CONTENTS

Preface 9

Part I  Building a Strategic Framework to Analyze Supply Chains

CHAPTER 1 UNDERSTANDING THE SUPPLY CHAIN 15
What Is a Supply Chain? 15
The Objective of a Supply Chain 17
Decision Phases in a Supply Chain 20
Process Views of a Supply Chain 22
Examples of Supply Chains 27
Developing Skills for Your Career 31
Discussion Questions 32 • Bibliography 32

CHAPTER 2 ACHIEVING STRATEGIC FIT IN A SUPPLY CHAIN 33
Competitive and Supply Chain Strategies 33
How is Strategic Fit Achieved? 36
Supply Chain Levers to Deal with Uncertainty 45
Expanding Strategic Scope 47
Discussion Questions 50 • Bibliography 50
CASE STUDY: The Demise of Blockbuster 51

CHAPTER 3 SUPPLY CHAIN DRIVERS AND METRICS 54
Financial Measures of Performance 54
A Framework for Supply Chain Decisions 59
Facilities 61
Inventory 64
Transportation 66
Information 68
Sourcing 70
Pricing 72
Discussion Questions 75 • Bibliography 75
CASE STUDY: Seven-Eleven Japan Co. 75
CASE STUDY: Financial Statements for Walmart Stores Inc. and Macy’s Inc. 82

Part II  Designing the Supply Chain Network

CHAPTER 4 DESIGNING DISTRIBUTION NETWORKS AND APPLICATIONS TO OMNI-CHANNEL RETAILING 83
Factors Affecting Distribution Network Design in the Supply Chain 83
Design Options for a Distribution Network 88
PART II Planning and Coordinating Demand and Supply in a Supply Chain

CHAPTER 7 DEMAND FORECASTING IN A SUPPLY CHAIN 186
The Role of Forecasting in a Supply Chain 186
Components of a Forecast and Forecasting Methods 188
Time-Series Forecasting Methods 192
Measures of Forecast Error 202
Building Forecasting Models using Excel 205
Discussion Questions 213 • Exercises 214 • Bibliography 216
CASE STUDY: Specialty Packaging Corporation 216

CHAPTER 8 AGGREGATE PLANNING IN A SUPPLY CHAIN 219
Aggregate Planning and its Role in a Supply Chain 219
The Basic Tradeoffs in Aggregate Planning 222
Aggregate Planning using Linear Programming 223
Aggregate Planning in Excel 231
Discussion Questions 236 • Exercises 236 • Bibliography 238
CASE STUDY: Kloss Planters and Harvesters 238
CASE STUDY: Smartphone Production at QuickTronics 240
CHAPTER 9 SALES AND OPERATIONS PLANNING IN A SUPPLY CHAIN  241
Responding to Predictable Variability in the Supply Chain  241
Sales and Operations Planning at Red Tomato  245
Discussion Questions  252  •  Exercises  252  •  Bibliography  254
► CASE STUDY: Mintendo Game Girl  255
► CASE STUDY: Promotion Challenges at Gulmarg Skis  256

CHAPTER 10 COORDINATION IN A SUPPLY CHAIN  258
Lack of Supply Chain Coordination and its Impact on Performance  258
Obstacles to Coordination in a Supply Chain  262
Managerial Levers to Improve Coordination  266
Some Practical Approaches to Improve Supply Chain Coordination  272
Discussion Questions  277  •  Bibliography  277

Part IV Planning and Managing Inventories in a Supply Chain

CHAPTER 11 MANAGING ECONOMIES OF SCALE IN A SUPPLY CHAIN CYCLE INVENTORY  278
The Role of Cycle Inventory in a Supply Chain  278
Economies of Scale to Exploit Fixed Costs  281
Aggregating Multiple Products in a Single Order  288
Economies of Scale to Exploit Quantity Discounts  296
Why do Suppliers offer Quantity Discounts?  302
Short-Term Discounting: Trade Promotions  308
Managing Multiechelon Cycle Inventory  312
Managerial Levers to Reduce Cycle Inventory  315
Discussion Questions  317  •  Exercises  317  •  Bibliography  321
► CASE STUDY: Delivery Strategy at MoonChem  321
► CASE STUDY: Pricing and Delivery at NAM  323
Appendix 11A: Economic Order Quantity  324

CHAPTER 12 MANAGING UNCERTAINTY IN A SUPPLY CHAIN SAFETY INVENTORY  325
The Role of Safety Inventory in a Supply Chain  325
Factors Affecting the Level of Safety Inventory  327
Determining the Appropriate Level of Safety Inventory  331
Impact of Supply Uncertainty on Safety Inventory  340
Impact of Aggregation on Safety Inventory  342
Impact of Replenishment Policies on Safety Inventory  355
Managing Safety Inventory in a Multiechelon Supply Chain  358
Managerial Levers to Reduce Safety Inventory  359
PART V  Designing and Planning Transportation Networks

CHAPTER 14  TRANSPORTATION IN A SUPPLY CHAIN  410
Transportation Modes and their Role in a Supply Chain  410
Transportation Infrastructure and Policies  416
Design Options for a Transportation Network  419
Mumbai Dabbawalas: A Successful Same Day Delivery Network  425
Trade-Offs in Transportation Design  426
Tailored Transportation  434
Discussion Questions  437  • Bibliography  437
► CASE STUDY: Designing a Sustainable Distribution Network for Euro-Grain  438
► CASE STUDY: The Future of Same-Day Delivery: Same as the Past?  439
► CASE STUDY: Selecting Transportation Modes for China Imports  440

PART VI  Managing Cross-Functional Drivers in a Supply Chain

CHAPTER 15  SOURCING DECISIONS IN A SUPPLY CHAIN  441
The Sourcing Decision in a Supply Chain  441
Total Cost of Ownership  451
Designing a Sourcing Portfolio: Tailored Sourcing  453
The Impact of Incentives on Third-Party Behavior 457
Sharing Risk and Reward in the Supply Chain 459
Discussion Questions 470 • Exercises 471 • Bibliography 472
► CASE STUDY: Polaris Industries Inc. 473

CHAPTER 16 PRICING AND REVENUE MANAGEMENT IN A SUPPLY CHAIN 478
The Role of Pricing and Revenue Management in a Supply Chain 478
Differential Pricing for Multiple Customer Segments 481
Dynamic Pricing and Overbooking for Perishable Assets 488
Discounting and Peak Pricing for Seasonal Demand 495
Constructing a Portfolio of Bulk Contracts and Spot Buying 496
Some Practical Challenges When using Revenue Management 498
Discussion Questions 499 • Exercises 499 • Bibliography 500
► CASE STUDY: To Savor or to Groupon? 500

CHAPTER 17 SUSTAINABILITY AND THE SUPPLY CHAIN 503
The Role of Sustainability in a Supply Chain 503
The Tragedy of the Commons 505
Key Pillars of Corporate Social Responsibility 509
Sustainability and Supply Chain Drivers 513
The Role of Incentives and Regulation for Sustainability 516
Discussion Questions 521 • Bibliography 521

Part VII Online Chapter

CHAPTER A INFORMATION TECHNOLOGY IN A SUPPLY CHAIN
The Role of IT in a Supply Chain
The Supply Chain IT Framework
The Future of IT in the Supply Chain
Risk Management in IT
Discussion Questions • Bibliography

Index 522