

Study guide for 3380 Quiz 2

Procurement (first slide set)

Relationships

Some of the cost relationships associated with logistics
Inventory carrying costs, Lot quantity costs, Order processing and info costs,
Transportation costs, Warehousing costs

A partnership is a *tailored* business relationship based on mutual trust and doing things that benefit each other
Why do it? To gain advantages

How to choose a partner?

Bottleneck

Supply quality and continuity

Routine

Simplicity & efficiency

Strategic

BEST, develop long term relationships

Leverage

cost saving and maximization

Facilitators = Supportive environmental factors that enhance partnership growth then

Drivers = compelling reasons to partner

Then drivers set expectations of outcomes (the extent to which performance meets expectations)

Driver examples: Improvement in asset/cost efficiencies, Improved customer service, Enhanced marketing advantage, Profit growth/stability
Stronger drivers mean better chance of partnership happening

Facilitators examples: Corporate compatibility, compatible management philosophy and techniques, a strong perspective of mutuality, symmetry between 2 parties, shared competitors, close physical proximity, potential for exclusivity, prior relationship experience, shared end users. Also a conservative company may not mesh well with a more liberal one

Partnership levels

Type I – components are present at a low level

Type II – components are present at a medium level

Type III – components are present at a high level

DRIVER POINTS

	8-11 Points	12-15 Points	16-24 Points
8-11 Points	Arm's Length	Type I	Type II
12-15 Points	Type I	Type II	Type III
16-25 Points	Type II	Type III	Type III

Supply chain management

Many rename "logistics" programs to "supply chain"

A supply chain, why it's a good name

a network of companies

every company in the network gains its revenue based on demand at the points of consumption

thus every organization is a supplier to the end points of consumption

the flow of everything from start to finish

supplier → manufacturer → wholesaler/distributor → retailer/customer

Logistics Outsourcing

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3PL is a 3rd party logistics provider

The relationship between a shipper and an external organization that performs the shippers logistics functions.

Companies outsource logistics because they don't view it as a core activity,

Main thing for logistics management is to manage product availability

	There's planning	and	execution
LT	# of locations and capacity		setting up the facilities, hiring the people
	Range of technology used in them		purchasing the shit

ST production, inventory and transportation plans manage that shit

Typical logistics outsourcing services are

Warehousing services, value added warehouse services, transportation services

Top drivers for logistics outsourcing

Relationship and trust, operational excellence, talent/right people,

The major issues in supply chain are: capacity issues, storage, consistency because customers are all over the world, challenged by picky customers

Effects when the economy goes to shit

Smaller more frequent orders, customers have higher delivery expectations

Customers get picky

Mature vs emerging markets

Emerging markets are different

Supply Chain Management II

Stuff is getting more complex in many categories

Network- growing number of nodes and links, outsourcing makes shit more complex, more susceptible to risk

Process- whim wham development, changing requirements

Range- new products being put into place

Product- choice of materials, components, also a lack of consistency

Customer – customized solutions for different people, customer service

Supplier – all the new relationships can get complicated, connected to product, range and network

Organizational – managing and the different layers

Information – large amounts available, bad info can hurt all processes

2 models SCOR and GSCF

GSCF is everything

SCOR is focused on logistics, operations and procurement

Future scenarios for supply chains