

PRIMER: SUPPLY CHAIN MANAGEMENT

1. Supply chains encompass the organisation's activities needed to design, make, deliver, and use a product or service. Organisations depend on their supply chains to provide them with what they need to survive and be effective in their operational role. The practice of supply chain management is guided by some basic underlying concepts that have not changed much over the centuries. Several hundred years ago, Napoleon made the remark, "An army marches on its stomach." Napoleon was a master strategist and a skilful general and this remark shows that he clearly understood the importance of what we would now call an efficient supply chain. Unless the soldiers are fed, the army cannot move. Along these same lines, there is another saying that goes, "Amateurs talk strategy and professionals talk logistics." All grand strategies and dashing manoeuvres come to naught without first figuring out how to meet the demands or requirements of providing the Armed Forces with what is required to implement the same. It is the seemingly mundane 'behind the scene' activities of a concatenation of professionals and establishments, that often determine an Armed Force's success.

2. **Supply Chain Objective.** The objective of every supply chain is to maximize the overall value generated. The value (also known as supply chain surplus) a supply chain generates is the difference between what the value of the final product is to the customer and the costs the supply chain incurs in filling the customer's requirement. In defence parlance it can be in terms of the supply chain resources attributed to fulfilment of requirement and the output or impact on operations. It is pertinent to note, especially in the Armed Forces the 'customer value' is more often than not of a higher importance irrespective of the 'supply chain cost', however, as military professionals it is imperative to ensure that limited resources, as available, are optimally utilised with highest degree of efficiency without compromising effectiveness.

3. **Logistics & Supply Chain Management.** The term "Supply Chain Management" arose in the late 1980s and came into widespread use in the 1990s. Prior to that time, businesses used terms such as "logistics" and "operations management" instead. There is a difference between the concept of supply chain

management and the traditional concept of logistics. Logistics typically refers to activities that occur within the boundaries of a single organization and supply chains refer to networks of organisations that work together and coordinate their actions to deliver the desired output. Also, traditional logistics focuses its attention on activities such as maintenance, distribution, and inventory management. Supply chain management acknowledges all of traditional logistics and also includes activities such as procurement, devp of sources, new product development and finance as also customer service.

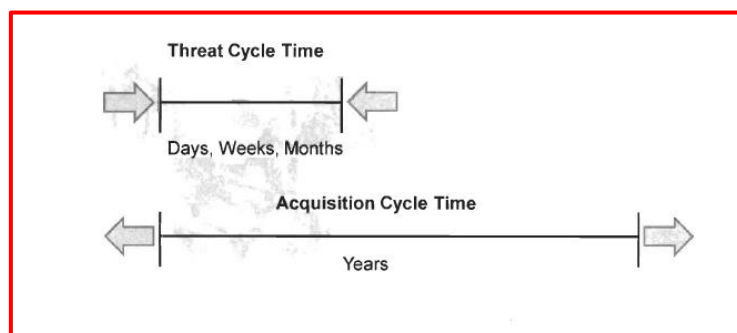
4. **Parallels Between Private Industry and Armed Forces.** There are many parallels that exist between the military and the private sector. It all comes down to understanding the operating environment and developing solid business processes to meet those demands. Just as in the private sector the military faces rapid, at times, and unpredictable changes. If you see the table below, the word 'market' can be replaced by 'threat' and 'consumer' with 'enemy' to get a good idea of the similar challenges. In both worlds these rapid changes are being driven by how quickly new technologies are being adopted. This in turn is influencing consumer or enemy behaviours, and creating new markets or threats which the supply chains must respond to. And responsiveness has become a critical success factor to operating efficiently and effectively today. The focus has to be on how quickly the organisation is able to respond to the rapidly changing environment.

<u>Common Trends</u>	
<u>Private Sector</u>	<u>Military</u>
Identifying the Market	Identifying op threats & lgs reqmts
Consumer behaviour	Enemy Behaviour / Threat mitigation
Emerging Tech	Tech enhancement & sustenance
Forecasting Demand	Forecasting demands / reqmts
Developing Markets	Threat mitigation in changing comb envt
<i>Efficiency and Responsiveness</i>	

5. **Need of the Hour: Lean and Agile.** The ability to respond and be effective today requires lean models and a great amount of agility. The trend as in the private

sector over the past 20 years of developing lean and agile supply chains has really been no different in the military. There is a great requirement today to lean our supply chains and move towards agility to be able to respond the rapid changes in the environments. It is also important to ask how lean is too lean. Sometimes it just makes more sense to carry a greater amount of safety stock and hold that inventory to prevent catastrophe or a total shut down. The Armed Forces have been operating in such varied terrain and op situations like nowhere else in the world. The complexity and accompanying instability that exists, although makes it difficult but also, makes effectiveness of the Supply Chain Management, a quintessential requirement for operational effectiveness.

6. **Acquisition Cycle.** A rapidly decreasing threat cycle time, often measure in days or weeks coupled with our protracted Acqn Cycle does impose a tremendous strain on optimal operational effectiveness which is not the desired end state for any military. The combat environment is quick to adapt new technologies, incorporate new triggers or different accelerants that make the threat cycle short and constantly changing. At the same time, the challenges of budget constraints, inadequate technological industrial base and complex acquisition procedures contribute to the expansion of the acquisition cycle time. Coupled together there is a large gap between the two which needs to be abridged.



7. **Conclusion.** There are many parallels that exist between the military and private industry supply chains. Both are constantly challenged with the difficult task of predicting future trends and behaviours with the rapid advancement of technology. Trade-offs exist between being highly efficient & highly effective and there are significant impediments to overcome if the military truly wants to have the best of both worlds. Hence the need to study the Corporate functioning to imbibe best practices and study our functioning to refine processes and enhance efficient effectiveness.