

SUPPLY CHAIN MANAGEMENT

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Supply chain management (SCM) involves the coordination and management of all activities involved in the production and delivery of products and services. They are order processing, raw materials procurement, production, transportation, etc. An effective SCM system is essential for businesses to succeed in today's competitive environment. If you look around, almost everything you see has appeared thanks to a supply chain. Millions of people are involved in a supply chain operation, and global economy is based on SCM. Supply chains have existed since ancient times starting with the first product or service created. With the start of industrialization, SCM capabilities have developed significantly which have enabled companies to produce and deliver goods and services more efficiently. For generations SCM has remained linear and isolated being run by supply chain specialists. The internet and technological innovations have changed everything. Today, the supply chain is not linear, but a complex set of interconnected networks that are accessible 24 hours a day. At the core of these networks are consumers who expect their orders to be fulfilled and delivered on time. Effective SCM is crucial for businesses to meet customer demands and remain competitive. SCM involves the integration of various functions such as planning, sourcing, manufacturing, logistics, and customer service to ensure that products are delivered to customers in a timely and cost-effective manner [1]. SCM provides several benefits:

1. Better inventory management: SCM enables businesses to optimize inventory levels and reduce waste, resulting in better cost management. As a consequence, a company can remain competitive in its field.

2. Improved customer service: A well-coordinated supply chain ensures that products reach customers in time, resulting in greater customer satisfaction. Businesses can implement the following best practices to improve their supply chain management:

1. Use Technology: The use of technology such as cloud-based inventory management software, warehouse management systems, and transportation management systems can help in automating processes, and gain real-time visibility into the supply chain. 2. Collaborate with Key Suppliers: Collaborating with key suppliers for better communication, data sharing and joint business planning helps businesses to manage supply chains more effectively. 3. Optimize Inventory Management: Using a Just-In-Time (JIT) inventory management system or implementing a vendor-managed inventory program can help optimize inventory levels, reduce waste, and improve the efficiency of the supply chain.

Effective SCM is crucial for businesses to remain competitive and meet customer demands. By using technology, collaborating with key suppliers, monitoring performance metrics, and optimizing inventory management, businesses can improve their supply chain management practices. In today's complex and fast-paced business world, having an effective SCM system is no longer an option but a necessity to succeed.

References

1. Что такое SCM (управление цепочками поставок)? [Electronic resource]. – Mode of access: <https://www.oracle.com/cis/scm/what-is-supply-chain-management/>. – Date of access: 10.03.2023.