

8.2: Managing Main Flows in the Supply Chain

There are three types of main flows that happen in any supply chains: **flow of materials/goods**, **flow of money/cash**, and **flow of information**. There is a forward flow of materials/goods for the regular flow that happens all the way from higher tier suppliers (upstream) to the end-consumer (downstream). In addition, if there is any returns for any reason, there will be a reverse flow of materials/goods in the opposite direction to the forward flow.

Flow of money (cash flow) happens from downstream to upstream. For example, the retailer needs to pay the distributor for the goods they have received from them.

Flow of information happens both ways in the supply chain since organizations will need to share different type of information with each other so that the whole supply chain can make better decisions to improve overall performance.

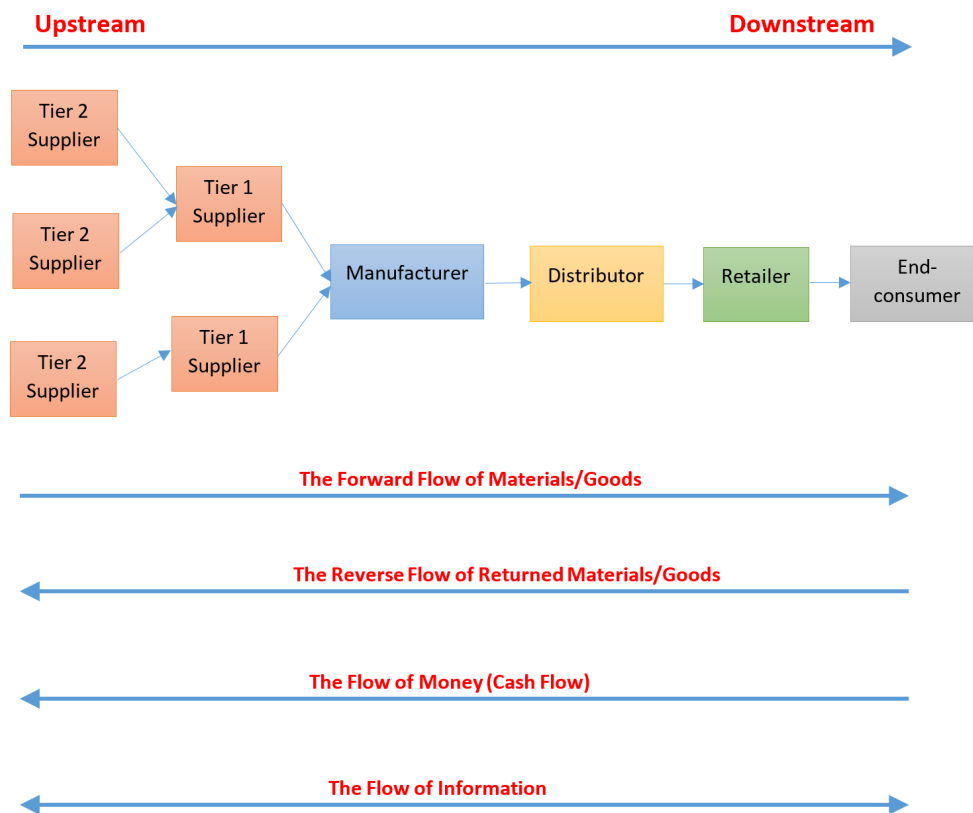


Figure 8.2.1: Upstream and downstream of a supply chain and its flows.



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