

Supply Chain Management (SCM)

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PROCUREMENT & MATERIALS
MANAGEMENT LEARNING ZONE



What is Supply Chain Management?

- Supply Chain Management is the integration of key business processes across the supply chain
- Includes coordination with channel partners such as suppliers and third party service providers
- Goal is to improve efficiency of the network

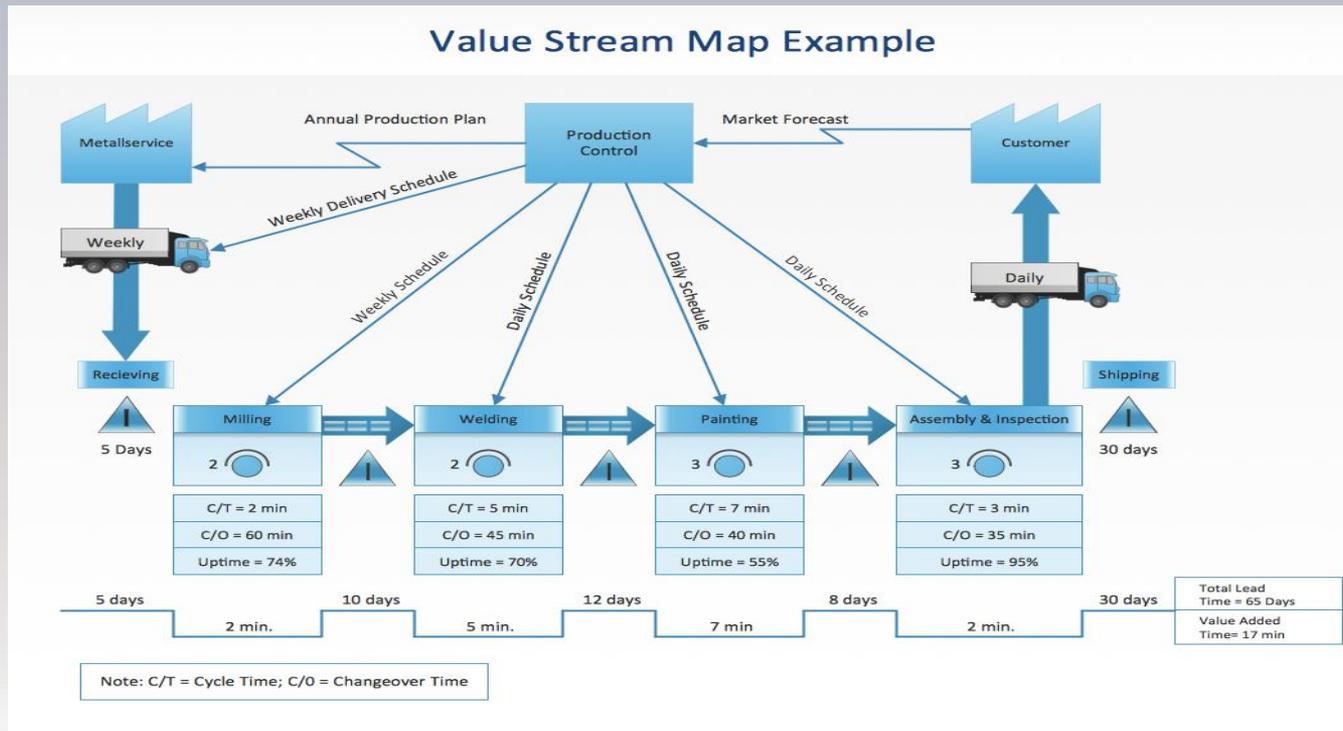
Elements of a Supply Chain

- Planning
- Purchasing
- Inventory
- Production
- Transportation

Each element contains multiple processes and hand-offs that can create waste in the system

Useful Tool: Value Stream Mapping

A visual representation of the processes that converts materials and information into a product or service.



Why Value Stream Map?

- Allows you to see how the process works
- Quantifies time spent on “value added” versus “non-value added” work
- Uncovers waste and problems with the flow
- Helps identify changes needed to improve the process
- Can be applied to any process

Typical Types of Waste

- Transport
- Inventory
- **M**otion
- **W**aiting
- **O**ver Production
- **O**ver Processing
- **D**efects

Can be caused by tangible (e.g., parts, people) or intangible (e.g., information, approval) sources

Example: Contracting Process

- For each bid, vendors must supply the following at a minimum:
 - Pricing Schedule, Business Questionnaire, Financial Information & Release Form, References
- Bid package is provided in hard copy or PDF format and submitted in hard copy
- Agency personnel are required to:
 - Evaluate the price schedule, determine low bidder(s), conduct reference checks and financial verification, notify winner(s) of contract award, etc.

What types of waste can you identify?

Final Thoughts

- A robust supply chain management program integrates supply and demand within and across companies to minimize waste
- Long term partnerships with key suppliers can improve the effectiveness of the supply chain
- Use of quality tools and “lean” thinking can transform an organization