

CRITICAL ISSUES IN GLOBAL SUPPLY CHAIN MANAGEMENT

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ABSTRACT

Due to increased globalization, developing an efficient international logistics and supply chain management strategy is increasingly important in today's business environment. A large number of businesses operate internationally and are engaged in activities such as global sourcing, global operations, global markets, and global financing. This is because companies want to take advantage of favorable costs, gain access to international markets, become more responsive to changes in demand, build partnerships with reliable suppliers, and keep abreast of the latest trends and technologies. The objectives of supply chain management are to maximize responsiveness, capacity, and return on assets while minimizing cycle time, cost, and inventory. Due to the global nature of supply chains, managers must learn how to make cultural differences act as strengths instead of weaknesses. Multicultural teams, training sessions, and clear goals help an enterprise succeed in the global market.

Although having an efficient global supply chain is a crucial element for success, many companies realize its importance but do very little about it. According to a recent survey, many manufacturers' supply chains were not successfully synchronized with that of their partners. Some of the obstacles to supply chain synchronization that were identified were: lack of a standardized IT platform, the high cost of supply chain tools, high implementation time for supply chain tools, and lack of access to external/partner data. The survey further showed that many companies have not addressed supply chain issues because they simply do not have the budgets to solve them.

In this paper, after presenting an overview of supply chain management principles we will address the above issues and provide guidelines for a successful global supply chain strategy formulation and implementation. The concept of third-party logistics and their strategic dimensions will also be discussed.