Preface

Supply chain management is the integration of key business processes from suppliers to end user so as to provide products, services and information that add value for customers and other stakeholders. This integrative approach aims at synergizing efforts created through linkages, controlling, cooperation, distribution channel relationship for the benefits of all parties involved, to maximize efficient use of resources in delivering customer satisfaction, effectiveness and efficiency (Chary, 1998). In a nutshell if customer service is a built in feature of firm’s strategy for implementing supply chain it leads to increased customer satisfaction. The overall objective of the supply chain management is to increase the competitive advantage of the supply chain as a whole, and the accomplishment of the objective should be held through creating customer value, which could be superior to the competitor’s value offering and thus, enhance the customer’s satisfaction. The pressure of global competition is frequently cited as a primary driver for greater customer demands for improved products and services. These increased demands have caused businesses to pursue improvement initiatives such as; implementation of just-in-time (JIT) and quick-response (QR), inventory management policies, business process reengineering, and supply chain management (Jones & Riley, 1985). Management is on the verge of a major breakthrough in understanding how an organisation’s success depends upon the interactions between the flow of information, material, money, manpower, and capital. The way these five flow systems interlock to amplify one another and to cause change and fluctuation will form the basis for anticipating the decisions, policies, organisational forms, and investment choices (Forrester, 1958). Supply chain management is the process that integrates all above stated function.

The most vital aim of supply chain management is customer service. Supply chain management is a way of maximizing efficient use of resources in achieving the supply chain customer service goals. Stevens (1990) describes the objective of the supply chain management as to achieve a balance between goals of high customer service, low inventory investment. It helps to create a competitive advantage and greater profitability for the channel through coordinated attention to costs, better customer services, and lower inventories (Cooper and Ellram, 1993). There is consensus that supply chain management objective include those of lower cost at specific level of customer services or improved customer services. To understand this in better way, the first necessity is to examine broadly the meaning of customer service. Customer service has alternatively been described as a process, a) a set of activity or a function to be managed within the firm (i.e., order processing, invoicing or handling customer complaint), b) a performance outcome or measure (i.e., order fill rates, cycle time, percent on time delivery), c) a customer related objective or outcome (i.e., customer perception of availability, quality and timeliness) leading to customer value and satisfaction, or d) a management philosophy (Ellram, LaLonde, & Weber, 1989; Lambert & Stock, 1993; Langley & Holcomb, 1992). It is important to note that the customer service is an operational function or outcome that contributes to the ultimate goal of customer value and satisfaction; thus, customer service is not the ultimate goal or objective. Stevens (1990) described that customer service has been encompassing all points between customer and supplier (including delivery, pre and post sale service, technical service and financial packages). It has been also emphasized that customer service is the outcome or the operational function of the service provider whose ultimate goal is
customer satisfaction and differential advantage achieved through value. In a supply chain context the customer service interface plays a significant role, supply chain management requires the key processes such as customer relationship management, customer service management, demand management, and order fulfillment which are focused on understanding and meeting customer requirements. The customer focus associated with the supply chain management has significant implication for management of customer service activity and outcome. This emphasises the importance of customer service in successful implementation of supply chain management. The term “customer service” in the supply chain is considerably used to describe both marketing and substantial distribution activities aimed at enhancing the product offering or facilitating the exchange process between the supplier and the customer. But it has been manifested that an institutional client in the supply chain has much greater and often different requirements than the end consumer, at the same time appearing in a dual role of the supplier and the customer; and the first and foremost, firms should take an active part in creating and implementing a supply chain strategy. This must be based upon cooperation among the supply chain participants, aimed at generating value for the end customer. Therefore, the marketing perspective of customer service include the elements of product design and maintenance, training, salesperson attitude and responsiveness, ease of customer interface with the firm, guarantees, and price, in addition to the element of logistics service. Since logistics service is a subset of overall customer service, includes elements associated with the handling, warehousing and delivery of products to meet customer’s needs. Mentzer et al., (1989), Rinehart, Cooper, & Wagenheim, (1989) put forward some important dimension of logistics service viz., delivery reliability, product availability, timeliness or responsiveness, accuracy, and freedom from damage. Moreover customer service is the unifying factor for integrating marketing and logistics, which result in customer service of the firm (Rinehart et al., 1989). Thus, customer service can be thought of as an integrative activity between two firms and within the channel of distribution.

Management of various issue such as inventory, warehousing, transportation, and partnership alliances, customer etc. become very critical for small and medium enterprises. Therefore, these organisations are trying to implement supply chain management processes. For example transport is, for many SMEs, the largest cost associated with their logistic activities and is a process that is repeated many times, throughout the distribution channels (Nootseboom et al., 1997). This makes the management of transport for SMEs as important process. The outcome of transport is to get product from origin to destination (Grant et al., 2008). However, there are several vital parameters in the process of shipping which are related to the customer services i.e., transport rates and related charges are often the largest logistics cost element. Transport solutions should be interrelated into the wider supply chain aspect, which affects the customer service i.e., (a) transport purchasing and SME’s (b) transit times (c) transport visibility (affect the customer service) (d) on time delivery. Indian Industrial sector particularly SMEs, since independence was extremely underdeveloped with very weak infrastructure. The under-development of this sector was due to lack of government intervention, technical and a managerial skill, highly concentrated structure of ownership, and export orientation against the country’s interest. Since many manufacturers in SMEs collaborated with their suppliers and their customers i.e., wholesaler and retailer to improve their quality of product and manage lead time to enhance competitive advantage (Tan et al., 2002). This is the basic approach to embrace the concept of supply chain management in SMEs to improve
quality of product, timely delivery of product, elimination of waste and development of product. Therefore, the process of integrating supply chain management with logistics functions i.e., transportation, inventory, warehousing and partnerships alliance to deliver directly to the point of use. This helps to exploit supplier’s strengths and technologies to support new product development in the firms (Morgan and Monczka, 1995). But the logistics process in SMEs meant saturating warehouses with inventory; whereas supply chain management emphasizes the integration of internal and external activities, including inventory management, vendor relationships, transportations, distribution and delivery of services. The chain linkage between each element of the manufacturing and supply process from raw materials to the end user in the supply chain management focuses on firm’s utilization of their supplier’s processes, technology and capability to enhance competitive advantage (Farley, 1997). Thus, this integration help to replace inventory with information to provide visibility, so that raw materials and finished goods can be replenished quickly and arrive at the points of use in smaller lot sizes, especially in a just-in-time system (Handfield, 1994). Since the firms often include strategic suppliers to participate in their new product development that helps to develop alternative conceptual solutions, select the best components and technologies, and help in design evaluation (Burt and Soukup, 1985). Supply chain management seeks improved performance through elimination of waste and better use of internal and external supplier capability and technology (Morgan and Monczka, 1996). Therefore, order cycles, lead time, coordination between the supply chain management of the SMEs are the critical customer service elements. As a result, with the advent of twentyfirst century, supply chain management has become a significant strategic tool for firms striving to improve quality, customer service and competitive success in the small and medium enterprises (Tan et al., 2002).