Benefits of a supply chain

Increase Efficiency: Supply chain employs a well planning and proper channel in order to achieve efficiency of its operation because it gives room for value adding activities that encourage smooth processes and output.

Reduced Cost: Supply chain involves identifying the processes that increase cost without increasing the value of the final products. These processes are wasteful and do not add value and should be eliminated to increase sales and reduce cost.

Increase Output: Supply chain foster close-knit relationship with its suppliers and customers, ensuring the timely fulfilment or orders. A company known for its timelines and responsiveness will attract more customers, and will grow as a result of increased output and sales.

Risk Mitigation: Supply chain allows for the identification of critical risk factors in an organisation or with their suppliers. Whether it is product quality, compliance with applicable laws or operational safety, management must mitigate risk in an effective manner.

Supply chain methodologies assist management with organizing risks and ascertaining the potential for internal or external failures. Without effective supply chain management system, many companies are exposed to legal risk and liabilities.

Increased profits: Supply chain planning, processing and organizing are reducing wasteful which increase the sales and profit. Every company always want to maximize the profits of their company’s. Without proper planning and management, wasteful make company lose more money rather than making profits.

Companies in Supply Chain can make decisions individually or collectively in the following areas

Production

Inventory

Location

Transportation

Information

Inventory Management

Inventory is a component of supply chain. Inventory management starts and end with supply chain management because many of the opportunities to improve efficiencies. Inventory management specifying the shape and placement of stocked goods and it required at different locations within a facility or within many locations of a supply network.

Inventory management make the processes of the flow of goods from manufacturers to warehouse and from these facilities to the point of sale.

Short note on the following participants of supply chain

Producers: this is the organization or company that is making the products; it can be tangible or non-tangible. These products can be raw materials, work-in-progress or finished goods. It depends on what the company is specialised or produce.

In supply chain, the producers making products available through the productions and channel it to the warehousing which is a part of component of supply before start distributing it to the other channel of supply until it get it to the final consumer in any part of the world.

Distributors: Distributor is a middle channel between the producer and final consumer. Distributors are termed as wholesalers. Distributors take inventory in mass from the producers and supply in buddle to the retailers or distribute in large quantities than the individual consumer.

Distributors carries out other function like inventory administration, warehousing operations, advertising and sales, transportation, post-sales services and many others.

Retailers: retailers buy stock in large quantities and sell in small quantities to the users or final consumer. It advertises to its consumers and often utilizes some blend of price, service, convenience, products selection to primarily attract consumers for the products it sells.

Retailers are the final channel of distribution between the manufacturer, distributor and final consumer.