

Mapping for Supply Chain Management

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Overview

As supply chain network structures become more complex and geographically dispersed, management can benefit from developing a relationship-based map of their company's supply chain. The visual representation and analysis of the complexities in a firm's direct and indirect supply chain relationships serves as a starting point for increasing the cross-functional and cross-firm communication that is necessary for implementation of the supply chain management processes. The mapping effort also enables management to identify internal and external improvement opportunities and establish the critical relationship linkages that must be closely managed. Once a relationship-based map is developed, a wide variety of activity-based mapping techniques can be used to identify and realize improvement opportunities across the network of companies that constitute the supply chain.

Introduction

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Firms exist within supply chains whether or not executives decide to look beyond the walls of their own organization and actively manage the network of relationships with customers and suppliers. Increasingly, firms are sourcing materials globally, outsourcing production to low-cost areas, and establishing marketing presence in countries where products must be adapted for the local preferences. Thus, a number of activities occur outside the direct visibility of management. In this complex environment, relationship-based supply chain maps help management determine how many resources and what types of resources should be dedicated to each business relationship.

In order to better understand a company's supply chain, management needs a relationship-based supply chain map. Creating this map requires data that might be scattered throughout the organization or are not currently available at the needed level of disaggregation. Relationship-based maps will require data about entities beyond Tier 1. While the need to examine relationships beyond Tier 1 increases the challenge of developing this type of map, the potential value of the mapping effort is significant. For example, supply bottlenecks that may exist beyond Tier 1 must be addressed to reduce risk exposure. A relationship-based map should result in a deeper understanding of the supply chain realities.