

8.3: Foundational Elements of Supply Chain Management

Each organization in a supply chain needs to manage four key elements. These include supply management, managing the internal operations, distribution management, and managing the integration of all of these so that all parts of the supply chain are working with each other in harmony. The following sections will cover some of the things that are done in relation to each one of these elements. Figure 4.3 depicts the foundational elements.

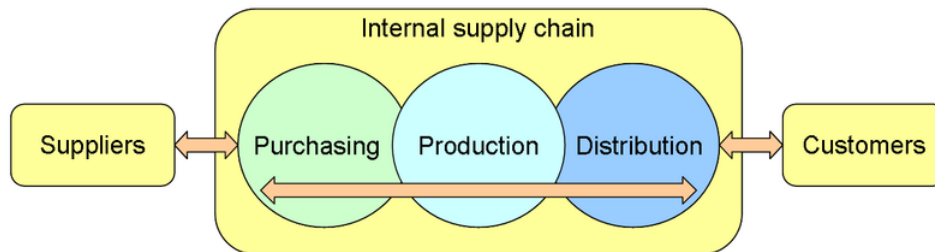


Figure 8.3.1: Example of a company's supply chain; Credit: Stern / Wikimedia / [https://commons.wikimedia.org/wiki/File:chain_\(en\).png](https://commons.wikimedia.org/wiki/File:chain_(en).png)

Supply Management includes purchasing and managing the suppliers and the relationships with them. **Internal Operations** is consisted of managing whatever the company does to add value. For example, a manufacturer does "Production", along with managing inventory of raw materials and finished goods, human resources, etc.

Distribution Management deals with managing the customers and the relationships with them. In order to do this, the organization needs to have a deep understanding of its customers and their needs to be able to deliver the right product/service to the right customer at the right time. **Integration Management** uses several technologies such as ERP systems to make the collaboration among the different elements easier and more accurate.



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