

Supply Chain Management: An Introduction

HIGHER NATIONAL DIPLOMA


物流管理 (初级)

【英】苏格兰学历管理委员会 (SQA)

Unit Student Guide

SUPPLY CHAIN



 中国时代经济出版社


SCOTTISH
QUALIFICATIONS
AUTHORITY

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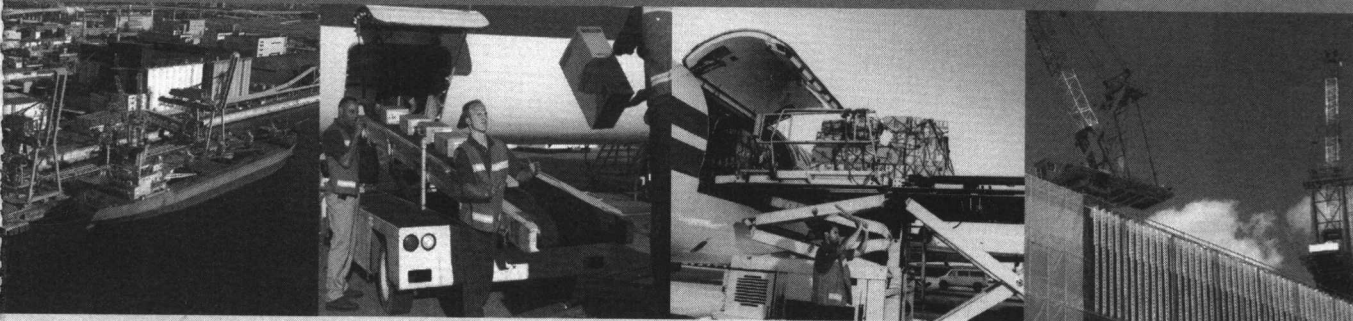
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物流管理 (初级)

苏格兰学历管理委员会著

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1

Introduction to the Scottish Qualifications Authority

This Unit **Supply Chain Management: An Introduction** has been devised and developed by the Scottish Qualifications Authority (SQA). Here is an explanation of the SQA and its work:

The SQA is the national body in Scotland responsible for the development, accreditation, assessment, and certification of qualifications other than degrees.

Its website can be viewed on: www.sqa.org.uk

SQA's functions are to:

- devise, develop and validate qualifications, and keep them under review
- accredit qualifications
- approve education and training establishments as being suitable for entering people for these qualifications
- arrange for, assist in, and carry out, the assessment of people taking SQA qualifications

- quality assure education and training establishments which offer SQA qualifications
- issue certificates to candidates.

In order to pass SQA Units, students must complete prescribed assessments. These assessments must meet certain standards.

The Unit Specification outlines the **three** Outcomes that students must complete in order to achieve this Unit. The Specification also details the knowledge and/or skills required to achieve the Outcomes. The Evidence Requirements prescribe the type, standard and amount of evidence required for each Outcome.

2

Introduction to the Unit Student Guide — Learning Resource Pack

2.1 Introduction to the Unit

This Unit **Supply Chain Management: An Introduction** will enable candidates to demonstrate their understanding of the supply chain and of the concepts required in its management. Candidates should also be able to demonstrate the impact made by the customers within the supply chain and the importance of the supply chain operations on the financial performance of an organisation.

There are **three** Outcomes for this Unit:

- Devise a suitable supply chain model that clearly identifies the essential information systems and material flows to satisfy customer requirements.
- Explain the management of the flow of materials along the supply chain to meet the requirements of the end-user.
- Explain how the development and maintenance of supply chain relationships provide value to all stakeholders.

The approximate study time that you should allocate for

the completion of the unit is 40 hours.

2.2 Learning Material Required for this Unit

The Learning Resources in Section 3 provide relevant information to assist you to complete the Unit.

2.3 Using the Unit Student Guide — Learning Resource Pack

The Learning Resource Pack is designed to lead you through a series of learning activities that will allow you to consolidate your understanding on the topic areas included in the Unit **Supply Chain Management: An Introduction**.

As you work through the Pack there will be considerable scope for discussion and you are encouraged to contribute fully from your own knowledge and experience. The activities are intended to focus ideas on your own workplace and local industry. When participating in a group activity you should give full and free rein to your imagining different types of supply chain. Knowledge of the operating environment of the company you work for, or of a business of which you have some experience, will be useful when participating in some of the activities and discussions.

As you work through the Pack you will encounter the following symbols indicating an Activity to be carried out.



Usually, activities are used to improve or consolidate your understanding of the subject in general or of a particular feature.

2.4

What Do I
Need to be
Able to Do in
Order to
Achieve this
Unit?

Your assessments will cover all three outcomes of the unit. The assessment format will be an open book report format of approximately 3000 words including appropriate diagrams.

Where possible the report should be based on your own organisation, or on one of which you have knowledge, but where this is not possible your Centre may supply suitable case study material.

3

Learning Resources

3.1 Introduction to Supply Chain Management

3.1.1 Introduction

During the last four decades, there has been unparalleled change in terms of advances in technology, globalisation of markets and in the access to these markets, as well as a general stabilisation of political economies, although some of the former Eastern European countries have experienced turbulent times. In addition, there has been an increase in the number of companies classified as world class, both within our own domestic economy and from abroad. This has resulted in companies / organisations looking to improve their internal processes rapidly in order to remain competitive.

The 1960s–1970s highlighted for companies, that they must adopt market strategies, focusing on creating and

capturing customer loyalty. By adopting strategies that emphasised the need for strong engineering, design and manufacturing functions companies could support the market requirements. Design engineers attempted to translate customer needs into product and service specifications, incorporating improved levels of quality, but within a reasonable cost structure.

The 1980s saw the demand for new and improved products. Manufacturing companies were required to become more flexible and responsive to the customers' actual needs.

By meeting the needs of the customer in the 1990s, manufacturing companies realised that material and service inputs from suppliers had a major impact on the organisation's ability to meet these needs. As a result, there was increased focus on the supply base and the organisation's sourcing strategy. A new challenge arose. Quality was not enough for the consumer who now wanted the product delivered in a cost-effective manner and in the quantities they required. The basic economic decision-making process of what to make, how to make it and for whom to produce was being thoroughly challenged by a better-informed consumer.

The 2000s, ensuring that the products reached the customers when, how and in the right quantities spawned the *Logistics Renaissance* which incorporates a whole set of time-reducing information technologies

and logistics' networks, all of which are aimed at meeting these challenges.

Upstream and Downstream

Organisations now find that it is no longer enough to manage their own business, they need to be involved in **Upstream** and **Downstream** activities. Such organisations need to become involved in the management of the network of other businesses that:

- provide **Inputs** (directly or indirectly). This is the **Upstream**
- are responsible for the **Outputs** (delivery and after-market services) to the end-customer. This is the **Downstream**

From this realisation emerged the concepts of:

- **Supply Chain** — This encompasses all activities associated with the flow and transformation of goods from the raw materials stage (extraction), through to the end-user, as well as the associated information flows. Material and information flow both up and down the supply chain.
- **Supply Chain Management (SCM)** is the integration of these activities through improved supply chain relationships to achieve a sustainable

competitive advantage.

3.1.2 Supply Chain

The concepts of Supply Chain sit very comfortably with the strategic management of the organisation. In terms of the 3 main components of Strategic Management are:

1. Strategic Analysis
2. Strategic Choice
3. Strategic Implementation.

The organisation examines both the present and future, and the factors likely to affect its future performance. Based on the Strategic Analysis, organisations can evaluate a range of options and then decide which choice to make. Within these components the organisation must consider the respective bargaining powers of their suppliers and their buyers, especially of the suppliers. Hence, there is a greater need to understand all dimensions of the *Upstream* organisations and the problems associated with any non-compliance of contractual arrangements (whether these are verbal agreements or written contracts).



What dimensions should an organisation be interested in when they wish either to continue an existing contract or to appoint a new supplier?

Discuss your answer with your tutor.

Downstream

The organisation's view should not be focussed simply on the suppliers, but also consideration should be given to those organisations which are *Downstream*. Do these organisations convey the *image* of the manufacturer in terms of quality service and support? Have they met the customer's needs in terms of when, where and how the products should be made available?

Within the definitions quoted, we must include both its *Upstream* supplier network and its *Downstream* distribution channels. Then we must see how they fit into the strategic well-being of the organisation. Alternatively, any fracture in either part of the Supply Chain will impact on the customer and also on the future financial performance of the organisation.

To illustrate this point, the Royal Mail ran an advert several years ago which pointed out, in general terms, that it would cost an organisation six times more to gain a new customer than it would be to retain an existing one! If this is to be believed, then organisations which operate through the Supply Chain must be aware of the fundamental requirement for any business to satisfy the needs of their customers. Whether businesses operate in a small or in a large market, their customers are far less loyal to products and services than they were 20–30 years ago.