

Supply Chain Management: What it is and Where it is Headed

By David Clark

Supply Chain Management

Ryan Kirane, the Director of Supply Chain Management at the Scottsdale, Arizona, Mayo Clinic facility, defined supply chain management as “the timely and cost effective provision of resources” (Kirane, 2015). The Council of Supply Chain Management Professionals (CSCMP) explains that supply chain management involves “all the activities that take place to get a product in your hands” and is the tool that “makes it possible to build and deliver products better, faster, and cheaper” (Professionals, 2015). Supply Chain Management (SCM) encompasses such essential functions as procurement, manufacturing, logistics, fulfillment, marketing and customer service. Supply chain managers are involved with a business’s product or service from its rawest form to manufacturing and on to consumption.

The History of SCM

The term “supply chain” is a relatively new term. In 1982, Keith Oliver, an associate at Booz, Allen, and Hamilton, Inc., was accredited for the concept in an article of the *Financial Times* printed in June of that year. It referenced Oliver’s concept of a collaborative head including all the elements of and persons responsible for production, marketing, distribution, sales, finance, inventory, and customer service within a business. Oliver had been developing the concept for several years until finally, with the help of this publication, the idea of “total supply chain management” emerged (Stephens, 2007).

SCM is a new approach to solving an old question: how can a business provide the best possible product at the lowest possible cost? Since 1982, many companies have adopted the concept of SCM to help answer this question and have enjoyed immense success. Hau Lee, a professor at the Harvard business school and author of the article *The Triple-A Supply Chain*, pointed to Dell, Nokia, Microsoft, and Gap as examples of companies which have beat their competition, increased market shares, and avoided economic catastrophe due to the strength and foresight of their supply chain management teams (Lee, 2004).

SCM Degrees

More than one hundred reputable institutions now offer degrees in SCM or other closely related degrees (Robinson, 2013). Michigan State University, Massachusetts Institute of Technology, and Arizona State University are among those offering such education (Report, 2015). The Association to Advance Collegiate Schools of Business (AACSB) reported a 25% increase in SCM undergraduate degrees being offered since 2006; most of that growth occurred in 2009 (Taylor, 2011). SCM majors are qualified to fill positions in purchasing, logistics, operations, inventory, and many other administrative-level roles in business. Other professionals with backgrounds in industrial engineering, data analytics and marketing often compete with supply chain professionals for jobs. This growth in SCM education is a clear indication of the growing demand for qualified individuals with this specific skill-set and training.

Challenges to Success in SCM

Many of the challenges facing future SCM graduates and job-seekers are not unlike those of professionals in other fields and perhaps those highlighted here will seem redundant but they are no less important or pertinent. The first challenge is education. Good training at an institution well-known for producing quality business and especially SCM graduates is paramount. In some cases, any degree will do to get in the door, but most will find that a 4-year business degree is the required minimum to be considered for SCM jobs. Specialization is another integral piece of the puzzle. Additional training in a particular facet of SCM such as procurement, logistics, or transportation, for example, is beneficial. Although less critical than the degree itself, a specialized knowledge base within business will give a potential candidate the upper hand in the job market. Finally, relatable job experience will be required by most employers. This is especially true for the best paying jobs. Those with previous experience working in inventory or in a warehouse, in logistics or in purchasing or whatever the case may be, will be highly sought after.

Success Story

Dave Clark (great name) is the senior vice president of operations and customer service for Amazon. Interestingly enough, he did not spend his undergraduate studies in supply chain or logistics - Dave earned a bachelors in music education. It seems a far cry from where he ended up, but he attributed his success in part to his time spent in the music department at Auburn University. "What I do every day [at Amazon] ties back to Auburn, my music education and my leadership role there ... My earliest experience with logistics involved helping Dr. Johnny Vinson and Dr. Rick Good move people, equipment and instruments all around the country." This experience must have had a significant impact on him because he decided to apply for a graduate program in transportation and logistics at the University of Tennessee-Knoxville. Upon graduating, he was hired on at Amazon as an operations manager in Kentucky. The years that followed provided him many opportunities, experiences, and promotions until he was chosen for his current position. (Education, 2009)

A Promising Future

Every business, from the family-owned bakery on Main St. to the Wal-Marts and Amazons of the corporate world, has supply chain needs – that has always been the case and so it will continue to be the case in the future. According to the University of Phoenix online Career Services, there are currently over 7,000 job openings for supply chain managers; this number does not include other SCM related jobs for which supply chain managers might also qualify. Salaries for these jobs range anywhere from about \$80,000 - \$123,000 a year (Phoenix, 2015). In concert with the demands of businesses for qualified professionals, universities and institutions of higher learning everywhere have produced curriculum and instructors to prepare students for this exciting field. The very best part about all of this is that seems like things will only get better from here for SCM.

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