

SUPPLY CHAIN MANAGEMENT-OLD VERSUS NEW

From Wikipedia

In business and finance, **supply chain** is a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer. Supply chain activities involve the transformation of natural resources, raw materials, and components into a finished product that is delivered to the end customer. In sophisticated supply chain systems, used products may re-enter the supply chain at any point where residual value is recyclable. Supply chains link value chains.

Overview the Old Way:

A typical supply chain begins with the ecological, biological, and political regulation of natural resources, followed by the human extraction of raw material, and includes several production links (e.g., component construction, assembly, and merging) before moving on to several layers of storage facilities of ever-decreasing size and increasingly remote geographical locations, and finally reaching the consumer.

Many of the exchanges encountered in the supply chain are therefore between different companies that seek to maximize their revenue within their sphere of interest but may have little or no knowledge or interest in the remaining players in the supply chain. More recently, the loosely coupled, self-organizing network of businesses that cooperates to provide product and service offerings has been called the extended enterprise.

As part of their efforts to demonstrate ethical practices, many large companies and global brands are integrating codes of conduct and guidelines into their corporate cultures and management systems. Through these, corporations are making demands on their suppliers (facilities, farms, subcontracted services such as cleaning, canteen, security etc.) and verifying, through social audits, that they are complying with the required standard. A lack of transparency in the supply chain is known as mystification, which bars consumers from the knowledge of where their purchases originated and can enable socially irresponsible practices. Supply-chain managers are under constant scrutiny to secure the best pricing for their resources, which becomes a difficult task when faced with the inherent lack of transparency. Cost benchmarking is one effective method for identifying competitive pricing within the industry. This gives negotiators a solid basis to form their strategy on and drive overall spend down.

Overview the New Way: Traceability in agricultural supply chains – by National Restaurant Consultants

Many agribusinesses and food processors including restaurants and food service operations source raw materials from small holder farmers. This is growing trend and particularly true in the hospitality industry and other certain sectors. Over the past 20 years there has been a shift towards more traceable supply chains. Rather than purchasing crops, ingredients, or proteins that have passed through several layers of producers/collectors, restaurants and food service distribution companies are now sourcing directly from farmers or trusted suppliers. The drivers for this change include concerns about nutritional value of the foods people consume, the safety of the food, child labor, and often the number one reason is environmental sustainability. These values also hold true relating to recycle materials for non-food products as well as packaging materials.