

Maximizing Value with Customers and Suppliers



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Supply Chain Redesign

Transforming Supply Chains into Integrated Value Systems

Robert B. Handfield • Ernest L. Nichols, Jr.

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Transforming Supply Chains into Integrated Value Systems

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To Sandi, Simone, and Luc
—RBH

To Christine, John, Katie, and Meagan
—ELN

PREFACE

Integrated supply chain management is now recognized as a core competitive strategy. As organizations continuously seek to provide their products and services to customers faster, cheaper, and better than the competition, managers have come to realize that they cannot do it alone; rather, they must work on a cooperative basis with the best organizations in their supply chains in order to succeed. When pressed to identify how to achieve this strategy, however, the path forward for managers is not clear. Numerous “solution providers” offer the “magic bullets” to supply chain integration; yet the results are never guaranteed.

In this book, we focus on the concept of the value system. We propose that by integrating the flows of information, materials, technology, and resources in a supply chain, a true system of creating value for the end customer can be created. This book shares insights gained from our research, which has brought us in contact with managers in engineering, purchasing, operations, logistics, information systems, and sales functions across a range of industries. These experiences have been synthesized to create a managerial perspective of the core tasks and challenges required to transform supply chains into high-performing value systems. This text is unique in that it describes a phenomenon that has been rapidly evolving yet never fully deployed by any single organization. Although other books have dealt with the individual processes associated with developing new products, buying materials, transforming them, and shipping them to customers, we believe our treatment of the topic from an integrated managerial perspective is unique.

Because supply chain management involves all functions within organizations, this book has been written for a general audience and provides insights into the conceptual foundations of supply chain management. It also presents a topical discussion of what a supply chain is, why it is important, and what types of challenges are implicit in managing supply chains. In sum, this book will enable readers to better understand—

- The contribution of supply chain management to creating value, in the form of increased profitability, technology leadership, and market share in the modern organization
- Requirements for analyzing and improving supply chain business processes

- The benefits of integrating major functional activities, including product design, purchasing, information systems, manufacturing planning and control, inventory management, human resource development, financial planning, forecasting, sales, quality management, distribution, transportation and other areas via internal information systems
- Understanding the “sweet spot”, or area of greatest value to focus resources in organizational supply chains
- Strategies for creating collaboration and trust among supply chain participants
- The contribution of customers and suppliers to collaborative product/processes/service design
- Strategies for achieving significant shared cost reductions among supply chain partners
- Latest developments in B2B standards and applications that facilitate supply chain integration and creation of value systems
- Recent technologies that enable visibility of end customer requirements for multiple tiers of OEM’s and suppliers in a supply chain
- A detailed case study of a major change management initiative at General Motors that illustrates the critical success factors required to create an integrated value system, as well as the challenges in deploying a value system initiative

These points are illustrated through multiple examples from a variety of industries and settings, based on extensive research over many years. The concepts are presented in an easy to understand narrative that is intended for any reader interested in learning about supply chain management.

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