

SECTION OVERVIEW

5.25: Global Supply-Chain Management

In today's global competitive environment, individual companies no longer compete as autonomous entities but as supply-chain networks. Instead of brand versus brand or company versus company, it is increasingly suppliers-brand-company versus suppliers-brand-company. In this new competitive world, the success of a single business increasingly depends on management's ability to integrate the company's intricate network of business relationships. Supply-chain management (SCM) offers the opportunity to capture the synergy of intra- and intercompany integration and management. SCM deals with total business-process excellence and represents a new way of managing business and relationships with other members of the supply chain.

Top-performing supply chains have three distinct qualities. (Lee (2004, October)). First, they are *agile* enough to readily react to sudden changes in demand or supply. Second, they *adapt* over time as market structures and environmental conditions change. And, third, they *align* the interests of all members of the supply-chain network in order to optimize performance. These characteristics—agility, adaptability, and alignment—are possible only when partners promote knowledge-flow between supply-chain nodes. In other words, the flow of knowledge is what enables a supply chain to come together in a way that creates a true value chain for all stakeholders. Knowledge-flow creates value by making the supply chain more transparent and by giving everyone a better look at customer needs and value propositions. Broad knowledge about customers and the overall market, as opposed to just information from order points, can provide other benefits, including a better understanding of market trends, resulting in better planning and product development. (Myers and Cheung (2008, July)).

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