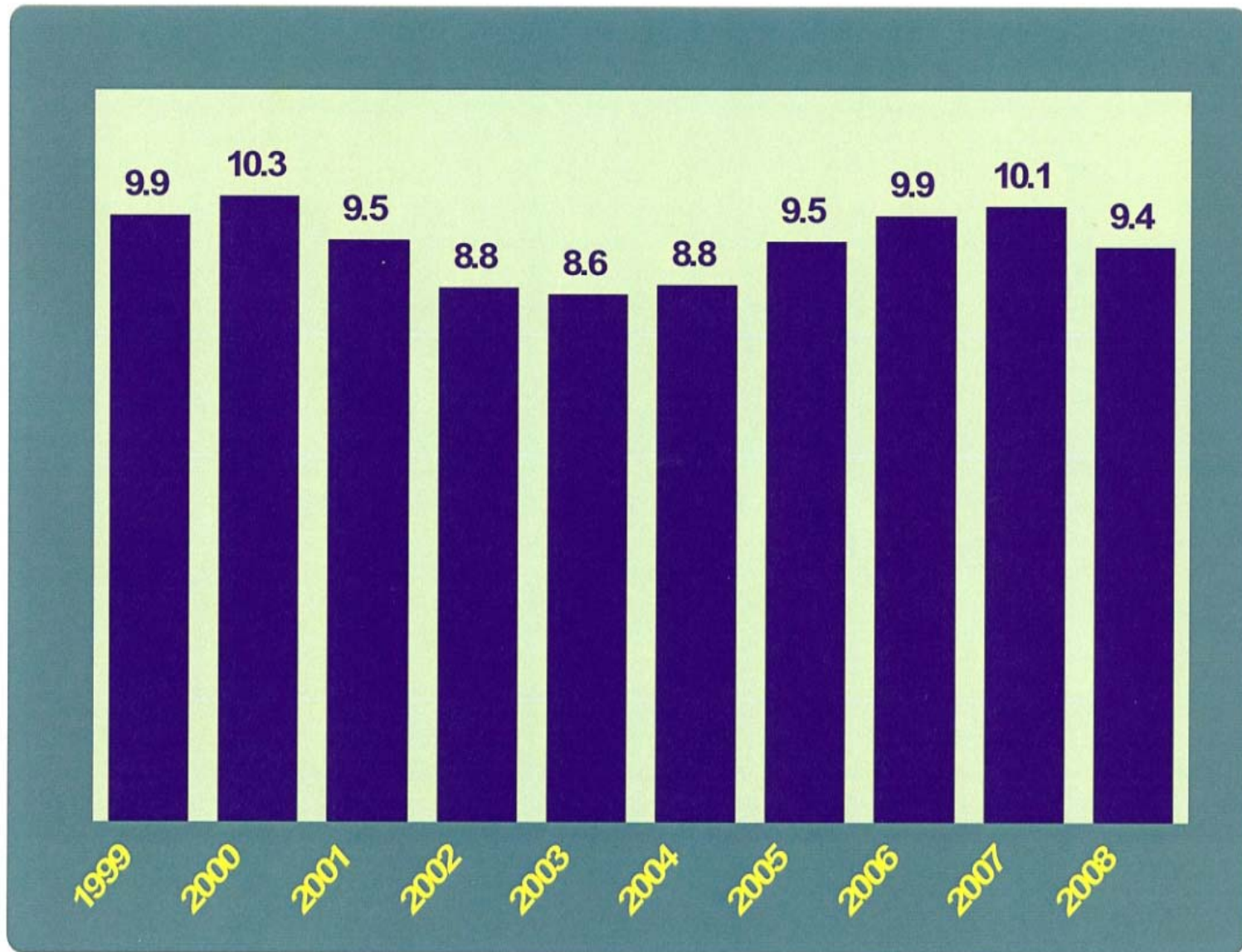


Nike Supply Chain

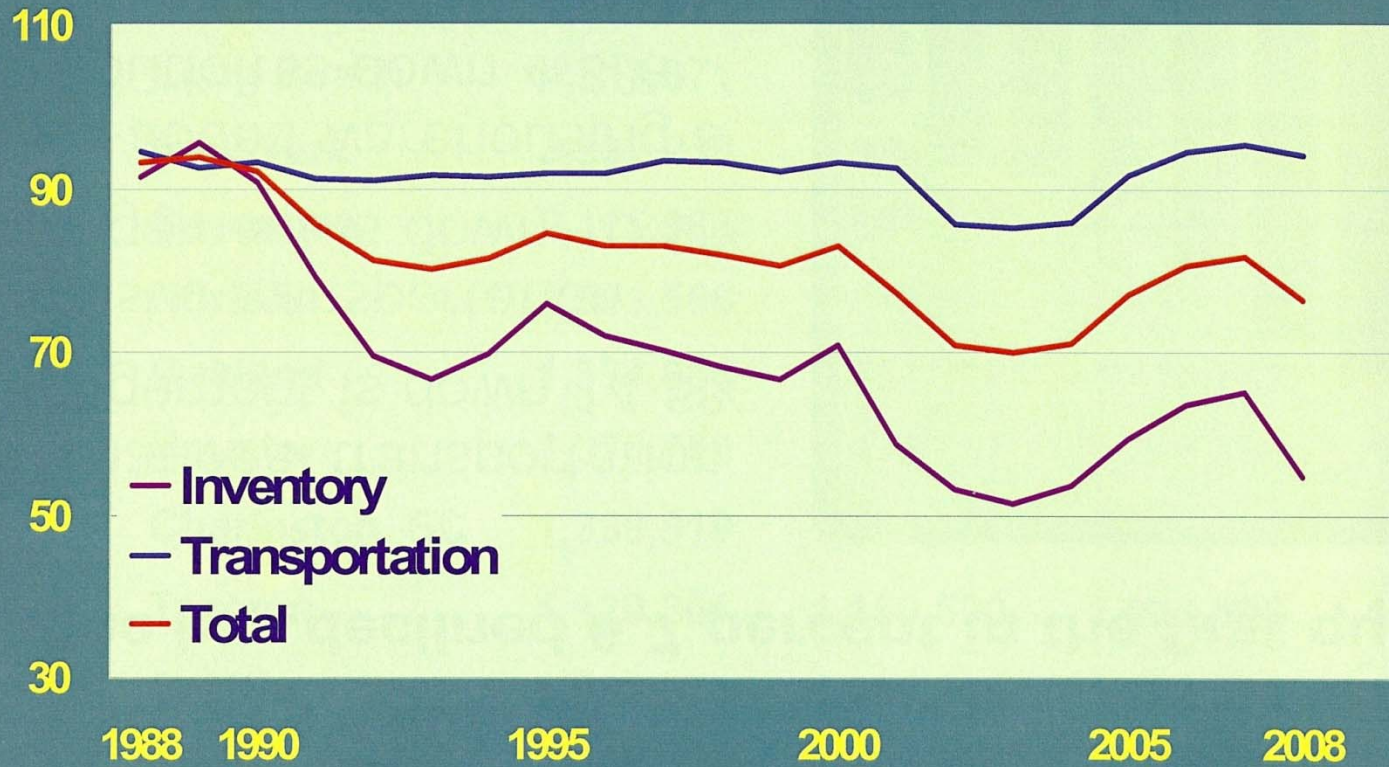
Supply Chain 101
25 April 2006



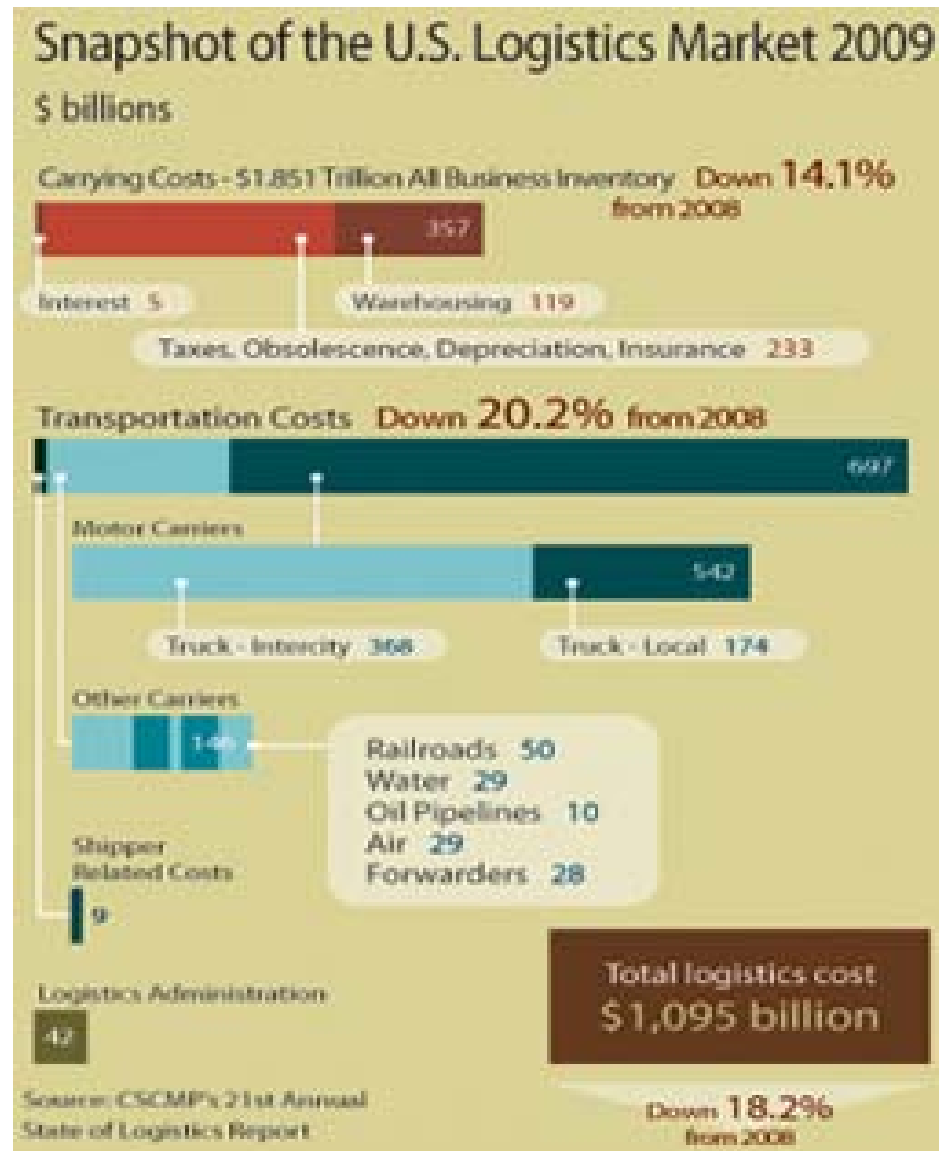
US Logistics Cost as % of GDP



Index of Logistics Costs as a Percent of GDP 1988 - 2008



US Logistics Cost Fell to 7.7.% of GDP in 2009





Major Supply Chain Issues

□ Technology Application

- Challenge is to select and implement technology successfully

□ Logistics Management

- Getting the right product, to the right customer, in the right quantity, right condition, at the right place, right time, and the right cost

□ Supply Chain Security

- Important concern since 9/11 terrorist attack

Optimizing the Supply Chain



Inventory Optimization

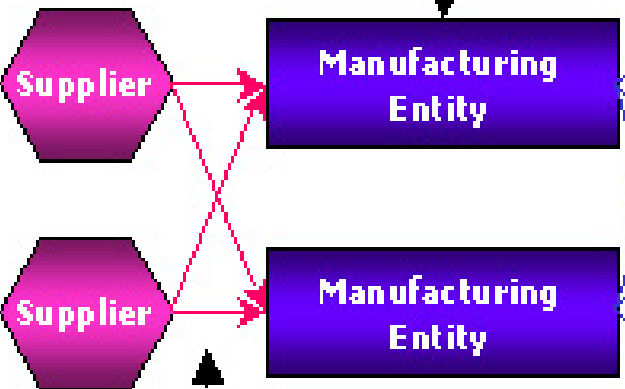
Where & how much to stock ?



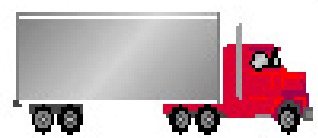
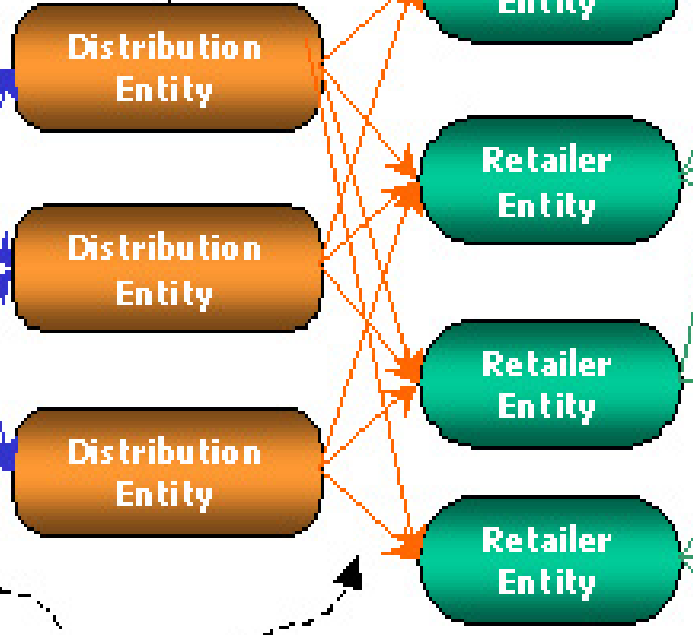
Delighting Customers

Which retailer to service which customers ?
Service level ?
Response time ?

Which supplier to buy from ?



What, where & how much to make ?



Transportation Optimization

What mode to use ? Fleet size & mix ?