Assignment 1

1.

I. Supply chain helps to close the location gap between supplier and consumers.
It incorporates quality techniques such as total quality management (TQM) to improve operations.
Effective supply chain give business a competitive advantage in market place and also help to mitigate risks associated with acquiring raw materials and delivery product and service.

II. Production
Inventory
Transport
Information
Location

III. The modern supply chain is different from the old supply because the old supply chain incorporates a vertical business integration to gain improve efficiency by trying to control most of it supply chain network while the modern supply chain system try to be more flexible and receptive by outsourcing, and partnership with both internal and external expert.

IV. Inventory management is a component of a supply chain that is responsible for overseeing and controlling of ordering, storage of the material a company use for production, to make such materials are available when needed. Furthermore, inventory management is also the supervision and controlling of finished product for sale.

V. Information is a major driver of supply chain management because it helps in planning effective and efficient supply chain network between producer and the end user. With accurate information a company can gain a competitive advantage over it competitors by creating a good distribution channel and also help to maintain adequate inventory of both finished good and that needed for production.

VI. Cyclic inventory
    Seasonal inventory
    Safety inventory

2. In both international and local logistic, location decision is part of the basic determinant of profitability and performance. The location of the manufacturing facility, storage, assemble, transhipping can impact either profit or loss. Due to different exchange rate in movement of goods and services across different location can also influence cost of moving good and services. Furthermore, location can influence supply performance because the easier the distribution network is accessible to both distributor and end user, the agile the supply chain and it will give the organisation a competitive advantage in the market. Therefore, as global business expand company should consider location decision using cost analysis based on manufacturing, handling and transportation as well as inventory holding cost, tariffs and taxes.

3. **Producer:** Producer is an organisation/company responsible for producing goods and services. A producer can be company producing raw material another company needs to produce a product. Producer can also be an assembler of a finish product. Therefore, in a supply chain network, a producer can serve as a company producing a finish product or produce product (materials) needed by another producer to assemble/produce a product.

   Distributor: Distributor are businesses that takes the inventory of finished product from producer on larger quality and distribute it retailers within its distribution network. Distributor help to reduce the variation between the producer and the market due to the larger stock it takes from the manufacturer. Furthermore, distributors server as means of communication between producers and customers either by advertising new product to customers or provides the producer with information about market variation and demands.
   Retailers: Retailers are small businesses that take the inventory of finished products from distributors in small quantity and sell it directly to the public using various distribution channel with the goal of making profit. The retailers are very good source of receiving information and feedback on a particular product due to the direct relationship with the public.

Case study

- The milk supply chain in the case study can be described as a vertical integration supply chain (old supply chain) whereby the company tend to control it supply chain network. They milk supply chain network it directly between the producer and the end user (consumers).
- The PE Dairies fit into the old supply chain network. The specific activities that form the logistic of PE Dairies are milk home delivery, dairy product, and range of related product.
- The major problem they faced was the inability to forecast market demand of its product in order maintain the effect of market variations. Another problem faced is inability to maintain service delivery during seasonal period.