The Role of the Supply Chain

Institution

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A supply chain can be defined as a system that facilitates the flow of goods from suppliers through manufacturers to the end-users. This system is vast and includes individuals such as suppliers, manufacturers and third parties among others. This network also involves a lot of activities such as manufacturing, packaging and transportation of goods from manufactures to end-users. On the other hand, a supply chain strategy is a masterplan on how to design a supply chain so that it can meet the current and future needs of an organization (Purvis et al., 2016). This strategy is also concerned with how the supply chain will function to ensure that it meets the needs of the organization. This strategy is crucial since it benefits the business and all its shareholders. For instance, a well-designed supply chain will help a company to achieve a competitive advantage by ensuring that goods are produced and transported with minimal wastage. Further, a supply chain strategy can help strengthen supply chain partnerships, maximize efficiencies and lower the cost of operation.

Key drivers of a supply chain strategy include transportation, information, inventory, facilities and production. Each of these drivers is essential in ensuring the success of a supply chain strategy. According to Hugos (2018), production is concerned with the manufacture of goods, including how and when to manufacture them. Production is essential since it determines the quantity of goods to manufacture, the cost, and the elasticity of a supply chain. The size and location of the storage facilities, as well as the inventory levels also influence supply chain strategy. For instance, large and strategically placed storage facilities will help an organization to maintain large inventory levels. Information is also a key driver of a supply chain strategy since it can be used to enhance the performance of all the other drivers. Information facilitates the decision-making process, which in turn improves the efficiency of a supply chain. For instance, companies can use the data collected to improve customer experience and to eliminate delays and errors within the supply chain.

Walmart Inc. is one of the companies that has usedsupply chain as a competitive advantage. The company maintains a robust and resilient supply chain, which ensures that goods are always available for consumers. The company uses the Vendor managed inventory system, which gives supplies total control over inventories (Nguyen 2017). The vendor managed inventory system also helps to keep the cost of operations low since it is suppliers who incur the cost of shipping goods to the warehouses. The company also uses techniques such as cross-docking, strategic vendor partnerships and strategic placement of warehouses and stores. Cross-docking helps to minimize the cost of storing and shipping goods since goods are offloaded from an inbound directly to an outbound truck (Nguyen 2017). Overall, Walmart’s supply chain helps to reduce the costs of operation and to ensure that goods move from suppliers to consumers in minimal time.

References

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