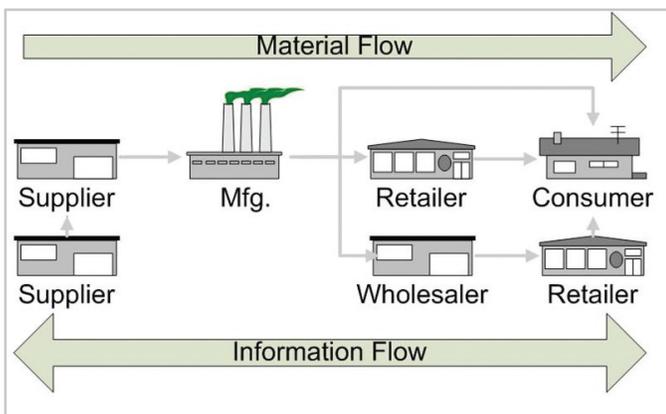


WHAT EXACTLY IS SUPPLY CHAIN MANAGEMENT?

THE BASICS

A **Supply Chain** consists of the sequence of organizations that are involved in producing and delivering a product or service. **Supply Chain Management (SCM)** is a total systems approach to managing the entire flow of information, materials and services—from raw-material suppliers through factories and warehouses to the end customer.

A supply chain is a network of nodes or locations. Flows between the nodes consist of material flows and information flows (see diagram).

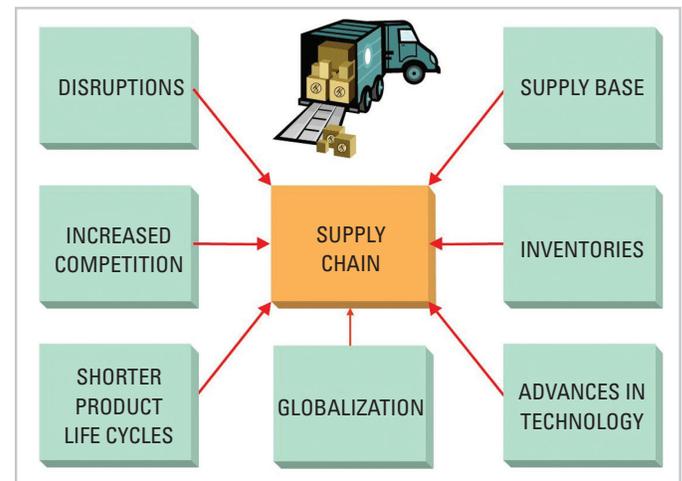


The challenge is to coordinate this group of nodes into one system working towards a common set of goals or measures. This is even more difficult for small- and medium-sized enterprises due to their size.

In order to be effective, firms must recognize that SCM issues are cross functional in nature. In addition, SCM requires information sharing and coordination. Therefore, information systems and metrics that focus on performance across the entire supply chain are needed. In fact, focusing on only one small portion of the supply chain may result in sub-optimization of the supply chain as a whole.

Many factors affect today's supply chains. Part of developing an effective strategy is understanding the factors that might affect your supply chain.

Here are a few factors to consider:



SUPPLY CHAIN TOPICS

The topic of supply chain management encompasses many areas including:

Forecasting Predicting demand into the future.

Inventory management How much should I order and when?

Logistics Moving materials from node to node in the supply chain.

Supply base management Sourcing, procurement, supply selection and management.

Supply chain risk Managing disruptive events in the supply chain.

Globalization Competing in a global environment as supply chains grow in length and complexity.