

The Relationship between Modern Supply Chain Management and Logistics Management

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Abstract: supply chain management is an effective way for enterprises to adapt to global competition and a new management mode after entering the 21 century. This paper expounds the integration and coordination of resources of all node enterprises from the perspective of the whole supply chain, and emphasizes the coordination of strategic partners, information resource integration, rapid market response and creating value for users.

1. Introduction

The early view was that supply chain is an internal process in manufacturing enterprises. It refers to the process of transferring raw materials and parts purchased from outside enterprises to retailers and users through production conversion and sales. The traditional concept of supply chain is limited to the internal operation layer of the enterprise, and pays attention to the utilization of its own resources. Later, the concept of supply chain paid attention to the connection with other enterprises and the external environment of the supply chain. It was considered that it should be a “conversion process of converting box materials into products through the manufacturing, assembly, distribution, retail and other processes of different enterprises in the chain, and then to the end user”, which is a broader and more systematic concept. Stevens of the United States believes that “controlling the flow from suppliers to users through value-added process and distribution channels is the supply chain. It starts at the source of supply and ends at the end of consumption.”[1]Recently, the concept of supply chain pays more attention to the network chain relationship around core enterprises. At this time, the understanding of supply chain has formed a concept of network chain. Harrison further defines supply chain as: “supply chain is a functional network that purchases raw materials, converts them into intermediate products and finished products, and sells finished products to users.” On the basis of research and analysis, this paper gives a definition of supply chain: supply chain is around the core enterprise, through the control of information flow, logistics and capital flow, starting from the purchase of raw materials, making intermediate products and final products, and sending products to consumers by the sales network. A functional network chain structure mode that connects suppliers, manufacturers, distributors, retailers and end users as a whole. It is a broader enterprise structure model, which includes all affiliated node enterprises, starting from the supply of raw materials. Through the manufacturing,

processing, assembly, distribution and other processes of different enterprises in the chain to the end user. It is a material chain, information chain and capital chain connecting suppliers to users. It is a value-added chain. Materials increase their value in the supply chain due to processing, packaging and transportation, and bring benefits to relevant enterprise departments.

2. Concept of Supply Chain Management

Supply chain management is an integrated management idea and method. It performs the functions of logistics planning and control from suppliers to end users in the supply chain. Supply chain management is not a nickname for supplier management, but a new management strategy. It integrates different enterprises to increase the efficiency of the whole supply chain and pays attention to the cooperation between enterprises. At the earliest time, people put the focus of supply chain management on inventory management[2]. As a buffer means to balance the limited production capacity and adapt to the changes of user demand, it sought the balance point between the cost of delivering products to users quickly and reliably and the cost of production and inventory management through various coordination means, so as to determine the best inventory investment. Therefore, its main task is to manage inventory and transportation. The current supply chain management takes each enterprise in the supply chain as an inseparable whole, making the functions of procurement, production, distribution and sales shared by each enterprise in the supply chain become an organism with coordinated development.

3. Contents Involved in Supply Chain Management

Supply chain management mainly involves four main areas: supply, production planning, logistics and demand. Supply chain management is guided by synchronous and integrated production planning. Supply chain management is supported by various technologies, especially relying on the Internet, focusing on supply, production operation, logistics (mainly referring to manufacturing process) and meeting demand. The goal is to improve the service level and reduce the total transaction cost, and seek a balance between the two goals (the two goals often conflict). Supply chain management also includes the following main contents: strategic supplier and user partnership management; Supply chain product demand forecast and planning; Material supply and demand management within and between enterprises; Product design and manufacturing management, production integration planning, tracking and control based on supply chain management; User service and logistics (transportation, inventory, packaging, etc.) management based on supply chain; Enterprise capital flow management (exchange rate, cost, etc.); Supply chain interactive information management based on Internet / Intranet. In the global market competition environment, any enterprise department can not become the most outstanding in all businesses, but can only unite with other downstream enterprises in the industry. Establish an industrial supply chain with connected economic interests and close business relations, realize complementary advantages, make full use of all available resources to adapt to the competitive environment of socialized mass production and jointly enhance market competitiveness[3]. Therefore, the internal supply chain management of the enterprise extends and develops into the industrial chain management for various industries, and the managed resources expand from the inside to the outside. In the process of supply chain management, first of all, establish a linked supply chain in the whole industry, so that multiple enterprises can realize cooperative operation and cooperative operation under an overall management. The decentralized plans of these enterprises are incorporated into the plans of the whole supply chain to realize the sharing of resources and information, which greatly enhances the overall advantages of the supply chain in the large market environment. So that each enterprise can obtain the cost advantage with the minimum individual

cost and conversion, and timely obtain the demand information of the final consumer market, so that the whole supply chain can keep up with the changes of the market. In the 21st century, market competition will evolve into this competition between supply chains. Secondly, establish a business-related dynamic enterprise alliance (or virtual company) between the market, processing and assembly, manufacturing and circulation links. That is, in order to complete the task of providing goods or services to the market, a form of cooperative organization formed by the mutual association of multiple enterprises. These enterprises are connected into a network through information technology, so as to provide goods and services to the market more effectively to complete the market functions that a single enterprise cannot undertake. This not only enables each enterprise to maintain its own individual advantages, but also expands the scope of its resource utilization, so that each enterprise can enjoy other resources in the alliance. For example, the distribution link is a bridge connecting the fields of production, manufacturing and circulation, which plays an important role. Taking it as the core can make the connection between supply and demand closer. In developed countries with market economy, in order to accelerate the circulation of products, it is often enough to take a distribution center as the core, connect with the production and processing field, connect with wholesalers, retailers and chain supermarkets, establish an enterprise alliance, integrate them into their own supply chain for management, play a connecting role, and most effectively plan and transfer the overall resources, In order to realize its business cross industry, cross region and even transnational operation, and make a rapid response to the needs of the big market[4].Through the Internet, e-commerce integrates the previously separated business processes, covering the whole process from suppliers to customers, including raw material suppliers, outsourced processing and assembly, production and manufacturing, sales, distribution and transportation, wholesalers, retailers, warehousing and customer service, It realizes the whole business process from production field to circulation field in one step.

4. Comparative Analysis of Logistics Management and Supply Chain Management

4.1 Similarities

4.1.1 Logistics Management Being an Important Core of Supply Chain Management

Logistics runs through the whole supply chain system. As an important carrier of supply chain, logistics is the actual form of supply chain. Through the combination of operation modes among enterprises, it has become an important link for their mutual cooperation. Without the operation of logistics, the application value of all products in the supply chain cannot be generated, and the industrial role of the supply chain no longer exists. This shows that as an important part of the supply chain management system, logistics management plays a vital role and is the core of the scientific operation of the supply chain.

4.1.2 Logistics Management Being an Important Part of Supply Chain

Based on the analysis of supply chain management and logistics management, there is too much consistency between them. Through the production and later consumption process of goods, logistics management is carried out, from the internal and external flow of goods, to the utilization and recycling of production materials, and the control and management of production and processing, which is the content of logistics management. The whole process delivery of goods from manufacturers to dealers is a supply chain management activity. It includes the supply, production, transportation, packaging and other procedures for the production of goods, and then to the sales, transaction, transportation and receipt of goods. It is for supply chain management. Based

on this, we can see that the supply chain carries out various procedures of the supply chain through the form of logistics management, that is, logistics management is a constituent system of supply chain management.

From the definition of logistics management and supply chain management, they have a lot of consistency. Logistics management mainly plans and controls the whole process of goods from production to consumption, including external flow and internal flow, as well as the management of logistics activities such as recovery, utilization and processing of means of production. Supply chain management includes all activities in the whole process of product delivery from manufacturers to dealers, including the whole process of means of production supply, manufacturing products, packaging, transportation and warehousing, as well as the whole process of ordering, sales, capital transaction, transportation, receipt and other related information systems. From this point of view, supply chain management adopts the implementation mode of logistics management, that is, logistics management is an integral part of supply chain management.

In the supply chain system, logistics runs through the whole supply chain. Logistics is the carrier of the supply chain and the specific manifestation of the supply chain. It connects all enterprises in the supply chain and is the link between enterprises. Without logistics, the social products of the supply chain will have no use value and the supply chain will lose its significance. Therefore, logistics management is the main component of supply chain management system. It plays an important role in supply chain management and is the core content of supply chain management. In supply chain management, the effective implementation of logistics management plays an important role in the rational operation of supply chain.

4.2 Differences

4.2.1 Different Ideas and Principles

The construction of logistics links among enterprises into a systematic overall form is the substantive role of supply chain management, and then the functions of enterprises are evenly distributed. For example, divide the undertaking of different tasks such as procurement, production and sales of each enterprise, and form an orderly operation and development model of each enterprise in the unified supply chain. Through the ideological principle of integration and connection, focus on the management of logistics warehouse, so as to adjust the production capacity and environmental adaptability, and strengthen the role of inventory management.

4.2.2 Different Management Levels

Logistics management can effectively reduce the economic cost of logistics and improve the economic efficiency of logistics operation activities through the integration and coordination of various actual logistics activities such as logistics plan, organization form, coordination and distribution, supervision and management. The strategic supply chain management is to use modern information technology to support and adjust the functions of various logistics procedures, and make corresponding decisions on different functions among enterprises under the overall situation. Control the supply chain management process from the perspective of information flow, business flow, capital and value. Including the purchase, manufacturing, transportation and storage of goods, business negotiation and sales of logistics parts and materials. Supply chain management requires enterprises in the operation procedure to share risks, information and interests, and understand and cooperate with the importance of supply chain management from a strategic perspective.

4.2.3 Different Management Objectives

Logistics management uses lower logistics cost to exchange for more efficient and high-quality logistics services, which is its basic management goal. With the continuous updating and changing development goals of enterprises, it is difficult for logistics management to adapt to the new supply chain management environment in time. Through the development of specific logistics activities for the objectives of the supply chain, we can actively find the logistics interface in the actual supply chain management. Although supply chain management is also combined with its objectives to implement various logistics activities, it is the most important to meet the actual requirements of customers, so as to enhance its own strength in the competition of logistics industry.

5. 2.4 Different Management Means

Supply chain management and logistics management are different in management level and mode, so they also have different management means. The logistics management form mainly supported by modern information technology generally adopts the proposal of administrative guidance and relevant instructions, and gives the guidance scheme of each logistics function through strategic scheme; The supply chain management based on commitment and trust, through capital operation as an important link, establishes relevant contract agreements to establish the operation relationship with various partners, so as to achieve the sharing and coexistence of benefits, risks and information under the management of modern information technology

5.0.1 Summary

Through the analysis of the similarities and differences between supply chain management and logistics management, and from the comprehensive comparison of the two in management content, management objectives, management modes and means, we should continuously strengthen the transmission of information among enterprises, speed up the capital turnover between enterprises, reduce logistics costs and improve the quality of logistics services in the fierce competitive environment of modern market, To continuously improve the physical management and supply chain management, so as to promote the more stable and rapid development of China's economic situation.

1) Logistics management is different from supply chain management. Supply chain management is to connect all enterprises in the supply chain into a whole and evenly distribute the functions of all enterprises in the supply chain. Some enterprises share production, some enterprises share sales and some enterprises share procurement, so as to make the enterprises in the supply chain an organic unity of sustainable development. Supply chain management mainly adopts the idea of integration and connection. Logistics management focuses on warehouse management and takes inventory as the main means to adjust production capacity and adapt to environmental changes.

2) Logistics management is different from supply chain management. Between enterprises, as long as there is the circulation of goods, there will be logistics management. Supply chain management takes the form of supply chain as the premise and can be realized on the basis of trust and commitment. Supply chain management is mainly to manage the whole process of the supply chain. It is not to manage a supply chain enterprise[4].It is to uniformly manage the processes composed of many enterprises. It is a process management mode. Logistics management mainly manages the internal logistics activities of enterprises, and adopts the functional management mode.

3) The objectives of logistics management and supply chain management are different. The purpose of logistics management is to provide the highest quality logistics service with the lowest logistics cost. Logistics management is carried out with the development goal of the enterprise, and there is no supply chain management environment. In the supply chain management link, the logistics management takes the supply chain goal as the guidance, and manages the internal

logistics activities and logistics interfaces between enterprises. Supply chain management is guided by the objectives of the supply chain, and its main purpose is to satisfy customers and form a competitive trend in the supply chain as a whole.

4) Logistics management is different from supply chain management. Logistics management is mainly to coordinate and manage the transportation, storage, processing and other processes in logistics, reduce logistics costs through management, and realize the highest quality logistics services. It is an operation level management. Supply chain management pays attention to the implementation of process strategy, highly designs, reconstructs and integrates business processes, and designs various strategies for key businesses, including information sharing, establishing strategic partners and so on.

6. Conclusion

The change of modern market environment requires enterprises to accelerate capital turnover, quickly transmit and feed back market information, constantly communicate the relationship between production and consumption, provide low-cost high-quality products, produce customized products to meet customer needs and improve user satisfaction. Therefore, only by establishing an agile and efficient supply chain logistics system can we meet the requirements of improving the competitiveness of enterprises. Supply chain management will become the core competitiveness of enterprises in the 21st century, and logistics management will become the main component of the core competence of supply chain management.

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