

Project Report On
**SUPPLY CHAIN MANAGEMENT PRACTICES AND ITS PERFORMANCE
EFFECTIVENESS**

Submitted by

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Certificate

This is to certify that **Miss. Aditi Madhusudan Kamble** has worked and duly completed her Project Work for the degree of Master in Commerce under the Faculty of Commerce in the subject of '**SUPPLY CHAIN MANAGEMENT & LOGISTICS**' and her project is entitled, '**Supply Chain Management Practices and its Performance Effectiveness**' under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

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Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

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Signature of the student

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1. INTRODUCTION

Supply Chain Management (SCM) is the management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace.

SCM represents an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production to product development to the information systems needed to direct these undertakings.

SCM is based on the idea that nearly every product that comes to market results from the efforts of various organizations that make up a supply chain. Although supply chains have existed for ages, most companies have only recently paid attention to them as a value-add to their operations.

The supply chain manager tries to minimize shortages and keep costs down. The job is not only about logistics and purchasing inventory. According to Salary.com, supply chain managers, “make recommendations to improve productivity, quality, and efficiency of operations.

Supply chain management is the practice of coordinating the various activities necessary to produce and deliver goods and services to a business’s customers. Depending on the business in question, this could involve activities such as monitoring the manufacturing of a product, shipping the product by air, sea, or land ensuring that it meets quality standards, and delivering the product to customers.

SCM oversees each touch point of a company's product or service, from initial creation to the final sale. With so many places along the supply chain that can add value through efficiencies or lose value through increased expenses, proper SCM can increase revenues, decrease costs, and impact a company's bottom line.

HOW WE COMPONENT SUPPLY CHAIN MANAGEMENT?

1. Planning
2. Sourcing
3. Making
4. Delivering
5. Returning
6. Enabling

- **Planning-** Enterprises need to plan and manage all resources required to meet customer demand for their product or service. They also need to design their supply chain and then determine which metrics to use in order to ensure the supply chain is efficient, effective, delivers value to customers, and meets enterprise goals.
- **Sourcing-** Companies must choose suppliers to provide the goods and services needed to create their product. After suppliers are under contract, supply chain managers use a variety of processes to monitor and manage supplier relationships. Key processes include ordering, receiving, managing inventory, and authorizing supplier payments.
- **Making-** Supply chain managers coordinate the activities required to accept raw materials, manufacture the product, test for quality, package for shipping, and schedule for delivery. Most enterprises measure quality, production output, and worker productivity to ensure the enterprise creates products that meet quality standards.
- **Delivering-** Often called logistics, this involves coordinating customer orders, scheduling delivery, dispatching loads, invoicing customers, and receiving payments. It relies on a fleet of vehicles to ship product to customers. Many organizations outsource large parts of the delivery process to specialist organizations, particularly if the product requires special handling or is to be delivered to a consumer's home.

- **Returning-** The supplier needs a responsive and flexible network to take back defective, excess, or unwanted products. If the produce is defective it needs to be reworked or scrapped. If the product is simply unwanted or excess it needs to be returned to the warehouse for sale.
- **Enabling-** To operate efficiently, the supply chain requires a number of support processes to monitor information throughout the supply chain and assure compliance with all regulations. Enabling processes include finance, HR, IT, facilities, portfolio management, product design, sales, and quality assurance.

IMPORTANCE AND SCOPE OF THE STUDY

It is well known that supply chain management is an integral part of most businesses and is essential to company success and customer satisfaction.

Boost Customer Service

- Customers expect the correct product assortment and quantity to be delivered.
- Customers expect products to be available at the right location.
- Right Delivery Time – Customers expect products to be delivered on time
- Right After Sale Support – Customers expect products to be serviced quickly.

Reduce Operating Costs

- **Decreases Purchasing Cost** – Retailers depend on supply chains to quickly deliver expensive products to avoid holding costly inventories in stores any longer than necessary. For example, electronics stores require fast delivery of 60 flat-panel plasma HDTV's to avoid high inventory costs.
- **Decreases Production Cost** – Manufacturers depend on supply chains to reliably deliver materials to assembly plants to avoid material shortages that would shut down production. For example, an unexpected parts shipment delay that causes an auto assembly plant shutdown can cost \$20,000 per minute and millions of dollars per day in lost wages.
- **Decreases Total Supply Chain Cost** – Manufacturers and retailers depend on supply chain managers to design networks that meet customer service goals at the least total cost. Efficient supply chains enable a firm to be more competitive in the market place. For example, Dell's revolutionary computer supply chain approach involved making each computer based on a specific customer order, then shipping the computer directly to the customer. As a result, Dell was able to avoid having large computer inventories sitting in warehouses and retail stores which saved millions of dollars. Also, Dell avoided carrying

computer inventories that could become technologically obsolete as computer technology changed rapidly.

Improve Financial Position

- **Increases Profit Leverage** – Firm's value supply chain managers because they help control and reduce supply chain costs. This can result in dramatic increases in firm profits. For instance, U.S. consumers eat 2.7 billion packages of cereal annually, so decreasing U.S. cereal supply chain costs just one cent per cereal box would result in \$13 million dollars saved industry-wide as 13 billion boxes of cereal flowed through the improved supply chain over a five year period.
- **Decreases Fixed Assets** – Firms value supply chain managers because they decrease the use of large fixed assets such as plants, warehouses and transportation vehicles in the supply chain. If supply chain experts can redesign the network to properly serve U.S. customers from six warehouses rather than ten, the firm will avoid building four very expensive buildings.
- **Increases Cash Flow** – Firms value supply chain managers because they speed up product flows to customers. For example, if a firm can make and deliver a product to a customer in 10 days rather than 70 days, it can invoice the customer 60 days sooner.

The Master degree in Operations and Supply Chain Management is designed to provide students with a fundamental understanding of company supply chain management from a global perspective, with an emphasis on leveraging the effects of the operations and supply chain management on business performance and objectives. The program will prepare supply chain managers who will be able to work in Europe, Asia, Latin America, and other regions around the world. Graduates will be able to help companies build a competitive edge based on high levels of technical and managerial competence gained on the job and in the classroom.

The Master in Operations Management and Supply Chain Management degree courses at Global Business School aim for a high level of integration between management techniques and the technologies that they control, with emphasis on the strategic

Decision-making and international supply chain management across borders. Topics include global supply chain design and management, global project management, quality management, and financial management.

Students who chose to earn a Master in Operations and Supply Chain Management degree are often pursuing management or consulting positions in Europe and around the world in supply chain management, operations management, manufacturing, purchasing, or related fields.

Monitoring and Analytics

Monitoring the various moving parts of a supply chain is critical. Using real-time analytics SCM software can keep you in touch with the many variables of a supply chain at a moment's notice. With the ability to rapidly monitor sections of your supply chain you can prevent problems before they happen.

Monitoring the many pieces of a supply chain end-to-end is a must for any successful company. Accessible monitoring tools allow users to maintain up to date metrics on internal processes and customer satisfaction. The ability to track these data points strengthens all portions of your chain.

Supply Chain Planning

Forecasting possible increases or decreases in demand allows proper decision making about warehousing, transportation, and manufacture. Planning functionality enables you to take this data and make informed material requests per demand.

Warehouse Management

Warehouse management is another crucial SCM feature that differs per business. Warehouse management comes in a variety of forms and is integrable in many such as ERP (enterprise resource planning). The various problems that warehouse management can tackle depend on your specific needs.

Transportation Logistics and Management

This portion of SCM management connects to the many functions of physically moving goods from location to location. Creating efficient transportation plans leads to healthy cost reduction in the transportation process. Efficiently planning routes ahead of time ensures successful transport and final delivery, without unnecessary problems.

Supplier Management

Suppliers are a vital part of any supply chain, and SCM software allows users to interact with them quickly and directly. Like any other part of the supply chain, suppliers need management too. SCM provides many options for selecting, maintaining, and holding suppliers accountable.

Supply Chain Collaboration

Clear and consistent communication along all lines of the supply chain is a cornerstone of SCM. Inclusive structures are highly beneficial and give everyone access to all information pertinent to their role. With easily accessible methods of discourse, everyone stays up to date on all planning phases. Visibility across the entire chain prevents surprises.

Order Processing

SCM can help boost order processing speed through timesaving optimizations of order execution and identifying chances for up and cross-selling. Any solution that increases efficiency and actively pursues potential revenue streams at the same time is a welcome one.

SUPPLY CHAIN MANAGEMENT PROCESS

1. **Customer Relationship Management:** It plans, controls and assesses customer interaction and data, during the lifecycle, with the aim of building strong relations.
2. **Customer Service Management:** It assists in administering product and service contracts.
3. **Supplier Relationship Management:** It guides in developing and maintaining a good relationship with the suppliers. At the time of selecting suppliers, priority is given to supplier's capability regarding quality, reliability, innovation, services and cost reductions.
4. **Manufacturing Flow Management:** It covers activities associated with the movement of products inside and outside the factories, to have flexibility in the manufacturing process.
5. **Demand Management:** A comprehensive structure is provided to best understand the customer's needs.
6. **Order Fulfillment:** It encompasses all the activities which identify customer needs, frames the logistics network and fulfills orders.
7. **Product Development and Commercialization:** A framework is provided for developing and introducing new products into the market.
8. **Returns Management:** It is concerned with functions associated with returns, reverse logistics etc. It is an indispensable part of the SCM process and is required in both the upstream and downstream movement of goods for the best possible use of organizations resources.

SUPPLY CHAIN MANAGEMENT PRACTICES

1. CREATE A SUPPLY CHAIN MANAGEMENT COUNCIL

The work of the governing council is to provide direction and align the best supply chain practices with the organization's general strategy. The members of this council are drawn from all the top managers in the firm to the top corporate executives. This council helps to eliminate obstacles to success within the various parts of the organization by providing a highly effective cross-functional forum for communication.

2. USE TECHNOLOGY TO USE YOUR BENEFIT

Most companies are choosing software that they hope is going to improve their efficiency, and then they arrange their processes and workflows around that selected technology. In this case, the best supply chain management practices require that you first review your processes to determine which ones need improvement. It is only after this review that you should choose the right technology that meets those specific process needs.

3. ESTABLISH RELATIONSHIPS WITH YOUR MAIN SUPPLIERS

One of the most effective supply chain practices is to create a lasting partnership with suppliers long after signing a deal. However, to completely maximize this relationship, it must be a two-way communication where both the seller and buyer are actively managing the relationship. With a good alliance management system in place, it will be easier to capitalize on your buyer/supplier relationship to ensure sustained value and constant improvement.

4. LET CONTRACTS BE PART OF THE SUPPLY CHAIN FUNCTIONS

Buying and procurement teams usually negotiate high potential during sourcing but never realize those huge saves fully. More companies today are choosing to move the contract management responsibility to be handled by the supply chain unit, rather purchasing, operations, finance or legal. This is one of the best supply chain practices that allow managers to leverage the organization's expenditure, especially in areas where there are great opportunities for risk mitigation and cost reduction.

5. GREEN INITIATIVES MUST BE TAKEN SERIOUSLY

Reducing the carbon footprint of your supply chain is not just nice any longer, but a necessary practice. Besides improving your overall efficiency, going green will also help you reach more consumers who are considering environmental impact when they select suppliers. That is why more services providers and suppliers are being asked to provide tangible information about what green initiatives they are taking in their supply chain management practices.

Supply chain management (SCM) is the active management of supply chain activities to maximize customer value and achieve a sustainable competitive advantage. It represents a conscious effort by the supply chain firms to develop and run supply chains in the most effective & efficient ways possible. Supply chain activities cover everything from product development, sourcing, production, and logistics, as well as the information systems needed to coordinate these activities.

The concept of Supply Chain Management (SCM) is based on two core ideas:

1. The first is that practically every product that reaches an end user represents the cumulative effort of multiple organizations. These organizations are referred to collectively as the supply chain.
2. The second idea is that while supply chains have existed for a long time, most organizations have only paid attention to what was happening within their “four walls.” Few businesses understood, much less managed, the entire chain of activities that ultimately delivered products to the final customer. The result was disjointed and often ineffective supply chains.

WHY SUPPLY CHAIN PRACTICES IS IMPORTANT?

Over the last twenty years, the supply chains of manufacturers and retailers have become ever more tightly linked. In many industries, retail sales trigger replenishment orders to manufacturers. Manufacturers with a well-tuned, just-in-time supply chain can automatically restock retail shelves as products are sold. As collaboration has increased, additional data from supply chain partners has allowed companies to use advanced analytic tool to further improve results. Examples include:

- **Identifying potential problems before they occur:** When a customer orders more product than the manufacturer can deliver, the traditional response has been to short the order. This leaves the buyer feeling unimportant and convinced the manufacturer's service is poor. Manufacturers who anticipate the shortage before the buyer is disappointed may be able to offer a substitute product or other incentive to keep the buyer happy.
- **Optimizing price dynamically:** Seasonal products, particularly fashion products, have a limited shelf life. Any that don't sell by the end of the season are scrapped or sold at deep discounts to empty the warehouse. Airlines, hotels, and other companies with a limited, but perishable product, adjust prices dynamically to meet demand. While this is more difficult with clothing and other products where the supply can vary widely, similar forecasting techniques can improve margins.
- **Improving the allocation of available to promise inventory:** Today's tools dynamically allocate resources and schedule work based on the sales forecast, actual orders, and promised delivery of raw materials. Manufacturers are able to confirm a product delivery date when the order is placed, significantly reducing incorrectly filled orders.

BENEFITS & RISKS OF SUPPLY CHAIN MANAGEMENT PRACTICES

For any small business, a commitment to developing a supply chain management system is not a small undertaking. It involves the commitment of significant financial resources for the acquisition of appropriate software. Policies and procedures must be changed in accordance with the needs of the new system. Personnel must be trained in not only using the new software but also adapting to new ways of doing business.

The management benefits of supply chain management system include the following:

- **Improve communications with suppliers and customers.** Improved communications with customers enhances the overall value provided to those customers. The improvement in customer satisfaction leads to longtime relationships, which yields significant economic benefits. Improved communications with suppliers improve the overall operational efficiency of both participants, reduce costs, and improve profits.
- **Supplier selection.** Supply chain management systems can help businesses evaluate prospective suppliers and monitor the performance of current suppliers. This capability can lead to strategic sourcing and significant cost savings plus improvement of the when-and where-needed variables.
- **Improvements in purchasing.** The automation of purchasing reduces errors and improves the economic efficiency of the purchasing function. Disciplined purchasing can allow for the full exploitation of available discounts.
- **Reduction of inventory costs.** Supply chain management systems can produce significant cost savings across all levels of inventory. Improved forecasting and scheduling will lead to increases in inventory turns and a corresponding reduction of costs.
- **Improvements in operations.** Improved quality control reduces the scrap rate, which in turn can have significant cost savings. Better production scheduling translates into producing what is needed when it is needed. The business does not have to spend

additional money trying to expedite the production of particular orders to customers. The cost of goods sold is reduced in this manner. An additional benefit of supply chain management systems is that they lead to better utilization of plant and equipment. Great utilization translates into less likelihood that unneeded assets will be acquired, which has major financial benefits.

- **Error reduction.** By automating processes, billing errors and errors associated with purchasing and shipping quantities can be reduced. This not only saves money but also improves satisfaction with both suppliers and customers.
- **Improvements in transportation operations.** Accurate deliveries reduce returns and their associated costs. Sophisticated shipping models can reduce the overall cost of transportation.
- **Additional financial benefits.** Such systems can improve the collections process, which impacts customer relations, reduces bad debts, and improves cash flow.

The Risks Associated with Supply chain management practices

The major risks associated with a supply chain management system fall into two categories: technical and managerial.

- **They are concentrated.** When an industry is dominated by only a few suppliers, these suppliers generally have a greater ability to dictate terms to their customers. The mining company DeBeers, which controls more than 50 percent of the world diamond production, is able to set the selling price of diamonds for most of the world's jewelers. Mason A. Carpenter and William G. Sanders, *Strategic Management and Dynamic Perspective*. It should be pointed out, however, that in some cases concentration, particularly a duopoly, provides an opportunity for customers to force the two competing firms to compete more readily against each other. Think of the situation of Boeing and Airbus and their relationship to their customers—various airlines. At present, there are

only two major producers of commercial aircraft, and airlines sometimes obtain better deals from one manufacturer because of their desire to maintain parity in market share.

- **The size of the suppliers is large relative to the buyers.** Suppliers are powerful when they are large and sell to a set of fragmented buyers. Think of the largest oil companies that sell gasoline to independent stations. The power in this scenario lies with the large oil companies.
- **Switching costs are high.** Suppliers have power when the cost of switching to an alternative supplier is expensive. Many businesses stay with Microsoft products because to do otherwise means that they would have to repurchase new hardware and software for the entire organization.

Problems may also arise from a heavier reliance on one customer in the supply chain. Even large companies need to be aware of their relative strength in the supply chain management practices.

DISADVANTAGES OF POOR MANAGEMENT PRACTICES

All businesses need systems in place to help them succeed each day and thrive long-term. For companies with complex supply chains, a supply chain management provider can be a beneficial system that simplifies the company's daily operations and takes stress off of their administrative team. However, a poor supply chain management system can be costly in more ways than one. Here are three examples of how sub-par supply chain management can harm your business:

- **Expensive To Implement**

Major limitation of process of supply chain management is that it is quite expensive to implement. It requires large investment in terms of time, money and other resources that become unaffordable for small businesses.

- **Complicated**

Process of supply chain management involves numerous complexities as it involves several departments within the organization. It may lead to create confusion and hamper the normal functioning of business. Employees may feel hesitant and demotivated to accept this concept as it is new to them thereby giving rise to several other difficulties.

- **Lack Of Co-Ordination Among Departments**

The concept of supply chain management functions properly only if there is better coordination among departments of departments. Establishing a coordination among several departments within big corporate is a quite difficult task where this concept may eventually fail to perform.

- **Requires Trained And Personalized Staff**

Supply chain management requires qualified and trained human resources for its effective executive within the company. Company need to incurs heavy expenses for acquiring such taskforce that is professional and highly skilled. Small companies may find it unfavorable for their implementation.

- **Lack Of Reliability**

Supply chain management lacks of reliability as it is completely dependent upon the mode of information exchange among several departments. If there is any instance of inaccurate information sharing by any of the department, then it will have adverse effects on performance of whole supply chain.

- **Mismanaged Implementation**

Changing a supply chain management system takes financial investment, time, and human resources. If not implemented properly, there will be wasted labor, service redundancy, and missed deadlines that result in significant costs.

To avoid these unnecessary costs, high-quality logistics providers always complete a thorough analysis before implementing changes to the supply chain. This ensures that they fully understand the client's freight schedule, consolidation opportunities, and last-mile logistics needs before developing and implementing a new system.

- **Inadequate Training**

Integrating a new system into a working supply chain is complex and often requires restructuring and team-member training. This process must include detailed planning and clear, meaningful communication, or it could result in costly mistakes and excessive employee turnover.

If searching for logistics providers, always inquire about the training process and the usability of their tools and technology. An experienced provider should start with a clearly defined onboarding or transition process that can then be customized to fit unique teams and timelines.

FUNCTIONS OF SUPPLY CHAIN MANAGEMENT PRACTICES

Supply chain management maintains the balance between the demand and supply and involves activities right from procurement of materials and converting them into finished goods to ensuring delivery at the right time to reach the end-consumer. Hence, supply chain management is the lifeline of an organization. It needs to be really efficient to keep the operations running like a well-oiled machine. A streamlined supply chain management chain can enhance customer relationship, lower down operational costs.

- Purchasing
- Operations
- Logistics
- Resource Management
- Information Workflow

Purchasing

This is the first function of supply chain management. It pertains to procuring raw materials and other resources that are required to manufacture the goods. It requires coordination with suppliers to deliver the materials without any delays.

Operations

The operation team engages in demand planning and forecasting. Before giving raw material purchase order, the organization has to anticipate the possible market demand and number of units it needs to produce. Accordingly, it further sets the ball rolling for inventory management, production and shipping. If the demand is over anticipated, then it could result in excess inventory cost. If the demand is under anticipated, the organization wouldn't be able to meet customer demand, thereby leading to revenue loss. So, operations function plays a critical role in supply chain management.

Logistics

This function of supply chain management requires immense coordination. The manufacturing of products has commenced. It needs space for storage until it is shipped for delivery. This calls for making local warehouse arrangements. Let's say; the products are to be delivered outside the city, state or country limits. This brings transportation in the loop. There will also be a need for outstation warehouses. Logistics ensures that products reach the end-point delivery without any glitches.

Resource Management

Any production consumes raw materials, technology, time and labour. However, all the processes need to be efficient and effective. This phase is taken care of by the resource management function team. It decides the allocation of resources in the right activity at the right time to optimize the production at reduced costs.

Information Workflow

Information sharing and distribution is what really keeps all other functions of supply chain management on track. If the information workflow and communication are poor, it could break apart the entire chain and lead to mismanagement.

EXAMPLES OF SOME BEST SUPPLY CHAIN MANAGEMENT

Supply chain management is known as the process of production and logistics of a company, which must take place from the beginning of procurement of raw materials in order to create products and the final delivery of such products to their distribution centers and ultimately their points of sale.

The practices of SCM are not only benefited by the reduction of spending, but also by incrementing profitability in investments, commercial growth and reducing the overall cost of doing business. Businesses faced with overruns, due to bad supply chain management have a higher propensity to being affected by economic crises; therefore, the difference between a struggling company and a successful one can usually be seen in an adequate and representative use and upkeep of their supply chain from beginning to end.

There are many examples of prosperous companies that have correctly developed the supply change management concept and that enforce efficient practices. These are some examples.

The Coca-Cola Company.

Main makers, marketers and distributors of drink concentrates and non-alcoholic syrups. The main office is located in Atlanta, GA but their products are distributed to virtually every country in the world. Their preparation, distribution and transportation logistics are in line with a segmentation strategy for their customers when it comes to the size and presentation of their products. Aside from having an extremely successful supply chain, Coca-Cola participates in sponsorships, partnerships, and alliances; thus creating a great management and marketing of their products.

Colgate.

The main toothpaste brand made by Colgate-Palmolive, dedicated to producing, distributing and selling oral hygiene and home cleaning products since the last part of the 19th century. Colgate keeps present all aspects of product diversity, effectiveness, optimization and customer support

and it uses an effective distribution channel that encompasses all aspects of care and maintenance. Their products are sold in many venues such as pharmacies, supermarkets, convenience stores and small wholesalers, thus creating an excellent impact within their distribution channels and management.

Zara.

Zara is one of the main clothing and accessory retailers internationally based in Spain. They are mainly focused on new, trendy and cutting edge fashion for men and women alike. Currently it operates in 88 different markets worldwide, their main distributors are in Madrid and Zaragoza. Zara is known for its energy saving efforts and techniques, as well as their minimization and efficient waste management. This commitment with the environment is paramount within their operations across all plants and departments and has helped create a collective conservation consciousness among members of the staff. In their fabrics, they used environmentally friendly fabrics like organic cotton amongst others. Their textile production comes from Spain, the Far East, India and Morocco. Biodiesel fuel is used to transport their products, according to their environmental policies. They have a great concern for animal treatment and under no circumstances, use animal products that come from animals that were not treated ethically or sacrificed for the sole purpose of commercializing their leather, skin, horns, feathers, etc. While other retailers use third-party production, Zara produces about 60% of the fabrics they use and use cutting-edge technology to cut and measure the handling of fabric so this is done in a precise and efficient manner, thus reducing waste overall.

Amazon.

Amazon is a US electronic commerce and cloud computing company. Their headquarters are based in Seattle, Washington and they are the largest internet-based retailer in the United States. Amazon was one of the first companies that started selling books online. Currently their range of

products doesn't stop there; they also sell music, videogames, shoes, clothing, luggage and many other accessories. Amazon offers about everything you can think of and their variety in offers and products along with their customer driven shopping and recommendations is a hit with customers. One of the reasons why Amazon can have such a wide spectrum of products is the fact that they are not limited by physical spaces, since they don't have actual stores. Their supply chain goes from the lowest levels of inventory, through the logistics of the order itself all the way up to an outstanding distribution chain of their products in an international scale. Amazon can currently ship close to 10 million different products. This diversity gives it an edge against competitors and makes it a perfect example of what efficient supply chain management can accomplish.

DEMAND OF SUPPLY CHAIN MANAGEMENT IN INDIA

The supply chain industry is a pivotal component and backbone of a country's economy. A well-structured and efficient supply chain infrastructure helps minimize manufacturing costs, enhances the ease of doing business, boosts customer experience and satisfaction, and most importantly, accelerates rural and urban consumption growth driven by improved market accessibility.

With the year wrapped up, an air of uncertainty looms over the Indian economy, thanks to the COVID-19 pandemic. In the second quarter of FY20, India recorded the slowest growth rate in six years with only 4.5% year-over-year growth. The last time India's economic growth took a hit below 5% was in 2013.

In the present economic scenario and dynamic market, the survival of businesses not only depends on innovative and actionable business strategies but also largely on supply chain management.

With evolving customer expectations, businesses must integrate IT with supply chain and logistics to ensure proper coordination between all tenets of the supply chain, right from sourcing and manufacturing to reaching the endpoint – the customer. Effective supply chain management is key to maintaining a balance between the demand and supply in the economy.

1. Reduces Operational Costs

A well-designed supply chain management system allows retailers to quickly procure resources and manufacture products timely and release products to the market to avoid the unnecessary stockpiling of items in the inventory. When the system works like a well-oiled machine, it helps companies to avoid both time and monetary losses. Most important, it ensures that the product reaches the market and ultimately the customer without any delay.

The idea is to meet company goals while maximizing customer satisfaction.

2. Improves Customer Support Services

The end goal is to deliver the right product in the demanded quantity to the customer at the right time and correct location. For instance, if a customer purchased three home decor items from a company but was delivered only two of the originally ordered product and one wrong product was past the allotted delivery date, the customer is bound to be unhappy.

In such a case, customers often reach out to the company/delivery partner for support services. Companies with a competent sales chain management system in place can resolve customer queries/requests/complaints timely to retain customers and win their loyalty.

3. Boosts Financial Performance

Supply chain managers are valuable assets to companies because they use their expertise and knowledge to evaluate performance, optimize processes, reduce supply chain costs, manage inventory, shorten the product life cycle, and identify new opportunities to increase profits.

They also ensure that all capital assets (plants, machinery & equipment, transportation, etc.) are optimally used to balance costs and output.

4. Creates Job Opportunities

The scope of supply chain management is quite broad. Since the supply chain encompasses multiple aspects such as manufacturing, warehousing, packaging, transportation & delivery, IT, logistics, etc., it creates numerous job positions across different sectors.

Some of the most promising jobs in supply chain management are Production Planner, Logistics Resource Planner, Production Manager, Maintenance Supervisor/Manager, Quality Manager, Purchasing Manager, Warehouse Manager, Purchasing & Inventory Controller, Procurement

Specialist, Logistics Administrator/Manager, Transport Administrator/Manager, and Reverse Logistics Manager.

5. Empowers People Working In the Supply Chain Structure

The supply chain infrastructure consists of multiple tiers of different components, including a region's physical infrastructure (roads, highways, railroad network, commerce corridors, etc.), transportation services, manufacturing, logistics, vendor-buyer relations, and so on. Naturally, there are people (skilled workers) involved at all levels of the supply chain network – their livelihoods depend largely on the effective functioning of the supply chain.

CHAPTER 2

OBJECTIVES

1. To make product available to meet customer demand – and that includes delivery to the appropriate location, on time, in sufficient quantity.
2. To look at the process behind how goods are made, delivered, and sold to the consumer. Supply chain management aims to reduce waste wherever possible.
3. Reducing waste isn't the only goal of supply chain management. Making sure that the product and the customer experience are as positive and as effective as they can be is another significant goal.
4. Supply chain management aims to reduce waste wherever possible.
5. To look for long term stability of the overall supply chain.

CHAPTER 3

LITERATURE REVIEW

- Bechtel and Mulumudi, 1996, This paper sets out not to review the supply chain literature per se, but rather to contribute to a critical theory debate through the presentation and use of a framework for the categorization of literature linked to supply chain management. The study is based on the analysis of a large number of publications on supply chain management (books, journal articles, and conference papers) using a Procite database from which the literature has been classified according to two criteria: content and a methodology-oriented criterion.
- Rowley and Slack, 2004 enumerated that the literature reviews are important in, supporting the identification of a research topic, question or hypothesis; identifying the literature to which the research will make a contribution, and contextualizing the research within that literature; building an understanding of theoretical concepts and terminology; facilitating the building of a bibliography or list of the sources that have been consulted; suggesting research methods that might be useful; and in, analyzing and interpreting results. However it is not necessary that every literature review must address all these aforementioned points.
- Florian Kache, Stefan Seuring, 2014 Linking collaboration and integration to risk and performance in supply chains via a review of literature reviews. The study assesses the link between the constructs of collaboration/integration and risk/performance through research embedded in literature reviews, pinpointing research gaps and potential future research directions in the field. Contributing to SCM theory building, a thorough review provides statistical proof of the link between collaboration/integration and risk/performance.

CHAPTER 4

RESEARCH METHODOLOGY

In this project titled, 'Supply Chain Management Practices and its Performance Effectiveness, I had gone through both the primary and secondary ways to collect the necessary information to complete the project successfully in systematic manner.

First I want to say that to collect primary data I chose the online way and make the questionnaire by myself for necessary data collection. I go through 10 respondents for this collection to fulfill the purpose. The annexure is given at the end of the project.

Secondly, for secondary data I go through various online websites, newspapers, novels, books etc. Books names are mentioned in bibliography.

For some more knowledge I go through some online websites that explained about supply chain management very accurately.

Typically, SCM attempts to centrally control or link the production, shipment, and distribution of a product. By managing the supply chain, companies are able to cut excess costs and deliver products to the consumer faster. This is done by keeping tighter control of internal inventories, internal production, distribution, sales, and the inventories of company vendors.

SCM is based on the idea that nearly every product that comes to market results from the efforts of various organizations that make up a supply chain. Although supply chains have existed for ages, most companies have only recently paid attention to them as a value-add to their operations.

CHAPTER 5

DATA ANALYSIS AND INTERPRETATION

Supply Chain Management (SCM) is the optimization of a product's creation and flow from raw material sourcing to production, logistics and delivery to the final customer.

SCM encompasses the integrated planning and execution of processes required to manage the movement of materials, information and financial capital in activities that broadly include demand planning, sourcing, production, inventory management and storage, transportation -- or logistics and returning excess or defective products. Supply chain management relies on business strategy, specialized software and collaboration to work.

Because it's such an expansive, complex undertaking, each partner -- from suppliers to manufacturers and beyond -- must communicate and work together to create efficiencies, manage risk and adapt quickly to change.

Supply chain management (SCM) is the process and activity of sourcing the raw materials or components an enterprise needs to create a product or service and deliver that product or service to customers.

The goal of SCM software is to improve supply chain performance. Timely and accurate supply chain information allows manufacturers to make and ship only as much product as can be sold. Effective supply chain systems help both manufacturers and retailers reduce excess inventory. This decreases the cost of producing, shipping, insuring, and storing product that cannot be sold.

Supply chain management is the process of integrating the supply and demand management, not only within the organization, but also across all the various members and channels in the supply chain so they work together most efficiently and effectively.

In January 2018, Tobin Moore from Oporto pointed out this striking statistic at retail's big show: if a customer is happy with the way their return process was handled, they're 71 percent more likely to become a repeat customer.

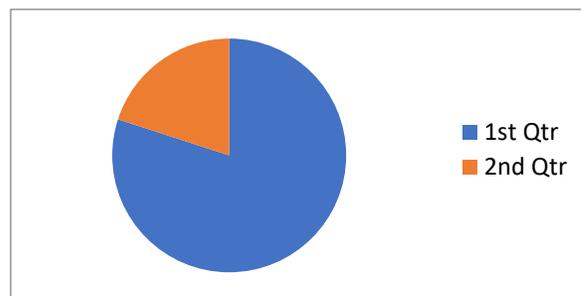
I go through 10 respondents to collect the necessary data for successful completion of the project

Below given is the pie chart that shows the percentages of respondents who agree or disagree about the given statement.

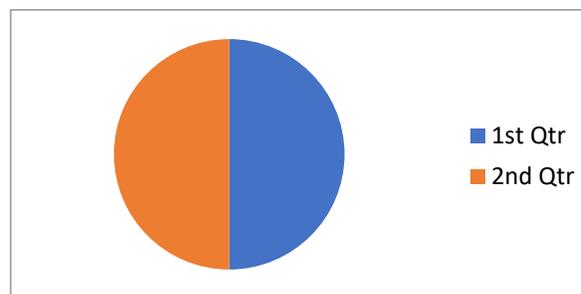
	1	2	3	4	5	6	7	8
AGREE	80	50	60	30	60	75	40	20
DISAGREE	20	50	40	60	40	25	60	80

1st is Agree & 2nd is Disagree percentages for the survey has been conduct with the questions.

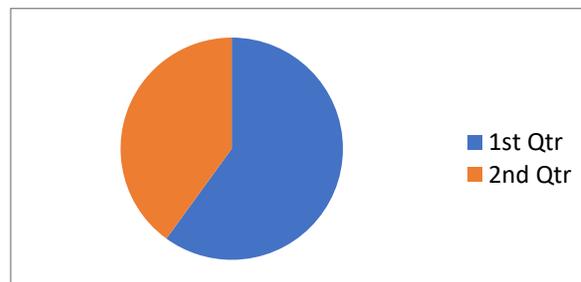
1.



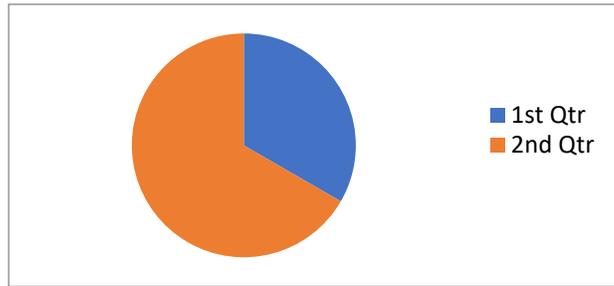
2.



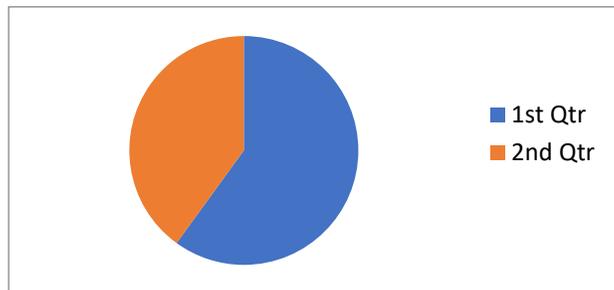
3.



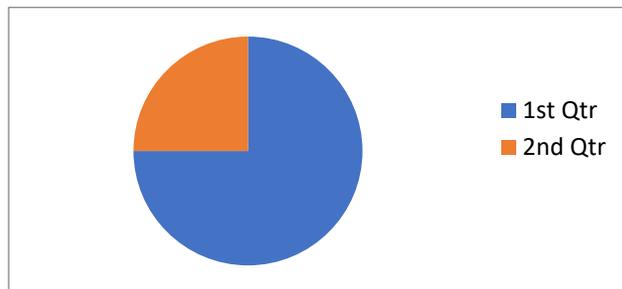
4.



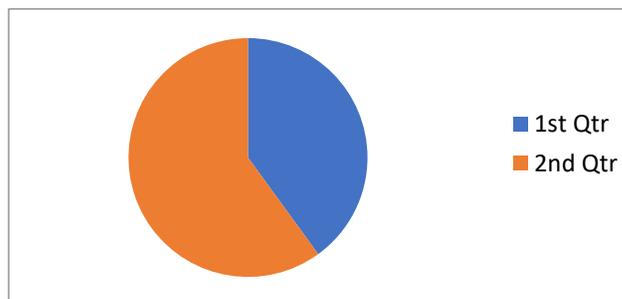
5.



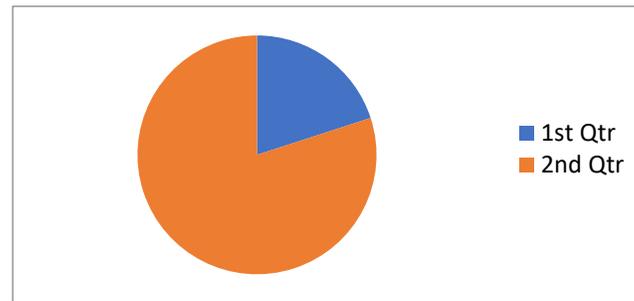
6.



7.



8.



In above pie diagrams it is shown that the correct and relevant information has been collected & survey has gone successful.

A smooth return process means an effective supply chain, one that's well connected and involves communication along the chain. When the supply chain meets or exceeds the expectations of the customer, it's because of efficiencies. The entire business benefits through higher-order rates, positive sentiment in the customer's mind, and lower cost-to-serve for the business.

Today we have an info graphic covering data analytics for supply chain management. It goes through the four types of data analytics for logistics and supply chains:

- Descriptive Analytics
- Predictive Analytics
- Advanced Analytics
- Prescriptive Analytics

This info graphic also looks at how analytics can help logistics, and some great stats. Big data solutions have helped large retail supply chains monitor customer behavior and make more accurate predictions of customer preferences.

The importance of supply chain analytics is demonstrated by predictions that the market will grow at a CAGR of 17.3% between 2019 to 2024, more than doubling in size. This information shows how supply chain companies are recognizing the benefits of being able to predict, with a reasonable degree of certainty, what will happen in the future.

CHAPTER 6

CONCLUSIONS

Supply-chain management has been defined as the "design, planning, execution, control, and monitoring of supply-chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally". SCM practice draws heavily on operations management, logistics, procurement, information technology and marketing, and strives for an integrated approach. Marketing channels play an important role in supply-chain management.

Organizations increasingly find that they must rely on effective supply chains, or networks, to compete in the global market and networked economy.

Supply-chain management is also important for organizational learning. Firms with geographically more extensive supply chains connecting diverse trading cliques tend to become more innovative and productive.

An effective supply chain is one that meets or exceeds the actual demands placed on it by its key stakeholders and this can include customers, partners, suppliers or vendors.

Therefore, supply chain management is need to be done very carefully, and its performance effectiveness is also explained in above findings.

CHAPTER 7

SUGGESTIONS

The study of practices on Supply Chain Management improves the understanding of how all the process are integrated in way to provide products, services and information that add value for costumers The purpose of this paper is highlighting the practices that can provide the maturation of the tiers on supply chain in every dimension. More than have a goal in operations, companies need to understand how to improve their supply chains.

Make your requirements clear to your suppliers from the outset. Aquila chooses suppliers who adhere to established standards for playground equipment safety performance, are the right size to supply the company's needs, and produce consistent quality.

Suppliers who know what to expect in terms of upcoming business don't have to be constantly on the lookout for new contracts. "We expect something in return," Aquila says. This translates into preferential treatment on pricing.

While choosing suppliers, the cost is not the only factor. What's more important is to select suppliers who are reliable. This allows you to fulfill your responsibility in delivering the best quality to your customer.

Having established a stable SCM is not the end of the road. An integral part of having an effective SCM is to keep monitoring and evaluating all the time.

LIMITATIONS

Changing a supply chain management system requires three things: financial investment, time, and human resources. If implementation is not conducted properly, there will be wasted labor, service redundancy, and missed deadlines that may be potentially result in significant costs

Inadequate training is by far one of the most common mistakes that companies can make when implementing a new system into a working supply chain. In order to avoid this mistake, make sure and spend money and time on a detailed and planned training program for employees to ensure that they understand what exactly is needed.

Short-sighted logistics providers miss out on consolidation opportunities and other ways to potentially improve their clients supply chain efficiency. The initial savings are realized, but any additional savings or growth opportunities will get neglected. A company that relies on this form of provider will eventually fall behind competitors.

RECOMMENDATIONS

Before taking a look at the many features and benefits of SCM software, it helps to have some working knowledge of its purpose. First and most obviously, supply chain management is all about streamlining supply chains for efficiency and customer satisfaction. SCM optimizes all segments of a supply chain from procurement to distribution.

A recent study has shown that companies with fully integrated SCM are outpacing non-integrated companies by 20 percent. Not having an SCM strategy in place today is likely to make your company an outlier on the business landscape. Supply chain management software keeps small businesses competitive and helps larger companies stay organized.

The scope of SCM integration is something to consider before taking any permanent steps. Rushed decisions lead to more errors and further loss of efficiency.

No single SCM solution is viable for all situations; in fact, quite the opposite is true. A small business that integrates a needlessly complex SCM package will only see further declines in resource expenditure. The same is true for larger companies that implement an SCM solution that does not cover all of their many requirements.

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ANNEXURE

Q.1. To what extent do you consider that the following functions affect your efficiency of supply chain organization?

- a) Inventory - LOW
- b) Transportation - HIGH
- c) Purchasing –HIGH

Q.2. How important are the following factors to your organization when considering developing a supply chain collaboration?

- a) Improved customer service - IMPORTANT
- b) Overall supply chain reduction - NEUTRAL
- c) Cost reductions within your organization - VERY IMPORATNT

Q.3. How important are the following factors when developing a successful supply chain relationship with a supplier?

- a) Reliable delivery date - VERY IMPORTANT
- b) Accurate order fulfillment - VERY IMPORTANT
- c) Handling of complaints – IMPORTANT

Q.4. To what extent do the following factors affect the development of a successful supply chain relationship between your organization and clients?

- a) Reliability of supply - IMPORTANT
- b) Top management support - VERY IMPORTANT
- c) Trust - VERY IMPORTANT

Q.5. How much do you agree with the following factors when sharing information with your clients or suppliers?

- a) Competitive advantage is sought by production planning or inventory decisions for your suppliers or clients - STRONGLY AGREE
- b) Competitive advantage is sought by sharing information with our suppliers or customers- DISAGREE

Q.6. How important are the following factors when you communicate with your clients?

- a) Being consulted in deciding which new products to develop - DISAGREE
- b) Being consulted in deciding the production schedule - STRONGLY AGREE

Q.7. How is the relationship between your firm and the majority of your

- a) Suppliers? – VERY STRONG
- b) Clients? – VERY STRONG

Q.8. To what extent do you believe the following factors are a barrier to supply chain integration?

1, 2, 3, 4, 5 (1 IS FOR VERY LOW EXTENT & 5 IS FOR VERY HIGH & OTHERS ARE NEUTRAL)

- a) Late and incorrect payments - 5
- b) Retention - 5
- c) Estimators are too demanding on small organizations - 4
- d) Some partnering relationships are executed for the wrong reasons- 5

