



16ME410 - SUPPLY CHAIN MANAGEMENT

Managing Uncertainty and Risk in Supply chain

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1. Global optimization is made even more difficult because supply chains need to be designed for uncertain environments
2. Uncertainty causes risks to the organization
3. Factors affecting uncertainty & risk are,
 - * Matching supply and demand
 - * Inventory and back-order levels fluctuation
 - * Forecasting will not solve the problem
 - * Demand is not the only source of uncertainty
 - * Lean manufacturing, outsourcing and offshoring focuses on the reduction of risks in supply chain

KEY ISSUES IN SUPPLY CHAIN MANAGEMENT

There are 3 key issues in SCM as follows,

1. Strategic Level: deals with decisions that have a long-lasting effect on the firm.
This level includes product design, supplier selection, strategic partnering and material flow through the logistics network
2. Tactical Level: This deals with decisions taken once in a year. This level includes purchasing and production decisions, inventory policies and transportation strategies
3. Operational Level: This deals with day-to-day decisions such as scheduling, lead time quotations, routing and truck loading