Introduction

Supply chain management, as defined by the world famous, Institute of Supply Management Inc., USA, is the design and management of seamless, value added process across organizational boundaries to meet the real need of the end customer.

Supply Chain Management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers, and customers.

In essence, supply chain management integrates supply chain and demand management within and across companies. Supply chain management is an integrating function with primary responsibility for linking major business function and business processes within and across companies into a cohesive and high performing business model. It includes all of the logistics management activities noted above, as well as manufacturing operations, and it drives coordination of processes and activities with across marketing, sales, product design, finance and information technology.

In Today’s environment, there is the added pressure to be more socially and environmentally responsible and there risk which need to be mitigated and managed. Then, there is the complexity created by ever increasing customer requirement and expectations, globalization, the pressure on cost, and availability and access to resources. On top of this, management is expected to improve profitability, increase revenue growth and capture and protect larger market share. In order to succeed, management must recognize that the ultimate success of an organization depends on the ability to integrate the company’s network of business relationship in a mutually beneficial way.

The management of this network of relationship is supply chain management. Successful supply chain management requires cross – functional integration within the firm and across the network of firms that comprise the supply chain. It is focused the improvement in performance that result from better management of key relationship.