What is Supply Chain Management?

Worksheet

SCM manages the flow of goods, information, and money across the entire chain. It optimizes procurement, production, inventory, and logistics to reduce costs, minimize delays, and meet customer demand reliably.

Questions

1. Which is NOT part of the supply chain?
A) Raw material suppliers
B) Manufacturers
C) Marketing department
D) Distribution centers

2. What is the bullwhip effect in SCM?
A) A whip-like motion in warehouses
B) Small demand changes at retail cause large demand swings upstream
C) The efficiency of supply chain distribution
D) A quality control method

3. Why is supplier diversification important in SCM?
A) It reduces the cost of all products
B) It ensures supply continues if one supplier fails
C) It always increases speed
D) It guarantees higher quality

4. What does just-in-time (JIT) inventory aim to achieve?
A) Maximum inventory levels
B) Slow production speeds
C) Minimal inventory, received exactly when needed
D) High carrying costs

5. A smartphone manufacturer relies on semiconductors from Taiwan. A geopolitical crisis disrupts shipments. How does SCM strategy help?

6. An e-commerce company wants to reduce delivery time from 5 days to 2 days. What SCM improvements are needed?

7. A food producer sources ingredients from 8 different countries. What SCM challenges exist?

8. Define: What is supply chain management?

9. Define: What are the main stages of a supply chain?

10. Define: What does SCM optimize?

Answer Key

1. C) Marketing department - Marketing is a business function but not part of the physical/operational supply chain flow.

2. B) Small demand changes at retail cause large demand swings upstream - The bullwhip effect is where small shifts in customer demand cause progressively larger swings in orders further upstream (to distributors, manufacturers, suppliers).

3. B) It ensures supply continues if one supplier fails - Having multiple suppliers for critical materials reduces risk; if one supplier has a crisis, production can continue from others.

4. C) Minimal inventory, received exactly when needed - JIT minimizes inventory by receiving materials exactly when needed for production, reducing storage costs and waste.

5. Risk identification: identify single-source dependency Diversification: source from alternate suppliers (South Korea, Singapore) Buffering: maintain strategic inventory (safety stock) Communication: notify customers of potential delays

6. Supplier proximity: move warehouses closer to customers Production speed: invest in faster manufacturing/assembly Inventory: stock popular items at regional hubs Logistics: use faster shipping, negotiate with carriers

7. Lead time: seasonal crops, shipping delays (weeks) Variability: price fluctuations, harvest uncertainties Compliance: tariffs, food safety regulations per country Coordination: timing arrivals to match production schedules

8. Managing the flow of goods, information, and money from suppliers through production to end customers.

9. Sourcing (suppliers) Production (manufacturers) Distribution Retail/Customer

10. Cost, speed (delivery time), reliability, and flexibility while meeting customer demand.