

ASSESSMENT – 6.

1. Give short answers for the following questions:

What is the 'facility management' about?

The role that every facility will play is determined by decisions as to what activities will be carried out in which facilities. These decisions will have a big affect on the overall flexibility of the supply chain. The decisions made help to define the ways that the supply chain can alter its operations to meet varying market demand. If a facility is chosen to carry out only a single function or supply only onesingle market, it generally cannot easily be altered to carry out a different function, or serve a diverse market if supply chain requirements change.

What is meant by the term 'milk run deliveries'?

These are the deliveries which are routed to bring products from a single originating location to multiple receiving locations. Scheduling milk run deliveries is a much more complex task than scheduling direct deliveries. The benefits of this mode of delivery come in the fact that better use can be made of transportation, while the price of receiving deliveries is lower as receiving locations get larger but fewer deliveries.

What is meant by the term 'reverse logistics'?

All the supply chain which deals with return is know as reverse logistics . Returns are a value added action for the whole supply chain where product recycling takes place. In this instance, returns occur at the end of the product life cycle when the final user sends the product back to the producer, or another business that will either recycle or securely dispose of the product.

Deliveries can be made to customers from two sources. What are these?

The 2 sources of deliveries are ; single product locations and distributor center .

Single product locations include facilities like factories, warehouses or anywhere a single product or limited range of related items are accessible for shipment. These facilities are suitable when there is an expected and high level of demand for the products they offer, and where shipments will be made only to customer locations that can accept the products in larger quantities. They offer high economies of scale when used efficiently.

Distribution centres are there facilities where mass shipments of products enter from single product locations. When there is a long distance between suppliers and customers, the utilization of a distribution centre allows for economies of scale, using long-distance transportation to carry large quantities of products to a site closer to the final customers.

Describe the procedures involved in production scheduling.

Production scheduling assigns accessible capacity (equipment, facilities and labour) to the work that is required to be done. The objective is to use accessible capacity in the most well-organized and cost effective manner.

- High Utilization Rates—this often means long production runs, along with centralised production and distribution centres. The idea is to create and benefit from the advantages of economies of scale.
- Low Inventory Levels—this usually implies short production runs and just-in-time delivery of materials, in order to reduce both assets and cash used in inventory.
- High Levels of Customer Service— this often needs high inventory levels or a lot of short production runs. The priority is to provide the customer with fast delivery of products and not to run out of stock in any product.

Outline the procedures for Affective Order Management.

The following represents four key rules for effective order management .

Enter the Order Data Once and Only Once—Track the data electronically as close to its original source as possible and do not by-hand re-enter the data as it progresses through the supply chain. It is typically best if the consumers themselves put their orders into an order entry system. This system should then move the most important order data to other systems and supply chain participants as required, for the generation of purchase orders, pick tickets, invoices and so on.

- Automate Order Handling—Manual interference should be kept at the lowest possible level for directing and satisfying routine orders. Computer systems should transmit the required data to the required locations to complete routine orders. Exception handling must identify any orders with problems that require the attention of specialist individuals to address them.
- Make Order Status Visible to Customers and Service Agents— Let consumers track their own orders through all phases, right from entry of the order to delivery of their desired products. Customers must be able to view their order status on demand, without having to enlist the help of other people. When an order runs into trouble, the order should be brought to the attention of service agents who can address the problems.
- Integrate Order Management Systems with Other Related Systems to Maintain Data Integrity— Order entry systems require product descriptive data and prices of the products, so that the consumer has a guide while making choices. The systems that hold this product data must be in direct contact with order management systems. Order data is required by other systems to revise inventory status, calculate delivery schedules and produce invoices. Order data should automatically flow into these systems in a precise and timely way.

Outline the benefits of outsourcing supply chain operations.

The factor that encourages outsourcing is the increasing sophistication of the markets, which are served by the supply chains.

Outsourcing also reduces the the head count in the company and makes work easy .

The persistent pressure on revenue margins, which free markets produce, is the driving force behind the expansion of outsourcing. What might be considered as an overhead for Company A

might be a service that Company B can offer and make a profit doing so. Company B might be able to provide this service for a price lower than it costs Company A to do it in-house. Company A would therefore be wise to think about outsourcing.

2. “The more flexible, responsive, and cost effective the supply chain is, the more likely the product will be to succeed in its market.” Discuss this

The supply chain needed to support merchandise is moulded by the design of the product. The more responsive, flexible and cost effective the supply chain is, the greater the likelihood is that the product will be successful in the market. To demonstrate this point, consider the scenario outlined below:

A corporation designs an outstanding home entertainment system, offered with a widescreen TV and high quality sound. It performs to the highest standard and delivers superior results. But the key electronics behind this entertainment centre are produced with elements from 12 different vendors. The company increases production when there is an increase in demand. Managing the functions of quality control and delivery schedules for 12 different suppliers is a challenge. More procurement staff and managers are hired. Assembly of the elements is complicated, but delays in the components’ delivery from any of the vendors can slow the speed of production rates. So, additional stocks of finished products are kept to compensate.

A number of new suppliers are needed to offer the required product components. One of them is causing the company to face quality control problems and needs to be replaced, while another supplier decides following several months to stop production of the component/s it supplies to the corporation. They launched a new part with similar features, but not an accurate replacement. The company has to delay production of the home entertainment system, while a team of engineers redesigns the element of the system that used the discontinued component, so that it can make use of the new component. During this time, buffer stocks run short in some locations and sales start to plummet as clients go elsewhere. There is a natural tendency for procurement, design and manufacturing people to have dissimilar agendas, even though their actions are harmonized. Designers are anxious about meeting the requirements of customers. People who are involved in the procurement process negotiate the best prices from a group of pre-screened and favoured suppliers. Those in manufacturing want to have trouble-free fabrication and assembly approaches and long production runs. Cross-functional design teams with representatives belonging to these three groups have the ability to bring together the best insights from every group. Cross-functional teams can re-examine the new product plan and discuss related issues. Can existing suppliers supply the components required? How many new suppliers are required? What prospects are there to make the design simpler and decrease the number of suppliers? What happens if a dealer stops producing a particular component? How can product assembly be made easier? At the same time, they are checking product designs; this is a cross-functional team, which can assess current preferred suppliers and production facilities. What components can current suppliers provide? What are the quality levels of their services and technical support capabilities? How large a labour force and what type of skills are required to make the product? How much power is needed and which facilities must be used? A product design process that does a good job of organizing the three perspectives — design, procurement and manufacturing—will result in a product that can be maintained by an effective supply chain. This will give the product a faster time to market and a competitive cost.

Project

Take a critical look around you and see if you can see examples of poor logistics. You might find, for example, that a train is cancelled, a bus arrives at the wrong time, a delivery of goods arrives after the promised time, a shop runs out of a product that you want, a town centre is poorly laid out, and so on. What could you do to improve these operations? Produce your findings in a report.

Logistics is the soul of every business . if the material does not reach on time the supplier cannot deliver the goods on time and his payment will also not receive on time . And there are possibilities that supplier may not get the next order also which will impact on the business.

To avoid all this delay supplier has to plan the production in such a way that goods needs to be delivered prior to the given date .

A sound logistics plan focuses not only on the shipment of products or services but also on maintaining a strong foothold in the marketplace, ensuring business continuity includes strategic steps to optimize the planning, implementation, and control of the transportation and storage of products between two points. Logistical tasks, like production, packaging, warehousing, material handling, security, shipping, and information flow, are also defined

Simply transporting goods from point A to point B isn't enough anymore. Agile logistics management strategies are vital to remaining competitive in a volatile marketplace, where operations are entirely demand-driven.

Logistics management is the backbone of business because it ensures that the entire supply chain, including shipping and delivery, runs as efficiently as possible. Improving an organization's logistics management processes will translate into increased operational productivity and efficiency.

A comprehensive logistics strategy must include a contingency plan to avoid any logistics failure. And a logistics planning process is incomplete without an emergency plan. At the highest level, the main aim of logistics management is to ensure customer satisfaction.

Disruptions in the supply chain affect suppliers and customers alike:

- Manufacturer delays - Delays can happen due to human error, inaccurate inventory tracking, back-ordered materials, or poor forecasting of demand.
- Production delays - The delays in manufacturing due to global externalities launch a domino effect in the supply chain that impacts orders in the production segment.
- Warehousing delays - Warehousing delays happen when there is a lack of on-site storage space, or the business lacks dynamic strategies for warehousing operations, like storage, fulfillment, and transport of goods. Operations may become slow and the warehouse may generate a lot of material wastage.
- Shipping delays - Suppliers rely on collaborative order management to prevent common shipping mishaps in last-mile delivery. Shipments can be delayed due to damaged orders and drivers not being on schedule.

In addition, delays can also happen due to reasons beyond the company's control, like weather, traffic, and mechanics. Disruptions are sometimes brought on by poor communication, time

management, faulty decision-making, and scheduling mix-ups. Minor disruptions can snowball and cause delays throughout the entire project, and when schedules are delayed, so is the completion date.