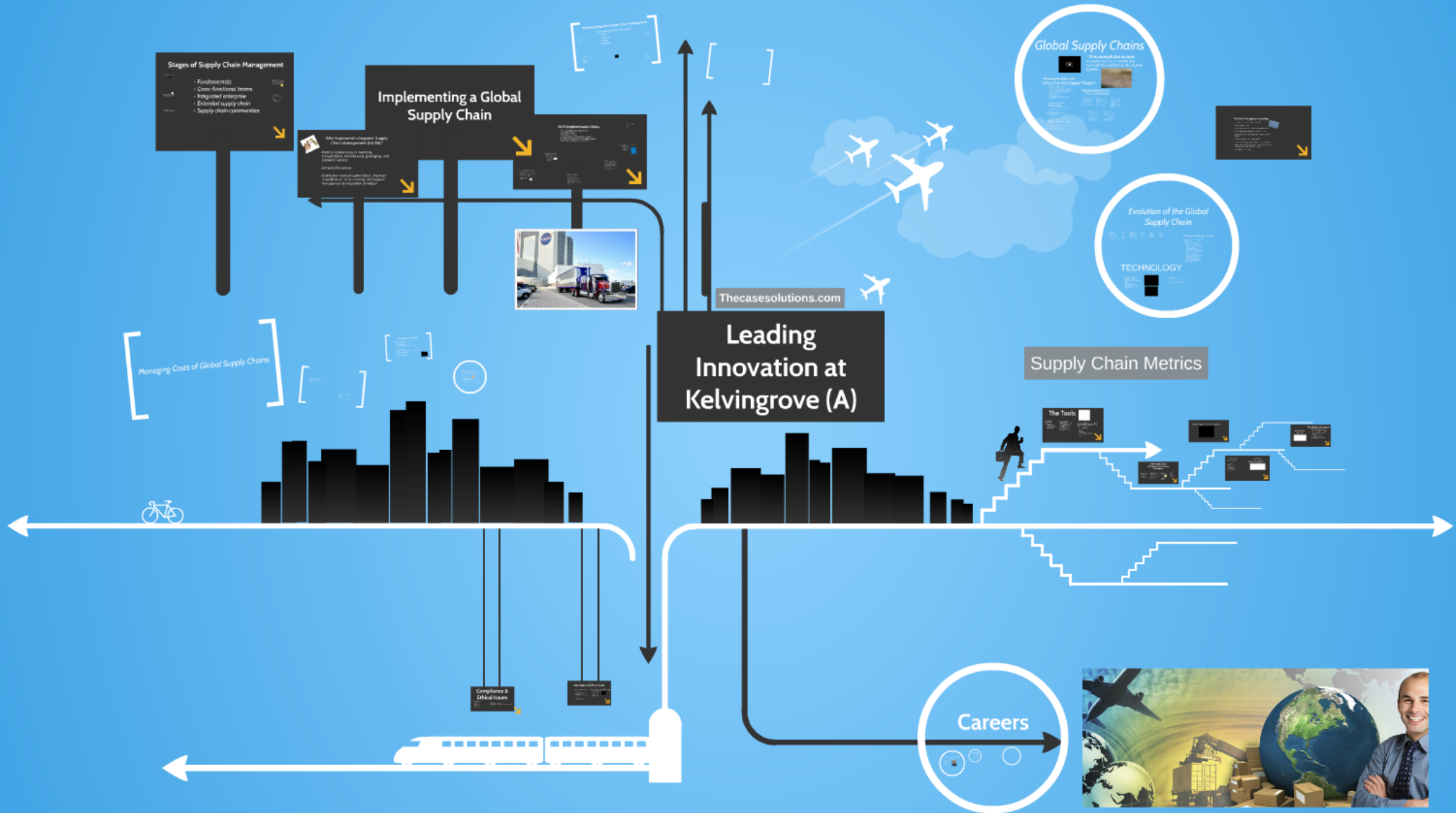


Leading Innovation at Kelvingrove (A)



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Supply Chains

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A supply chain is a network that connects the end user to the original supplier.



Them?

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The 5 Elements



YouTube

A supply chain
connects the
supplier.

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Why Do We Need Them?

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1. Serve as a tool to handle globalization
 - The world is one big supply chain
 - Assist the building of strategic partnerships
 - Influence gas prices
 - Raise issues on environmental concerns

2. Provide competitive advantages

Customer service Advantage

- Ensure the right product assortment and

Thecasesolution The 5 Elements

1. Production

- In this element, the focus is what customer wants and the market demands.
- Answers the questions, how many products to produce, and what, if any, parts or components should be produced at which plants or outsourced to capable suppliers.
- These strategic decisions regarding production must also focus on capacity, quality and volume of goods, keeping in mind that customer demand and satisfaction must be met.
- Operational decisions focus on scheduling workloads, maintenance of equipment and meeting immediate client/market demands.

2. Inventory

- Quantity of product in-hand
- A delicate balance exists between inventory, which can cost 20 and 40 percent of their value, and inventory to meet market demands.
- Optimal levels of stock are required to ensure customer satisfaction as demands fluctuate.
- Control policies must be implemented to correct levels of supplies at various points.

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Customer service Advantage

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2. Provide competitive advantages

Customer service Advantage

- Ensure the right product assortment and quantity are delivered in a timely manner to the right place
- Supply chains include after-sale customer service

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Improve bottom line

- Expedited deliveries can lead to a healthy increase in cash flow

3. Can help level the playing field for smaller businesses

Improve bottom line

- Expedited deliveries can lead to a healthy increase in cash flow

3. Can help level the playing field for smaller businesses

- The internet allows all to bring their products to the market

4. Creative business designs

- iTunes music delivery

Them?



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2. Inventory

- Quantity of product in-house.
- A delicate balance exists between too much inventory, which can cost anywhere between 20 and 40 percent of their value, and not enough inventory to meet market demands.
- Optimal levels of stock at each location to ensure customer satisfaction as the market demands fluctuate.
- Control policies must be looked at to determine correct levels of supplies at order and reorder points.

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3. Location

- Strategic decisions must focus on the placement of production plants, distribution and stocking facilities, and placing them in prime locations to the market served.
- Once customer markets are determined, long-term commitment must be made to locate production and stocking facilities as close to the consumer as is practical.
- In industries where components are lightweight and market driven, facilities should be located close to the end-user.
- In heavier industries, careful consideration must be made to determine where plants should be located so as to be close to the raw material source.
- Decisions concerning location should also take into consideration tax and tariff issues, especially in inter-state and worldwide distribution.

4. Transportation

Strategic transportation decisions are closely

5. Information

Effective supply chain management requires

2. Inventory

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