

Supply Chain Management

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Overview

There is a great deal of confusion regarding what supply chain management involves.¹ In fact, many people using the name supply chain management treat it as a synonym for logistics or as logistics that includes customers and suppliers.² Others view supply chain management as the new name for purchasing or operations,³ or the combination of purchasing, operations and logistics.⁴ However, successful supply chain management requires cross-functional integration within the firm and across the network of firms that comprise the supply chain. The challenge is to determine how to successfully accomplish this integration.

In this chapter, supply chain management is defined and the uniqueness of our framework is explained. Descriptions of the transactional and the relationship management views of business process management are provided. The supply chain management processes are described as well as the importance of standard business processes. Then, there is an explanation of how the supply chain management processes can be used to achieve cross-functional and cross-firm integration. There is a description of how customer relationship management and supplier relationship management form the critical supply chain management linkages and how their impact on the financial performance of the organization can be measured. Also, the partnership model is introduced as means of building high-performance relationships in the supply chain.

¹ This chapter is based on: Douglas M. Lambert, Martha C. Cooper and Janus D. Pagh, "Supply Chain Management: Implementation Issues and Research Opportunities," *The International Journal of Logistics Management*, Vol. 9, No. 2 (1998), pp. 1-19; Keely L. Croxton, Sebastián J. García-Dastugue, Douglas M. Lambert, and Dale S. Rogers, "The Supply Chain Management Processes," *The International Journal of Logistics Management*, Vol. 12, No. 2 (2001), pp. 13-36; and, Douglas M. Lambert, Margaret A. Emmelhainz and John T. Gardner, "Developing and Implementing Supply Chain Partnerships," *The International Journal of Logistics Management*, Vol. 7, No. 2 (1996), pp. 1-17.

² Simchi-Levy, David, Philip Kaminski, and Edith Simchi-Levy, *Designing and Managing the Supply Chain: Concepts, Strategies, and Case Studies*, Boston, MA: Irwin/McGraw Hill, 2000.

³ Monczka, Robert M., Robert J. Trent and Robert B. Handfield, *Purchasing and Supply Chain Management*, Cincinnati, OH: South-Western College Publishing, 1998.

⁴ Wisner, Joel D., G. Keong Leong and Keah-Choon Tan, *Supply Chain Management: A Balanced Approach*, Mason, OH: Thomson South-Western, 2004.