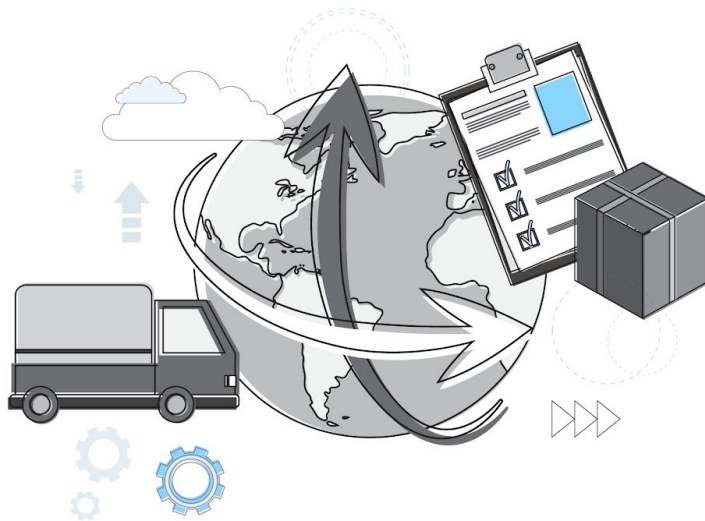


# The Ever Growing Importance of Supply Chain Management



## Supply Chain Management

The ever growing importance

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# Introduction

The importance of Supply Chain Management in an organization is as important as having a healthy heart for a long sustainable life. Now, this is deep! But, it is also the truth. Supply Chain Management is like the heart for the living, breathing, and sustainable life of a company. Since its inception in 1982, there has been no turning back. Scholars have written numerous articles and books about the importance of Supply Chain Management; organizations have carried out training and development sessions, an entirely new job post or designation came into existence for Supply Chain Management, and much more.! The importance of Supply Chain Management does not seem to see a pause anytime soon. It is highly important for better Order management and [Inventory management](#). So, you see, just one term can actually align and bring together many functions of an organization.

**“Supply Chain is like nature, it is all around us.” said Dave Waters**



(Image Courtesy: Redwood Logistics)

When a term has such high importance for the organization, it is essential to understand its significance. It helps towards a better understanding, better decision-making process, and continuous improvement. And how can we forget? It also affects customer satisfaction. So, the better the supply chain management, the better the customer satisfaction. Let me show you how?

## **Supply Chain Management Example**

ExposureShoes receives orders for nearly 1000 pieces of shoe every day, and they have to ensure they are delivered within five working days. ExposureShoes are known for their high quality, and their reputation is quite high. One of the major complaints of every customer is their delayed delivery rate. Instead of five (5) days, the shoes take around 8-10 days to reach their destination. They are losing many clients because of this fatal error that they are unable to rectify.

On the other hand, Fastleg Shoes are new in the market. Just like ExposureShoes, they are receiving increasing popularity for their high quality and great customer service. They, too, have a delivery time frame of five (5) working days. Unlike ExposureShoes, this company works on timely delivery and makes sure their customers are satisfied. Thus, they perform the deliveries within five working days and keep their customers satisfied and provide a great customer experience.

Thus, you see, Supply Chain Management is crucial for an organization's success and the betterment of a strong customer base.

## **Importance of Supply Chain Management**

Let us lay down a few of the most important reasons for having supply chain management. I understand that it is difficult to trust anything so soon, so let us learn a few important aspects of Supply Chain Management.

### **1. Save Time, Efforts, and Cost**

Supply Chain Management is greatly important to organize and manage the function of an organization. Supply chain management is widely known to reduce time and

minimize costs in the production cycle. As the production cycle has become highly interdependent, it is necessary to have all the essential data synchronized. Supply Chain Management does that. It works on Just In Time theory. As soon as the retail stock needs replenishment, it immediately signals the manufacturers or wholesalers for restocking the same for a smooth and uninterrupted supply chain. This way, immense time, energy, efforts, and costs are saved.



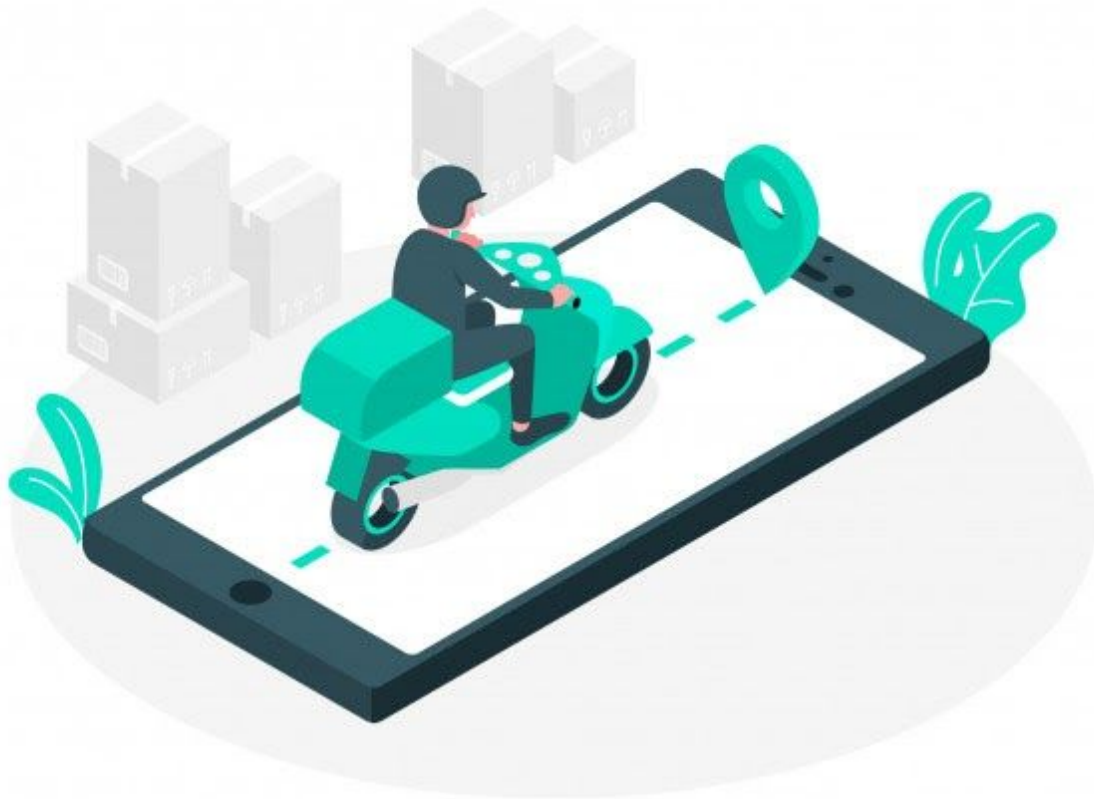
## **2. Identify Possible Issues**

Supply Chain Management helps identify potential errors in the supply chain as the cycle begins with the manufacturer and ends with the customers. It is crucial to understand the customer's demand and the issues they face. There may be instances where the customer goes significantly higher than the manufacturer can deliver, causing serious issues. Supply chain management identifies these problems beforehand. They collect information, analyze the data regularly, and thus, be prepared for the upcoming customer demand to ensure the supply chain is not disrupted.



### **3. Provide Correct and Accurate ‘Delivery Date’**

Let me explain this with an example. Amazon is the most common shopping website. So, while buying any product, their estimated delivery date is always mentioned in the cart. This happens because of Supply Chain Management. Some softwares allocate their tools and resources to identify future demand, forecast sales and analyze the distribution and dispatch time. This way, an estimated ‘delivery date’ is derived from the data based on the confirmation of the product availability and other factors related to the product’s delivery.



## 4. Uplifts Customer Experience

The best customer experience is considered when you understand your customer's requirements, sort their queries, identify their complaints, ensure standard quality, and provide timely delivery. Yes, it is a task serving great customer service. But, it is all worth it when they come up with praises, recommend others, and become repeat customers. Supply Chain Management helps ensure the correct quality and product. It provides the customer information about the accurate and timely availability of the product. Along with this, supply chain management looks into the delivery timeline, resolving queries, and providing after-sales service.

**For e.g.:** You ordered a brand new iPhone from an E-Commerce store (let's say Stop & Shop). Supply Chain makes sure the product is available at the distributor's place and accordingly provides an estimated delivery date to you. Thus, from dispatching the iPhone to the customer's residence, each step is taken care of by the Supply Chain Management. This surely includes the correct product, timely delivery, quality, and after-sales services.



## **5. Strengthen the Financial Performance**

Every company works on a budget allocated to their operations. Supply Chain Management identifies these areas of improvement and works to manage financial performance according to these areas. Thus, even if the supply chain management can help with 1% improvement, it saves nearly billions of dollars for the company when we talk on a larger scale. This happens with a systematic increase in the cash flow, proper utilization of resources, and ultimately increasing the company profits.



## **Supply Chain Management and Importance in the Current Situation**

One of the best examples of supply chain management is today's scenario. The world is critically hit by the ongoing pandemic - Covid 19. The countries are interdependent for numerous reasons, such as the supply of raw materials, supply of essentials and food, the supply of healthcare products, and much more. During the initial few months, the supply chain got heavily impacted as most countries stopped all sorts of trade (reduced human contact all over the world). But, it was certain that at some point, they had to reintroduce trade as the countries needed support from one another. Especially for laboratory supplies, food, and medicinal purposes.

**“The future of the predictive supply chain: Artificial Intelligence; Machine Learning; Deep Learning” said SupplyChainToday.com**



As soon as the pandemic broke out, many companies worked on future plans and relied on artificial intelligence. This way, the supply chain adapted to the current pandemic conditions. Distributors and stores started stocking up at the highest levels, and the customers are still looking for daily essentials at a lower cost due to the financial crunch. Though the supply and demand have got a bit shaken, companies have adapted themselves accordingly.

## Most talked about Examples during Pandemic

As the businesses are getting back to normal and trying to live amongst the pandemic, proper supply chain management is highly crucial for getting back on track. Naming a few essential products are toilet papers, prescribed and generic drugs, and automobile spare parts.

**Toilet Papers** are the most talked-about product or the most talked-about example in the United States. The demand has seen such an uproar that it had become a challenge to meet their expectations. Stores are restocking themselves, and still, they seem to run in shortage.

Other than that, for **prescribed drugs and generic medicines**, most countries relied on China and India. The raw material was taken care of by China as one of the key suppliers, and India played the role of the manufacturer and major producer of generic medicines.

**Automobile spare parts** manufacturers have also seen a massive increase in their spare parts demand. These days, most citizens prefer traveling by their own transport rather than taking public transportation to reduce human contact. Thus, the increase in vehicle servicing and spare parts have seen a spike in demand. Automobile batteries and tires are needed in abundance, yet the gap between supply and demand reaches a breaking point.

These are the most common examples during the pandemic. The world got disturbed since the beginning of this year; most businesses and daily affairs could get back on track, all thanks to the adaptation of supply chain management.

# Conclusion

For any business to succeed, they have to rely on various other suppliers and companies. Thus, it is very important to have effective supply chain management to deliver their promised goods to the customers. Supply chain management also has been shown to help with optimum utilization of [order management](#) and [shipping management](#). Thus, on a bigger scale, this saves billions of dollars for the company and increases its profits.

# References

[The Interconnected Supply Chain Management](#)

[Importance of Supply Chain Management](#)

[Adaptation of Supply Chain Management in current Pandemic](#)

[Importance of Supply Chain Management during Covid](#)

[Supply Chain Management and most affected products](#)