

A Modern outlook on Supplier and Carrier Selection

Vendors are not just facilitators they are an integrated part of supply chain

Moving away from a traditional view of viewing a supplier or a carrier by just assessing them on the business values such as honesty, fairness, promises and quality, the Manufacturers or the Product owners have started to form long standing strategic relationships with the suppliers and carriers. As Strategic Partners, suppliers and carriers have to collaborate on processes involving quality, productivity, flexibility, costs and logistics.



Partnership

Supplier Database

Supplier Information is spread across several systems. There is a growing need for integrating all the systems in to one Supplier Information System. Purchasing processes are much more transparent nowadays to eliminate any miscommunication in the processes. The Information systems have proven capabilities of storing historical purchasing records in the system. So, the supplier database has formed an integral part of the supply chain.

Collaboration

Establishing collaboration with your supplier is a challenge because of varied backgrounds and operating principles of suppliers and the manufacturers. The key to a successful relationship is to have an open mind for new ideas and innovations in supply chain, a shared accountability strategy and a synergy created from knowledge and experience.

Operations

Quality, Costs and Synchronization

The major cost types in Supply Chain include Transportation, Inventory, Resources and Facility Costs. It is very significant that the processes involved between the supplier and the manufacturer get synchronized to minimize the quality and operations costs. Lack of synchronization in supply chain, force the managers to take reactive actions as opposed to analytical long term solutions for disruptions in supply chain. The disruptions and issues in the supply chain has to be



“Suppliers, Carriers and Manufacturers are no more resource points in supply chain, but they are strategic partners. Supplier Base, Collaboration, Quality, Costs, Synchronization, Accountability and Labor Optimization are key factors to

determined and mitigated on time to prevent the bull whip effect to spread to the other parts of the supply chain. The visibility in supply chain through accurate synchronizations with the Supplier and Carrier Systems will help the Supply Chain Leaders to proactively solve the abnormalities in supply chain. Limitations in visibility due to multiple partner systems can make integrations and synchronizations in supply chain systems difficult.

Reworking cost is another significant factor in supply chain. This plays a main role among suppliers and carriers. For example, just imagine a scenario when some defective products turn out to the distribution center as a result of poor transportation, and the distribution center has to raise a quality dispute report and adjust its orders from the suppliers to fulfill its lots. This quality issue opened the opportunity for reworking the parts again either in house or it has to be sent back to the plant for reworking

Logistics Operations

Transportation and logistics of a Finished good or a raw material forms a major part of the supply chain with respect to operations and costs. At times the cost of transportation is more than the cost of manufacturing a good. Just like other parts of the supply chain, Logistics Operations requires collaboration and synchronization to effectively and efficiently satisfy the end customer. There are multiple cut off times in Transportation to adhere to. Similarly the cost of carrying the inventory also called as the inventory carrying cost can be very expensive. So, there is a constant need for optimizing and synchronizing your supply chain for successfully carrying out your logistics operations. Information systems, Scan Technology and RFID Technology play a befitting role in the transparency of supply chain for better control and issue resolution.

The partnership between a Supplier-Manufacturer or a Carrier-Manufacturer is a two way benefit Road. The partnership will help both the partners to proactively satisfy the demands of the end customers. In other words, it would be a win-win relationship.

There has to be constant open communication between the supplier and the Manufacturer or for that matter even across the whole supply chain. The partners have to open and honest in their communication to resolve issues or disruptions in supply chain. The communication should happen across different levels that include: operational level, management level and information systems level.

a sound Strategic

Relationship”

Accountability

Strategic partnership, open communication and IT systems are true performance indicators for a clean visible supply chain. But, these things would fail if there is no responsibility and ownership of Strategic Supply chain processes or operations. Suppliers or Carriers or Manufacturers, no matter who it is should take accountability for the status-quo of the supply chain.

Labor Optimization

Cost of labor takes a great priority on the Financial Statements of the companies. Companies use a lot of operational management techniques such as Linear Programming, Multiple Regression and Probability Distribution studies to optimize their labor resources. Organizations have started to give a lot of significance to effective labor resource management. Lean Management has been embraced by suppliers, manufacturers and customers (Retailers), to operate their supply chain, to eliminate waste from the operations.

Management Capabilities

Management Capabilities which stand as paramount to the Strategic Partnership include:

- Information Management
- Adaptability
- Relationship Management
- Cycle Time Management
- Vendor Performance Management