

NEW APPROACHES IN SUPPLY CHAIN MANAGEMENT

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ABSTRACT

In every firm there are at least a phone, fax, laptop and Internet. The surprising and rapid development of these two economic sectors resulted in an adaptation to some standards of communication and IT of every business, in commerce, industry, human resources or any other. What was enough several years before isn't enough now. Information can be accessed faster and easier, the distribution channels considerably shortened, which made that some important factors in the distribution channel to be considerably modified.

KEYTERMS: *logistic management, T.I.C. information and communication technology, distribution channel, distribution management, data bases, motivation, key client.*

In proportion as the globalization tendency becomes more and more obvious, new concepts are constantly developed in the domain of goods and services distribution. The current channels are extended and this implies new approaches –like the global sources, cross-sell capabilities, the third parties logistics and solutions of identification of the radio frequency.

Logistics represents the planning, storage and control of the goods and materials' circulation and the supply management refers to the achievement, planning and management of all involved activities, like the provisioning, production and other activities implied by the logistics management. The difference between the two is made by the extension of the logistic cycle to the level of the products' distribution center at the level of the suppliers and clients, through their involvement.

The extern part of logistics, the one referring to legislation or infrastructure, has some drawbacks: in the profession code the logistics profession isn't listed and the fiscal legislation isn't clearly established about the goods distribution, referring to our country. A convincing example refers to the fact that in other countries, both in the European Union, USA and Central and South America, Asia, there isn't needed any issue signature on the bill in order to distribute the goods (compared to our country). There are no problems in issuing a bill from England to Switzerland through the economic markets. Another impediment would be the one of the lack of education of the stuff in that domain and in this case a manager has no choice but to find some people that are already trained in this domain or to train them.

A manager must possess logistics knowledge and supply chain knowledge in general, to possess management knowledge and to know some of the logistics components: acquisitions, stocks, production planning, storage, transport and distribution. He must be able to develop some strategies in the logistics domain and to prepare his organization to be capable to face some changes, to be creative.

Through our country's integration in European Union, the logistics has taken some advantages, this way the delivering time was reduced and the clients or the extern suppliers started to ask for a common monitoring of the performance indicators of the firms. This way the strategic approach at the companies' level changed, there appeared some organizational structures with well structured logistics departments, with supply chain divisions, with strategies of evaluating the suppliers, with supply chain divisions, with customer service departments that are integrated into the logistics which must follow what the customers want and the performances of the public relations.

Nowadays, the companies adopt advanced processes of distribution management while solutions to the problems related to competition and centralization are developed. These tendencies result in changes in the business relations and in the distributors' business processes. In the same time, the customers' expectations related to the services that are addressed to them become greater and greater. The customers and the great suppliers require specific agreements of services and business processes with a proper technology.

Supply chain management (SCM) can be defined as a combination between art and science, which improves the way in which the company develops the major components which it needs to make a product or a service and to provide it for their clients. It is made of five essential components:

1. Plan –this is the strategic part of SCM. The companies need a strategy in order to administer all the resources necessary for satisfying the clients' needs concerning the product or the service provided for them. For a great part of the process of SCM's planning there are been developed a set of monitorization matrices of the provisioning chain, to make it efficient, to lower the prices and to offer a high quality and value for the clients.

2. The source –the companies must choose the optimal suppliers of goods and services which they need in order to create their product. Therefore, the managers of the provisioning chain must develop a method to establish the delivering prices and the processes of paying the suppliers and of creating matrices for monitorizing and improving the relationships. Then, the SCM managers can reunite the processes of administering their goods and services of inventory, including the receiving and verifying of the transports, transferring them to the production facilities and of authorizing the suppliers' payment.

3. Ensuring the selling – this is the manufacturing stage. The provisioning chain's managers create the programme of the activities necessary for the manufacturing, testing, wrapping and preparing of the delivery. This is the most consistent link of the provisioning chain, in case in which the companies are capable to measure the quality levels, the production process and the productivity.

4. The offer – this component is related to logistics, like, for example, in case in which the companies coordinate the receiving of the orders from the clients, the companies are able to develop a network of storages, to choose the transport operators to obtain products from the clients and to create a billing system in order to receive payments.

5. The refunding – this may be a problematic part of the provisioning chain for a lot of companies. The planners of the provisioning chain must create a receptive and flexible network to receive the defective products and the excessive products from their clients and support them when they have problems with their products.

In the last ten years, the access to Internet has become a necessity, especially in the domain of communication, transmitting information, but also when it comes to logistics. For the companies that are specialized in distribution, the information technology is the most efficient method of ensuring the value while other operations, more economical, are sustained. The automated business processes at every contact point –from the receiving of the orders to the re-planning of the inventory –help to render automatic the various tasks

and simplify the gathering of the business intelligence information. With an integrated distribution process, the companies are capable to administer better the information and materials, controlling the costs and the performances.

The Deloitte specialists sustain that the new trends in the technological development presuppose portability, online presence and more and more entertainment. More than that, they consider that the anticipated tendencies will generate a true domino game in all the business sectors.

According to the study “Previsions in the Domain of Information Technology in 2008”, written by Deloitte, the individuals’ life and that of the corporations will be more and more influenced by biotechnology, bionic or biometry. In order to explain better, we highlight the fact that bionic has an obvious influence to the companies and to people. The kind of characteristics that were noticed the other days to the animals are found today at sonars, radars and other kind of equipments. Unrelated to this, the biotechnology or the genetic engineering has influences in medicine, agriculture, industry, energy and environment.

From this study it is implied that the new tendencies of technological development imply portability, online presence and more and more entertainment. In this context, the trend towards mobility can be noticed both in the portable equipments in the detriment of those desktop, and in the management, control and developing of the businesses from the distance. This is a general tendency of developing the businesses from the distance. It’s a general tendency of the whole business community. This explains the fact that all the great companies in the world opened a virtual office in Second Life, for it to be accessed by every corner of the world. From the real world anybody can enter into the virtual world and the speed with which the business from the entire world develop surprise us all.

And being given the fact that we stepped into an alternative world, we know that there are companies like IBM, Philips, Vodafone, which already opened offices of this type in Second Life, and their example stirred the interest of the official institutions, like for example the European Commission, which intends to open these kind of offices and also virtual embassies.

Through Second Life it could be said that it started the building of the 3D Internet, and some of the great companies have already organized conferences into this new world, where people from all the corners of the world participate virtually. At the beginning, everything was built as a platform in which the users could invent their own world and in which they can virtually assume any identity and, after that, this place was able to “generate” the first millions of dollars which transformed into real money from the transactions that were done there.

Now, looking at the Internet from a brand new perspective, we can affirm something that proven to be true, according to some studies. The access to the web to this service proved to be benefic.

Another element of novelty in the current approach is represented by the systems of managerial information that are designed to ensure the collecting, coordinating of information, analysis and the regular presenting of the information necessary to make managerial decisions. Being given the ever-changing nature of the selling management and, in fact, of the business world in general, the systems must be as open and as flexible as it is possible. The rapid change is a characteristic of life in this first part of the XXIth century, with vast and profound implications for everybody. The managerial information systems start to show some drawbacks in their functioning (information overloading, inexact data, language barriers, the change in the information requirements, the accepting by the employers of the system), or they were designed from the very start with some flaws in

functioning (problematic aspect in designing a managerial information system: the nature of the problem, the way of using the information, the type of decision, the information source).

Many investors which orient their capital towards new-founded firms think that the informational hints –like the prompt answering to the phone, like the parking places are full all the time or if the public relations people are doing their job well –are more consistent indicators of a firm’s potential than the values from a firm’s financial standing or the data bases.

A firm’s data bases are filled with the clients who present a strategic importance for the respective firm, being at a national level, European or global. These accounts represent a substantial portion of the firm’s current or potential activity, they are a link in provisioning chain whose efficiency is conditioned by the cooperation with them and avoiding the conflicts. The interdependence and not its independence in the relationship with the clients present benefits which result in lower selling prices, a better quality of the commercialized goods, cooperation in the domain of the products’ development. The relationship with the clients presupposes not only supplying the goods, but also other aspects related to services, like technical assistance, production “when a product is demanded”, or developing of the market’s potential. The both parties benefit from maintaining of a tight relationship, open and they aren’t concerned just in the efficiency of the transactions.

The data bases can be built from different sources: the inventories referring to the firm’s current clients, the answers given by the computer, the information requirements received during the advertising campaigns or the participation to fairs and exhibitions, or already prepared data bases, brought from other firms. The data base’s role strategically evolves in the firm, like: lists which are questioned, data bases with the buyers, coordinated communications with the clients, integrated marketing. The increasing in the efficiency that can be brought by the automation of the selling stuff will make these systems used by everybody. Inside this automation the advantages are explained, the necessary support is offered, it is decided what information have to be transferred, it is verified if the system ensures real advantages for the selling agents, it is proved the selling stuff that the lack of participation is virtually impossible, the habitual norms are changed, it is revised the stimulation and repayment of the selling stuff. Related to this last aspect, it can be brought into attention a motivation management.

The essential aspect related to motivation is the idea that different people are stimulated by different things (Shiple and Kiely, 1986), and the selling stuff’s segmentation, offering different stimulation systems for different people is an efficient solution. The selling agents can be grouped into: easy-going, interested in becoming famous, interested in personal development and the payments must be both fair and perceived as fair by them. The managers must adapt the motivation possibilities to the individual’s particularities. Motivation refers to repayment of the effort and the success, but it mustn’t be mistaken with the effort to avoid the unpleasant circumstances.

Burriss F. Skinner (1953) proved that mice can be taught to push buttons in a complex order, to receive their food and they can be taught to avoid electric shocks. The main result of these kinds of experiments is the one that the mice prove to be inventive in finding methods of avoiding the shocks without adopting the behaviors that the electric shocks tried to induce them. Of course and men aren’t mice, but if the selling agents are told that the failure of selling will have as a result their being fired, some of them will work a lot and they will do whatever stands in their power to sell, no matter what, others will

report a false selling and others will just try to find a new job. In all these mentioned cases, the results are negative.

The capabilities of a good leader of the selling manager will have an effect to the morale and motivation of the team, and, along with the payments in money, other factors as discipline, morale, "the team spirit", participating, stimulated people, a correct and exact feed-back, work in itself represent the important factors for motivation.

In a tight connection with the motivation management is the time management, to which the firms' managers pay more and more attention.

The most important improvements in the process of an efficient using of work time by the sales agents are the ones made by the agents themselves, through adopting a better discipline and more professionalism, like: beginning the work day earlier and finishing it later, chatting less, taking less breaks, less activities related to protocol, less business lunches. A more professional time management means: a better work planning, less visits paid to potential or less important clients, a better use of the moving time and waiting time, a more intensive use of the phone when needed, including for establishing the meeting lists, the systematic use of the written documents.

No matter how recommended it would be that every sales agent to be given the possibility to administer his time by himself, the managers have the obligation not only to supervise, but also to end the inefficient use of time and to promote more efficient practices to increase the sales. It's an interesting thing that some empiric studies (Sales and Marketing Management, 1986) testify for the fact that the agents who managed to sell more aren't only the ones who sign an increased number of contracts, but also those who allot more time for the face to face meetings, the last element being the one which makes the difference between increased sales, medium sales and low sales.

In spite of the potential conflicts of channel, which are more and more frequently met, the element that unites everybody, even if sometime this fact is overlooked, is the common goal of satisfying the customer. If the final result, expected by everyone, is the one of creating common marketing plan, a tool for achieving that goal would be a good mutual understanding of the individual objectives and of the perspectives of each of the members.

The retailers, the last link inside a distribution chain, are permanently looking for sales, profitability and exclusivity in promotions or in the volume of sales. They are, currently, in the position of being capable to choose between two brands of products that one product that can meet these objectives.

A private producer must create different packets for different retailers. For the attentive design of each packet, the producer makes the serious option of creating relationships with the most proper retailer. The producers of goods are able to offer the retail sellers a so called packet of total support, through exploiting to the maximum of their whole power. This includes knowledge and marketing experience, a good market position, the proven success of the new product, the mass media's support and a good exposure, and also a good rate of recuperating the investment in the selling space.

To ensure the success of a common strategy, the producers, distributors and retailers must work together at every possible level, through agreeing with the people from corresponding positions from each organization. As a consequence of the increasing importance of the individual clients, it was introduced the concept of key account (key client). The key accounts are, often, important chains of retailers with an important rate of turnover, which is comparable with the total value of the provider's products, capable to decide about the quantities and the sales prices, in the interest of various outlet networks.

Therefore, the clients' grouping isn't determined anymore only by the dimension and geographic position, but also by the structure of adopting the distribution decision by

the clients and the retailers. The result is a gradual reorganization of the sales from a geographical organization to one based on the clients. The restructuring becomes operational through creating, in the producer's organizational chart, of the managers of big accounts, whose job is maintaining a relationship with the key clients.

The major challenges with which the big organizations are facing in the present related to the chain management are the following:

- The distribution chain's management
- Lowering the IT costs
- Changing the work environment
- Making the client responsible

Simon Webb, CIO Group, Co-operative Group, highlighted the fact that, lately, the approaches in business changed, intensely concentrating on IT and becoming integrated in each area of the company's strategy –clients, people and brand.

Between the IT departments is displayed more and more a direct relationship between the delivery IT and the business profit. Many big corporations use this relationship in order to completely change the organization and to bring business benefits. Mike Croucher, the delivery IT chief of British Airways, gave details of the way in which technology plays an important role in BA transformation and it's essential for the company's formula of success. He resumed: "There is no such a thing as IT projects –there are just business projects."

With an integrated IT infrastructure and a web-based approach for communications in the firm, the companies are able to efficiently take action in a more and more complex chain of global distribution. The portals offer an increased visibility of the data related to the availability and delivery of the products, and the web interface simplifies the selling of the products, increases the accuracy and the delivery speed.

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