

Supply Chain Management - The Backbone of Service Economy

The percentage of output from service economy indicates whether a country is a developed country or a developing one. Developed countries often possess healthy and strong service industry. The backbone of many service operations are Supply Chain Management or SCM. If you frequent Wal-Mart and wonder how they can offer quality products at low price, you'll eventually lead to a term "supply chain management". In simpler terms, supply chain management generally makes a business run smoother by cooperation across different functional departments in an extended enterprise environment that includes the company, its suppliers and distributors. Wal-Mart has been a pioneer in supply chain management. A supply chain system consists of supply chain management software, hardware to run the systems, planning, execution and other processes etc.. The implementation of supply chain is a major undertaking, however the successful execution of supply chain management has the ability to create a sustainable competitive advantage over the competitors. The implementation of supply chain involves strategic planning, system analysis, supply chain implementation and supply chain coordination. Generally, SCM software contains features that allow companies to manage inventory, plan production, track sales, handle payments, and see where their shipments are. All of this information also can be used to communicate with other partners. The core of SCM software is inventory or demand forecast developed from the inventory management practice. The advantages of SCM are enormous - increased coordination between suppliers, distributors and partners, enhanced customer relationship, and reduced cost of operation. For a company in medical services that distributes medical and surgical supplies to medical practitioners and home health care industry, a supply chain management system will coordinate with the manufacturers of the medical supplies, the retailers, the logistical department of major hospitals. By keeping track of the usage patterns, the supply chain management system will be able to forecast the demand of medical/surgical products by seasons, by regions and by customer types. This will save the inventory cost for the medical service company and major hospitals that order the medical supplies. For a large retailer like Wal-Mart, it has many regional distribution centers, a supply chain management system will effectively coordinate between suppliers of clothes, paper products and Wal-Mart's retail stores to reduce the inventory cost. Wal-Mart is able to pass the saving of inventory cost to customers so it can offer lower prices for many everyday products. The backbone of many service operations are Supply Chain Management or SCM.

About the Author

Veterinarians in Columbus, Ohio. Find a good veterinarian or pet hospital for a dog, cat or other pet in this vet list.

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