

SUPPLY CHAIN EMANCIPATION DEVELOPING A WINNING SUPPLY CHAIN STRATEGY FOR SMBS

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ABSTRACT

There are a growing number of organizations that have become famous for their supply chains. A handful is repeatedly referred to as champions. These superstars have been elevated to celebrity status in the business world largely because of their supply chain innovations. One approach for smaller organizations to achieve world class levels of cost savings, market response, efficiency, and strategic advantage is six simple steps revolving around integration, synchronization, collaboration, communication, information, and dedication. One of the primary problems is that the very strategies that allow the top companies to achieve world class performance may not be directly transferable to small to mid-sized businesses (SMBs). In fact, the findings show that SMBs pay less attention to planning and control methods than large enterprises. Furthermore, SMBs tend to be less satisfied with the methods applied, less concerned with methods supporting SCM on product quality, less focused on system integration with other actors in the supply chain, and less committed to EDI and e-based solutions. Not every SMB can build a “boundaryless extended enterprise” to match the performance of the top organizations. The results most frequently publicized on “enterprise level solutions” report a degree of effort and investment that is rarely possible for SMBs. However, there is potential for SMBs to gain further advantages by using an integrated and strategic approach in their use of information and communications technology (ICT). Typically, SMBs tend to use their ICT independently rather than in an integrated manner. Identifying the most appropriate supply chain strategy for an SMB is a continuous and dynamic proposition. Characterizing the benefits and costs associated with a new SCM initiative is essential, including opportunity costs. Some basic change strategies include:

Efficiency to collaboration path – Change the focus from low cost to value-added.

Efficiency to coordination path – Strengthen inter-organizational linkages to enhance customer relationships.

Coordination to innovation path – Focus on value-creation opportunities through new product and service offerings.

Collaboration to innovation path – Create growth through external networking.

Efficiency to innovation path – Transform both intra-business processes and existing management practices simultaneously.

Developing an effective supply chain strategy is predicated on integration, synchronization, collaboration, communication, information, and dedication. By realizing the trade-offs involved, and evaluating the appropriate match of demand characteristics, timeframe and partnerships, an organization is liberated to design a value proposition and supply chain strategy that is both achievable and uniquely suited to their situation. The purpose of this paper is to outline how proven supply chain strategies can be used by small to mid-sized businesses to improve productivity and thus remain competitive in the growing global marketplace.

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