

## 9.10.14

### SCMT - Chapter 1 & 2 Textbook Readings

- Chapter 1 - Supply Chain Management : an overview
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- INTRODUCTION
  - Supply chain management and logistics are key ingredients for success in today's highly competitive global environment.
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- What Forces are Driving the Rate of Change - 5 Major External Forces appear to be driving the rate of change and shaping our economic and political landscape
  - 1) Globalization -
    - dominant driving force in world economics
    - the concept of the global marketplace or the global economy has taken on new meaning for all enterprises (profit/non-profit; small, medium, and large; Products/Services) and for individual consumers during the last decades.
    - Globalization has led to a more competitively intense economic and geopolitical environment.
    - Questions by companies seeking to rationalize their global networks
      - Where in the world should we source our materials or services?
      - Where in the world should we manufacture or produce our products or services?
      - Where in the world should we market and sell our products or services?
      - Where in the world should we warehouse and distribute our products?
      - What global transportation alternatives should we consider.
    - BRIC Factor - analysis of globalization and supply chains

- Brazil, Russia, India, & China - these four countries have a total population of well over 3.0 Billion, with China accounting for 1.3 Billion of that; These 4 countries especially China and India, have been a leading force in the changing world marketplace in this era of globalization.
    - They not only produce products and services for export, but they have also become major consumers of energy, basic materials, and finished products.
    - General Motors sells more cars in China than in the United States; The Buick is the largest selling car.
      - The Supply chains of most, if not all, companies have been affected by the emergence of the BRIC Countries
- o 2) Technology -
  - major force in changing the dynamics of the marketplace
  - search engines such as google have made it possible to gather timely information quickly.
  - We are the “click here” generation
  - We can pull information as needed.
  - Social networks play an ever-increasing role in influencing supply chains because of their impact on customer demand and the speed of information transfers
  - Outsourcing to the less-developed countries has been enhanced by technology;
- o 3) Organizational Consolidation -
  - after World War II, product manufacturers became the driving force in Supply Chains.
    - They developed, designed, produced, promoted, and distributed their products.

- Manufacturers were the largest organization(s) in the supply chain, in terms of sales volume, employees, buying power, locations, and other factors
  - During the 1980s and especially the 1990s - a significant change occurred in the relative economic power in a growing number of supply chains as MASS RETAILERS became increasingly larger
    - Retail giants such as - Walmart, Target, Kmart, Home Depot, Sears, McDonalds, Kroger; became powerful market leaders and engines for change.
- o 4) The Empowered Customer -
  - today's consumers are more enlightened and more educated
  - information is at the consumers disposal; which gives them the ability to compare prices, quality, and service
  - consumers tend to have a low tolerance for poor-quality in products and services
  - the internet allows the consumer to expand his/her buying options
- o 5) Government Policy and Regulation - Federal, State, and Local
  - establish and administer policies, regulations, and taxes that impact individual businesses and their supply chains.
  - The Deregulation (removing or reducing state regulations) of several important sectors of our economy that occurred in the 1980 & 1990s is a good example
    - Deregulated Sectors:
      - Transportation