

## Study of Supply Change Industry Management in Indonesian Companies

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### ABSTRACT

Implementation of supply chain management is not as easy as imagined. Company must have a good and reliable management information system and workforce who are skilled and experienced in supply chain management. Socio-economic changes like this produce obstacles and challenges that must be faced. This requires every company to develop a business strategy in order to compete with other companies. In this cycle or chain there are several organizations that work in different scopes but have the same goal, namely to procure goods and distribute them to the final consumers effectively and efficiently. Supply Chain Management is very important to do to expedite the production process and marketing process to meet consumer needs. In order for supply chain control to be effective, it is necessary to have a smooth flow of information and mutual trust between parts, be it suppliers, companies or consumers.

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## **INTRODUCTION**

In today's digital era, companies need to pay attention supply chain management (SCM) in order to compete with other companies and win the competition in an increasingly tight market. However, the application of supply chain management is not as easy as imagined. Companies must have a good management information system and can dependable and skilled and experienced workforce in management supply chain. Companies must also consider the associated risks with the supply chain and take appropriate precautions to reduce those risks.

In this article, Prieds as a provider of Supply Chain Management Software will discuss in detail and completely regarding the application of supply chain management in the company. By reading this article, it is hoped companies can understand the concept of supply chain management and apply it well in supply chain management. Currently the business competition is increasingly stringent in the era of globalization. consequence of the process of globalization cause the development of the business world will always be colored by change changes that are increasingly open, complex and competitive, both from the environment internal and external of the company. Socio-economic changes such as This creates obstacles and challenges that must be faced. It is demanding every company to develop a business strategy in order to compete with other companies. Of the various competitions carried out by the company aims to implement an effective and efficient production process of goods or services efficiently distributed to consumers. But, in reality the company is not able to run all that so in overcoming it by selecting shortcuts and convenience to compete with competitors through the supply chain management.

Supply Chain management is a form of organizational system that aims to distribute products and services to consumers. In cycles or in this chain there are several organizations operating in different spheres however have the same goal, namely to procure goods and distribute them to hands of end consumers effectively and efficiently. With this cooperation added value will be generated from the products that have been produced the supply chain too considered as a capable logistics network connect eye chain. Which each other related between manufacturers, suppliers, retail outlets, distribution and customers.

In This concept really emphasizes the logistics management that has broader view of basic goods to finished goods used by the end consumer. The goal of Supply Chain management is the right delivery of products time to satisfy consumers, reduce costs, increase productivity companies in the supply chain by optimizing time, location and quantity flow material. Supply Chain Management is very important to do to expedite production process and marketing process to meet consumer needs.

So that supply chain control can be effective, it is necessary to have a smooth flow of information smooth operation and mutual trust between parts, be it suppliers, companies or consumer. The advantage of Supply Chain Management is that a company can manage the flow of goods or products in a

supply chain flow with apply a network of production and distribution activities of a company can work together to meet consumer demands.

## **THEORETICAL FRAMEWORK**

### **A. Components of Supply Chain Management**

#### **1. Upstream Supply Chain**

Upstream Supply Chain is an upstream supply chain involves several activities derived from the manufacturing company consists from several product dealers through dealer-distributor connections others that are interconnected. Upstream Supply Chain aims to makes it easier for dealers to expand relationships with multiple branches through procurement activities.

#### **2. Downstream Supply Chain**

Downstream Supply Chain is an upstream supply chain (supply chain) which involves several activities in the form of delivery of products that have been made by producers to consumers. Downstream Supply Chain is very pay attention to the direction of distribution through the warehouse as well as transportation and also pay attention to the services provided by sales to consumer. Sales must provide the best service to end consumers without exception.

#### **3. Internal Supply Chains**

Internal Supply Chain is a supply chain that will involve the process of entering goods into the warehouse for storage and use as transformation of inputs originating from suppliers into organizational outputs the. This Internal Supply Chain will expand over time exist in the organization. Internal Supply Chain needs to be considered in terms of manufacturing management, production management and inventory control.

### **B. Supply Chain Management Drivers**

Within the company to achieve a fit and efficiency on the company's competitive strategy with its supply chain partners important. A company can understand how to improve performance and supply chain efficiency, companies must have 4 key drivers in supply chains, namely:

#### **1. Facilities**

Facilities in the supply chain are places where products are available produced, stored and shipped. Facilities in the supply chain have 2 types namely on the production side and on the storage side. This facility will effect on shipping costs, level of responsiveness to marketing and the amount of inventory, because in the supply chain must require facilities that support because it can make it easier to do transactions in company.

#### **2. Inventories**

Inventory is raw materials, work processes and finished goods owned by company. Inventory is one of the most important parts from the supply chain driver because it can change efficiency and responsiveness in manage the supply chain because with manage internal inventory supply chain companies can be properly managed so that no one is too late for data collection. Good inventory management if the existing inventory is the same as that in the data by the company.

### 3. Transportation

Transport in the supply chain is used to transfer levels in the existing supply chain . Transportation is also important in change the efficiency and responsiveness in the supply chain, used as determinants of movement and routes in the delivery of an item so that the goods can be delivered more easily and quickly.

### 4. Information

Information contains data and analyzes facilities, inventory, transportation and customers associated with the supply chain. Information is key main part of the supply chain driver because it contains all the information that used to regulate how the supply chain will run.

## **METHODS**

For research on the Application of Supply Chain Management, the following are research methods that can be used:

Case Study: This method is suitable for studying in-depth Supply Chain Management Implementation studies. Case studies can be carried out by gathering information regarding each company's strategy to structure its business so that it can compete with other companies.

Survey: This method is suitable for getting an overview of Supply Chain Implementation. Surveys can be conducted using qualitative description methods.

Document Analysis: This method is suitable for analyzing information related to Supply Chain Management Implementation.

## **RESULTS & DISCUSSION**

Supply Chain Management demands some requirements that it doesn't only related to material, but also information. Main conditions of application Supply Chain Management of course management support. All management level from strategic to operational must provide support ranging from process of planning, organizing, coordinating, executing, until control. Apart from management support, other requirements are mandatory involving external factors, namely suppliers and distributors. Before building commitments and executing 'contracts of employment' with suppliers, then The company must first carry out a supplier evaluation. As note, carry out supplier evaluations for suppliers that are 'playing' in a monopoly market is certainly difficult and cannot be implemented, so that what needs to be done for this condition is to build a partnership in a agreement.

Evaluation of suppliers is carried out if for the same material you can obtained from more than one alternative supplier. There are at least three criteria in evaluate the supplier, namely: the general condition of the supplier, the situation services, and material conditions. Some examples of indicators for each criterion supplier evaluation is as follows (Gaspersz, 2002):

- 1. General state of the supplier**
  - a. Size or production capacity
  - b. Financial condition
  - c. Operational conditions
  - d. Research and design facilities
  - e. Geographical location
  - f. Trade relations between industries
- 2. Service state**
  - a. Material delivery time
  - b. Material arrival conditions
  - c. Rejected order quantity
  - d. Handling complaints from buyers
  - e. Provided technical assistance
- 3. Material state**
  - a. Material quality
  - b. Material uniformity
  - c. Guarantee from supplier
  - d. Condition of packing (wrapping)

Of the three criteria, the weight (based on the level of importance) is the largest is given to the criteria of material circumstances, because material circumstances will affect the performance of production functions and operations, especially product quality.

Then an assessment is carried out for each indicator and the total score is calculated. The next requirement is the selection of distributors as intermediaries for the company's products reach the final consumer. The ideal intensity of the distribution channel for a company is how to present a wide variety of products in satisfaction consumer needs (Sitaniapessy, 2001). The use of distributors too little can limit the spread of product types in marketing activities.

Conversely, the use of too many distributors can disrupt the brand image in its competitive position. One important key in managing distribution channel is to determine how many distribution channels are developed and formed a pattern of partnerships that support marketing a product in a particular marketing area.

## **CONCLUSIONS AND RECOMMENDATIONS**

In general, with a good management system in the field Supply Chain Management is part of contributing to support marketing a product in marketing. Supply Chain Advantages Management is a company can manage the flow of goods or products in a supply chain flow by applying a network of production activities

and distribution of a company can work together. there are three criteria in evaluating suppliers, namely: the general condition of suppliers, circumstances services, and material conditions. In this study, the researcher conveyed a description in general so that it discusses the company in general only.

## FURTHER STUDY

Based on the results of the research and conclusions described above, the suggestions that can be given by researchers are as follows:

1. It is hoped that the company will apply a supply chain management strategy to expedite the production and marketing process to meet consumer needs.
2. It is hoped that the implementation of supply chain management can be used in companies so that they can have a good and reliable management information system as well as a workforce that is selected and experienced in supply chain management.

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