

Integrating the Supply Chain



Wood Technology Clinic & Show

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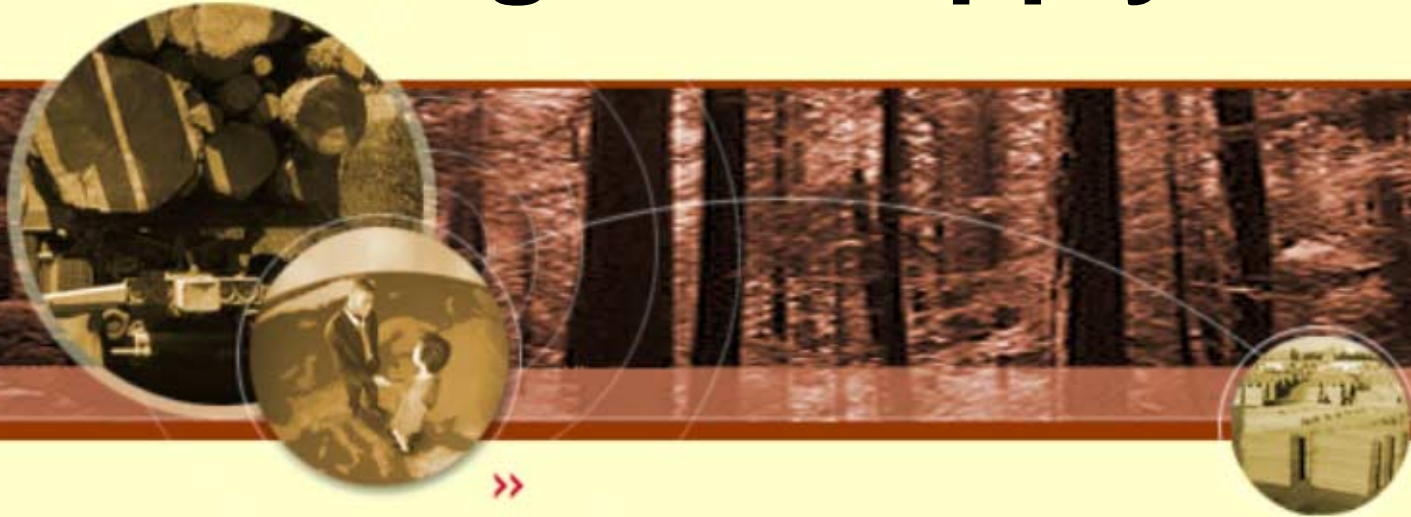
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Defining the Supply Chain



The supply chain encompasses every effort involved in producing and delivering a final product or service, from the supplier's supplier to the customer's customer. *The Supply Chain Council (www.supply-chain.org)*

Simply put, supply chains link suppliers, customers, shippers and service providers together in the business process.

Supply Chain Friction

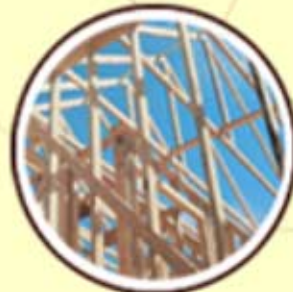
Transaction Costs Cause Friction in the Supply Chain*

* Nobel laureate Ronald Coase

Search Costs

Contracting Costs

Coordination Costs



Evolution of the Supply Chain

It started with the
Individual Merchant



Merchants brought their goods to the marketplace where they displayed and promoted their products, negotiated price, delivered the product and collected payment at one location. Goods and information were bundled together.



Evolution of the Supply Chain

Individual Merchant

Industrial Revolution



The vertically integrated industrial-age corporation came into existence with centralized supply, management and production under one ownership. Business exchange was internalized. Information and goods were still locked together.

Evolution of the Supply Chain

Individual Merchant

Industrial Revolution

Dawn of the Business Process



Communications and computer technology rendered the centralized corporation obsolete; decentralization and business process improvements began. Business exchange began an external movement and the reach of goods and information was extended.

Evolution of the Supply Chain

Individual Merchant

Industrial Revolution

Dawn of the Business Process

Then came the Internet



The ability to extend the reach and richness of information was enabled. Information could finally be separated from the physical goods while business process could be extended beyond the enterprise.



Evolution of the Supply Chain

Individual Merchant

Industrial Revolution

Dawn of the Business Process

Then came the Internet

Integrating the Business Process

Internet based solutions are developing that allow the business process to be integrated between existing trading partners. Information can be shared and supply chain collaboration becomes possible.



The Networked Supply Chain

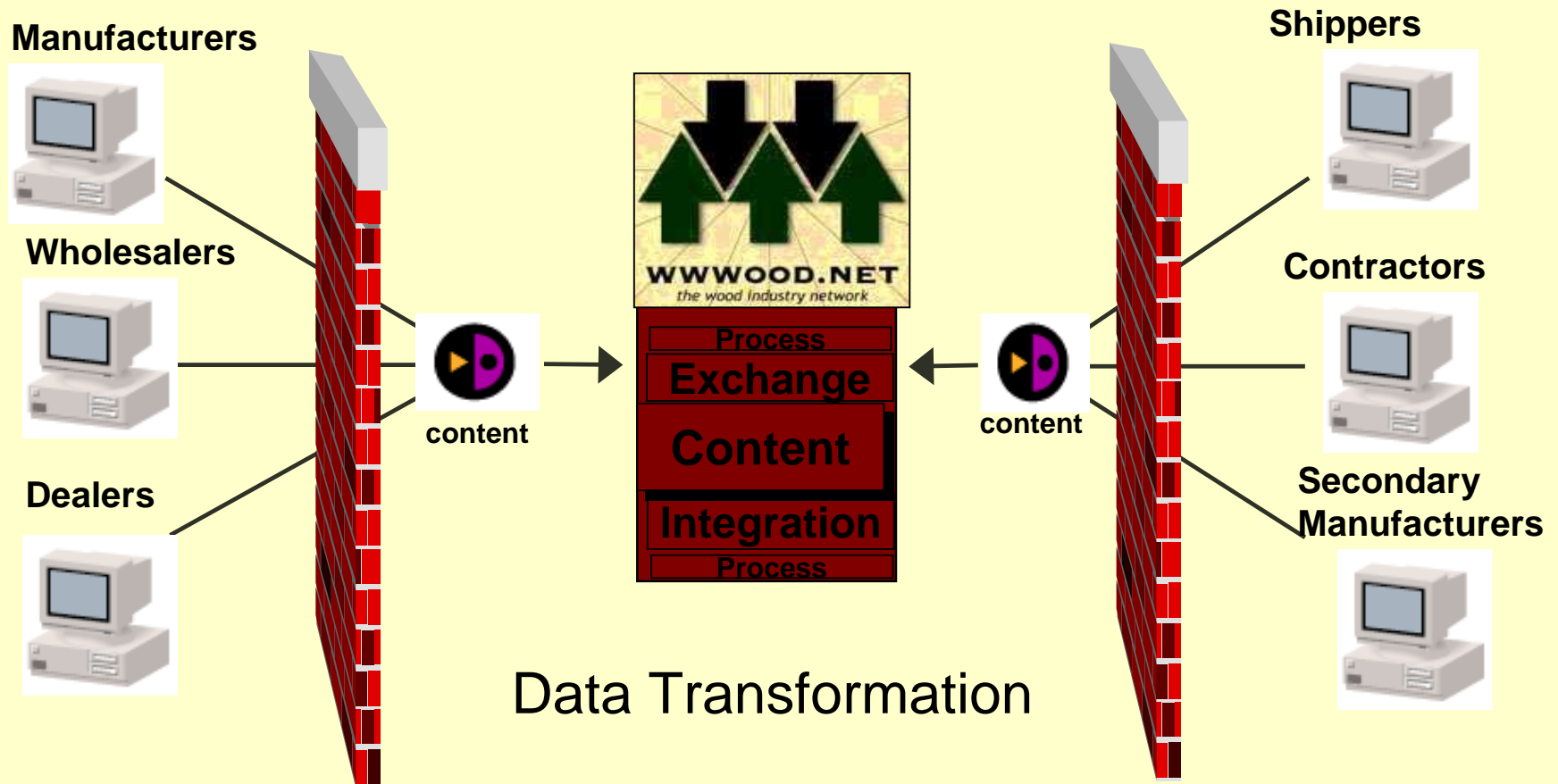


Supply Chain Integration starts with a Network

By connecting the business process both within the enterprise and between enterprises, the network moves information and intelligence by extending the reach and richness of the information.



Creating and Enabling the Network



Benefits of an Integrated Supply Chain



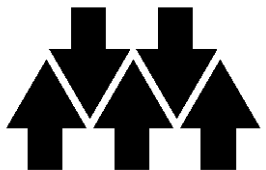
- Supply chain optimization: shifting traditional inventory, sales, and supply chain strategies:
 - buy-hold-sell
 - sell-source-service
 - supplier managed inventory
- Reduction of Inventory
- Faster Inventory Turns
- Increased Cash Flow
- Reduced Data Entry – Eliminate Data Errors
- Improve Replenishment and Shipping Decisions



Do What You Do Best



...And Buy The Rest



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Conclusion



- Information is the Glue that Holds a Supply Chain Together
- Supply Chain Friction Must be Reduced
 - Information and Value Flows through Networks
 - Networks Enable Supply Chain Integration

