

The Strategic Importance of Supply over Time (cont...)

This made it necessary to transport materials and components from suppliers to assembly plants, to arrive in time, in the right quantities, to the right specification, at the right cost, and in the right place. We know that many supply chains (admittedly for relatively simple products by today's standards) were well managed a hundred years ago: the much celebrated *just in time* systems, observed in Japan in the 1980s, were in evidence over half a century before, for example, in Ford's assembly plants in the UK.

Asal Rantai Pasokan

Istilah "*supply chain management*" dimulai pada tahun 1980an berkaitan dengan dinamika industri. Ini diperkenalkan oleh Jay Forrester (1958)

Kejelasan 'chains'

Istilah rantai (chain) adakalanya disederhanakan, padahal pengertiannya kompleks. Strategi pasokan berkaitan dengan kerancauan pasokan - kelompok yang tidak terorganisasi dari satu perusahaan ataupun perantara, yang berbeda dalam hal motif bisnis, hak intelektual, kultur Nasional dll sehingga bisa beroperasi sedemikian rupa sehingga dapat perform sesuai dengan yang diinginkan.

Network Relationships

Research over a period of thirty years by a group of academics from around the world, known collectively as the *Industrial Marketing and Purchasing* group, has concluded that it is not possible to manage networks – instead, it is suggested, organisations may only seek to manage *within* them (their work is brought together well in Håkansson *et al.* 2009).

Supply at Ford

Supply management has always played a role in how an organisation is defined and organised. In the early twentieth century, in developing his famous Model T, **Henry Ford planned to make everything himself, in his River Rouge plant near Detroit.** He actually managed it for a while, even making his own glass and tyres as well as engines, bodies, chassis and electrics – a very broad range of manufacturing technologies and skills. This was total *vertical integration* – from top to bottom, the manufacturing was envisaged and structured as a single controlled and owned entity.

Supply at Ford (cont)

As the business grew, however, **Ford could not remain best at everything and had to find other, specialist manufacturers to do some of the work, to supply some of the components for his cars.** This was a *dis-integration* strategy and it accelerated through the late 20th century.

International Supply

Nowadays, a new, product-based enterprise would typically begin not by planning how to manufacture it themselves but by choosing a firm to make it for them – complete vertical disintegration. If the selected manufacturers are in a distant, low-labour-cost country such as China or India, the enterprise will have to develop expertise in supply management (rather than manufacturing) to ensure timely delivery of its product, at the right quality and price levels, to the markets.

Virtual Companies and Supply

TopsyTail, a small Texan company, sold \$100 million worth of its hair-styling equipment during the mid 1990s although it had virtually no permanent employees of its own. Subcontractors handled almost all of the organisation's activities: design, manufacturing, and marketing.

The Italian motorcycle manufacturer, Aprilia, became successful by sourcing all the components for its bikes and scooters from suppliers in the region around its home in Mestre, near Venice, trading on its excellent design skills and simply assembling to order, managing its supplies accordingly. Its own organisation is small, representing the hub of a network that forms a virtual organisation.

Strategic Pasokan

Although the decision to outsource has become a popular one for supply strategists it can cause unrest and strategic problems if it is poorly designed or managed (and there is evidence to show that this has often been the case) or political issues are not well handled. But simply divesting part of what was previously an owned asset is only one part of the puzzle. For such outsourcing to be successful, strategic buyer-supplier relationships need to be in place.

Basis Pasokan

The structure of supply 'base' – a sort of pyramid of firms upon which the final product assembler sat – was a feature of the historical Japanese social structure and key to the formation of the giant groups (known as *zaibatsu* in the first half of the twentieth century, and *keiretsu* in the second half).

Reck and Long's Model

The Reck and Long model enables the supply strategist to define the role of both the purchasing process and the function (i.e. the department). It may be used first to identify the present situation and then to define the appropriate position. Moving from one to the other then becomes a project of change.

Strategi Pasokan

In forming a supply strategy, there are four requirements. The first two may be considered together:

- a *policy* on how the organisation is to engage with its external activities, accompanied by a *strategy* for implementing it;
- an *internal strategy* for the role that the purchasing process (and thus the functions associated with it) should play;
- a *set of specific approaches* to managing supply relationships.

Sourcing Strategy

The most well respected and widely adopted modern approach (to sourcing strategy) was published in the Harvard Business Review as long ago as 1983, by the Slovenian management thinker, Peter Kraljic.....Despite being almost thirty years old, Kraljic's sourcing matrix still evidently provides the conceptual basis for many purchasing strategies – sometimes in the original form, sometimes modified (often without credit given to its creator).

Agile Strategy

Christopher and Towill, 2001) propose the idea of *agile* supply, which denotes the ability to respond rapidly to unpredictable changes in demand or supply. Supply strategy thus becomes an attempt to reduce the risk embedded in the supply chain. Christopher and Peck (2004) identify two ingredients of agility in logistics as *visibility* and *velocity*.

Key Points

The strategic management of supply is a critical part of managing the operations of an organisation. As corporations become more global and the trend towards outsourcing increases, it may even represent the most critical part.

Key Points

The supply process is not a chain – it is a network, or even a ‘muddle.’ It is not possible to manage it in a straightforward manner; it may be possible to manage *within* it, pursuing strategies for one’s own activities which influence rather than control the activities of others.

Key Points

The term ‘supply chain management’ is in common parlance and may be used as an approximation to the actual situation, as a point of departure. In fact, *supplier relationship management* offers a more realistic focus for managing the process of supply.

Key Points

The structuring of supply ‘bases’ may include assumptions and expectations that are not backed up in practice. Simply calling a supplier ‘first-tier’ may not bring the benefits expected of a structure supply base, such as that observed in post-war Japan.

Key Points

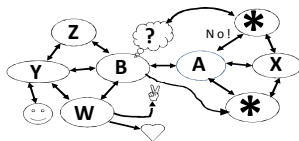
In order to develop a supply strategy, it is necessary to have a policy on how the organisation should behave in the supply chain, a strategy to implement that policy, an internal strategy for the positioning of the purchasing and supply process, and a set of techniques for managing relationships within the supply chain.

The Supply Chain Metaphor: the simplicity may be inappropriate

Supply chains are typically represented as simple linear systems

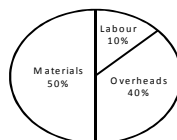


In practice, they are usually a muddle which supply managers have to try to deal with on a daily basis. The symbols represent complexity, unknowns, and wasteful or non-commercial factors.



Unit Costs: Internal and External

Traditionally, costs of purchased goods and services are low, e.g. 50%

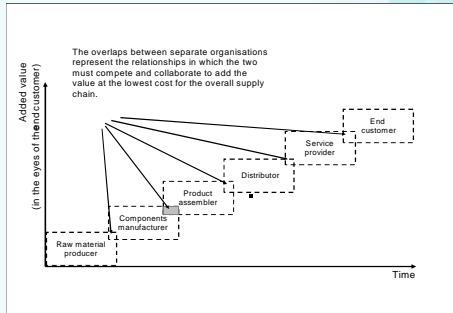


Outsourcing business increases the purchasing ratio, e.g. to 80%



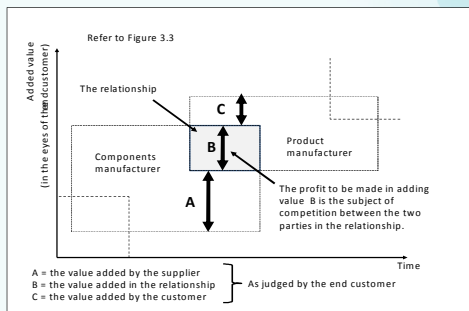
The 'pie' represents the total cost of the item

Build up of Value and Cost in the Supply Chain, as a Product-Creation Process



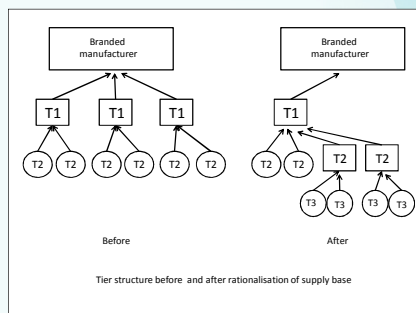
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Representation of a Customer-Supplier Relationship as a part of the Value-Adding Process.



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Tiers in Supply Bases, Showing Flaws in Some Approaches to Supply Base Rationalisation



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