



## SUPPLY CHAIN MANAGEMENT IN ELECTRONIC ENVIRONMENT

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### Abstract

Supply-chain management has been defined as the "design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally. Supply Chain Management involves coordinating, scheduling and controlling procurement, production, inventories and deliveries of products and services to customers. The SCM is the backbone of E-commerce, a very critical component of E-commerce. Supply Chain Efficiency means having the right product at the right place at the right time, can save money/reduce costs, and can enhance cash utilization. The management of the flow of goods and services involves the movement and storage of raw materials, of work-in-process inventory, and of finished goods from point of origin to point of consumption. Interconnected or interlinked networks, channels and node businesses combine in the provision of products and services required by end customers in a supply chain.

**Keywords:** Supply Chain Management, Interlinked Networks, Cash Utilization, E-Commerce.

### Introduction

“Supply Chain means all inter-linked resources and activities needed to create and deliver products and services to customers. It focuses on customers, integrates whole the process of supply chain, makes full use of external resources, realizes rapid and sharp reaction, immensely reduce the level of stock. The development of e-commerce provides good situation for the implement of supply chain management, and at the same time, it also raises higher requirement, electronic supply chain management will truly become the main format of enterprise supply chain management, and will be known and applied by more and more enterprises. It is a cross-functional approach that includes managing the movement of raw materials into an organization, certain aspects of the internal processing of materials into finished goods, and the movement of finished goods out of the organization and towards the



end consumer. As organizations strive to focus on core competencies and become more flexible, they reduce their ownership of raw materials sources and distribution channels.

### **Basic Principles and Structure Model of Supply Chain Management Under E-Commerce Environment**

Supply chain management (SCM) is the management of a network of interconnected businesses involved in the ultimate provision of product and service packages required by end customers (Harland, 1996). Supply chain management spans all movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption. Supply chain management connects independent enterprise group to try to reach the best combination. It represents the thought of system management have basic characteristic of integrative, win-win, nature cross, complexity and dynamic. Supply chain management includes lots of content, including production design and control, control of stock, purchase, sales, logistics, forecast requirement, customer management, evaluation and selection of partners and so on. In a word, it's the management of information flow, material flow and fund flow. Therefore, use the movement of these three flows to explain the basic principles of supply chain management.

- **Be Good for Enterprise to Manage the Customer Relationship**

E-commerce gradually makes the competition between enterprises become the competition between supply chains. In order to attract and maintain existing customers, it requires enterprises to provide shortcut and low cost commercial operation mode, keep and develop the frequent relationship with customers, improve customers' satisfaction and loyalty index. The supply chain management based on e-commerce link up directly the relationship between enterprise and customers, and can directly talk with final customers in an open network, which is good for satisfying customers' all kinds of needs and contribute to the management of customer relationship.

- **Be Good for the Increasing of Business Events**

By implementing supply chain management based on e-commerce, it can realize electronization and networked management of product and business in the supply chain management system. And at the same time, all the enterprise in the supply chain can realize organized and designed unified management by some business means, reduce intermediate links, reduce cost, improve efficiency, make the supply chain to a higher level, keep up with the advanced ones, and promote the development of enterprises.

- **Be good for improving the Operating Performance of the Enterprise**

INTERNATIONAL CONFERENCE PROCEEDING (CRYSTAL 2016) 2P a g e



Implementing the supply chain management based on e-commerce can not only make every enterprise in the supply chain to reduce production cost, shorten demand response time and market change time, but also can provide overall service for customers, let customers acquire the best quality of products and services, and at the same time realize the largest value-added. It can also provide whole e-commerce transaction service; realize global market and enterprise resource sharing. Supply and deliver order goods to customers in time reduce operating and purchase cost, improve operating performance.

### **Main Problems of Supply Chain Management under Ecommerce Environment**

- **The Core Competitive Force of Enterprise is Weak**

Nowadays enterprises all over the world are facing step-down increasing and the competition from all over the world. Whether an enterprise can find, create, train and keep its own competitive edge is very important to its own development. Enterprise's core competitive is a complex of many kinds of skill and technology. It is the basic for enterprise to obtain continuous competitive edge. Only the enterprise has core competence can it be attractive for other enterprise in the supply chain, the relationship of business partner in the supply chain can be stable. At present, our enterprises generally have the shortage of the weakness of core competitive.

- **Cooperation Obstacle Between Trade Partners**

The essence of supply chain management under e-commerce is that through e-logistics to connect different departments in the internal enterprise and different parts in the supply chain, build the relationship between trade partners which have common interest. For the economic environment in our market is bad, many products has bad quality, cannot to deliver the goods in time, reliability is low, many enterprises do not have a solid foundation of highly trusted and dependence. Besides, the lack of a good performance evaluation system is also a cooperation obstacle between trade partners. There is no reasonable performance distribution; each enterprise would not like to sacrifice its own benefit to exchange for the maximum benefit of the whole supply chain. Therefore, a well coordination strategy in the supply chain is seemed imperative.

- **Low Level of Informatization in Enterprise**

Every transaction between enterprises is to be accompanied by motion of products and motion of information. All the trade partners in the supply chain need these information, in order to send, follow, receive, pick up goods, store and so on. Information sharing becomes a

key to realize harmonize operation between enterprise. Therefore, use information technology to improve the information accuracy, timeliness and flow rate of whole supply chain becomes more and more important. A significant content of enterprise management strategic is that through applying modern information technology, like global positioning technology, EOS, EPS, to build EIS in supply chain, inside the enterprise, only the big enterprise use ERP, and very few ones use SCM.

### **Solution of Supply Chain Management under E-Commerce Environment**

- **Strengthen the Idea of Supply Chain Management,**

Realize the Management Mode of 'Horizontal Integration' Supply chain's basic require for enterprise are core business and informational efficiency, and use enterprise external resource to quickly response to market require. Enterprise should try hard to change to the supply chain management model of horizontal integration, take advantage of modern information technology and integrated business process, coordinate the effective and efficient flow of information flow, fund flow and logistics in the supply chain management, the synergetic business partnership with suppliers and customers. Information network technology makes an organic bond with enterprise internal and different parts in the supply chain management, continuous improve the agility and flexibility in the supply chain management system.

- **Improve Confidential Relation Between Supply Chain Members, Realize All-Win in Different Part of Supply Chain**

In supply chain system, it requires that all enterprise information must be transparent, and the resource must be sharing, but in reality, confidence level between enterprises is very hard to be symmetrical. The supply chain management's aim under e-commerce environment is find balance between improving users service level and reducing the total logistics cost, maximum give play to the entire strength in supply chain, in order to reach the maximum benefit of the whole supply chain. E-commerce based on information technology contributes to the enterprises to span the traditional organizational form, in a manner that maximum the network to connect the customers, retailers, manufacturers, suppliers and employees together, continuously promote the relationships between different supply chain members, reintegration the whole value supply chain, let supply and requisitioning parties get most useful market information in the most right time, make all the enterprise in the supply chain to reach win-win.

- **Enhance Establishment Construction of Information Network, Realize Information Networking of Supply Chain Management**



One important content of enterprise management strategy is formulate an information transaction platform which is applied to supply chain operation, use information technology to improve the information precision and flow rate in the whole supply chain. Therefore, enhancing the development of information network facilities, accelerating extending intensity of e-commerce application, building intranet internal the enterprise and extranet outside the enterprise, making the inside and outside of the supply chain to be an entirety and letting the information be sharing in the supply chain become urgent affairs in the construction of information networking in the supply chain. Supply chain information support platform based on information changing technology and network technology will effectively realize data exchange and information sharing between different departments of enterprise provide information technology support for supply chain management.

- **Integrate E-Commerce and Supply Chain Management, form Integrated supply Chain Management**

With the spread and development of e-commerce, supply chain management is now developing in the direction of high level integrated. In order to promptly and quickly adjust to the change of environment, supply chain need continue improve agility and flexibility of system coordinate. Integrated supply chain management can effectively solve this problem. The aim of integrated supply chain management is to further optimize the function of supply chain management system, ensure every part and every function in the supply chain can realize best match and perfect harmony, and both of them to ensure the maximum benefit of the whole supply chain. It must use the lowest cost and the fastest speed to produce the best product, satisfy the customers' needs quickly, and enhance reaction capacity and service rate of the enterprise, in the process of integrating external supply chain, management should pursue the stable relationship among product, transaction, organization, enterprise culture and many other aspects, keep certain consistency to realize sharing of information and benefits.

### **Conclusion**

Nowadays, realize effective supply chain management has already becoming the strategy choice to develop valid compete, the fast developed e-commerce provide important means for effective operational supply chain management. It is a complex and dynamic. Supply chain management includes lots of content, including production design and control, control of stock, purchase, sales, logistics, forecast requirement, customer management, evaluation and selection of partners and so on. Therefore, use the movement of these three flows to explain the basic principles of supply chain management.



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