CHAPTER 5

CONCLUSION

5.1 INTRODUCTION

In view of the effect of supply chain on the performance of organisation, this work started with the objective of developing a mechanism for performance measurement of supply chain incorporating relevant performance measures and devise an action plan so as to improve the same. It has been done by recognizing different links of a chain and identifying the weakest link. These issues have been addressed in the present research by applying analytical tool called AHP.

This chapter presents conclusions of the work and identifies scope for future work.

5.2 CONCLUSION

The conclusions of this work are presented as follows.

- A comprehensive and most inclusive procedure for performance evaluation of a supply chain proposed in this work incorporates all possible measures and submeasures affecting performance of any supply chain.

- Performance measures considered are relevant to Indian manufacturing sector and a list of measures indicates a strong negotiation between performance of supply chain in the functional areas like delivery, cost, manufacturing and shipping.

- AHP based procedure has demonstrated how to handle multi-attribute decision making process with attitudinal responses and all the judgements have also been found to be consistent when checked by consistency ratio.
- Aggregate weight of each link obtained by the procedure indicates extent of contribution of a link in the performance of supply chain. Higher the aggregate weight stronger the link and vice versa. In the supply chain considered for study, link A1, called ‘inbound logistics’ has been identified as the weakest link owing to its least aggregate weight, followed by outbound logistics etc.

- The result, therefore, demonstrates dominance of logistical operation i.e. inbound logistics on the performance of supply chain.

- ‘Inbound logistics’, a weakest link identified, is a function of organisation involving material and information flow between supplier and operations (manufacturing). Thus, it includes ordering process inventory policies for raw material and spares, their location, transportation etc. Hence supplier and operation component of chain are responsible for further improvement.

- One department of an industry may also be treated as supplier to other department. Therefore, more efforts are expected from manufacturing department in the supply chain considered for improving performance of supply chain.

- The work presented also helps in identifying the areas (submeasures) where weak link should improve upon. After applying AHP further to the weak link of supply chain considered, submeasures of ‘cost’ like ‘defect’, ‘distribution cost’, ‘inventory’, and ‘intangible cost’ are identified as probable areas of improvement.

- On improving these submeasures the aggregate weight of weak link is expected to improve which shall further result in improvements in performance of overall supply chain.
5.3 Scope for future work

While doing this research work it is observed that there are few issues those can be taken up in future. In the present work the proposed performance measurement system is applied to sectors covering automobile and domestic appliances. However, these sectors individually and also covering other sectors like FMCG and services may help to claim that proposed system is designed on generalized basis. It would also interesting to see the results if proposed action is taken practically in a supply chain.