**Ch 1 Questions and Problems**

[**LO 1-1**](https://habitat.inkling.com/api/files/sn_25af0/trunk/head/s9ml/chapter001/295a6a8becb84087800247d7a680044e)

1. **How do supply chain productivity improvements affect the economy as a whole, as well as the position of individual consumers?**

SCM affects almost every aspect of human activity, either directly or indirectly. Examples of some SCM failures and their impacts are provided in the first few pages of the chapter. Students can provide a multitude of examples, but they will likely fall into the following categories: lower operating costs; provide faster, more accurate and more personalized product fulfillment; and optimize customer satisfaction. In the section titled “Societal Issues Impacting Supply Chains,” the annual study conducted by CSCMP is discussed. That study examines the impact of logistics and supply chain activities on GDP and can be used to explain the economic aspects of SCM.

[**LO 1-2**](https://habitat.inkling.com/api/files/sn_25af0/trunk/head/s9ml/chapter001/1c8d8762b3e74de9a192eb9de5306d05)

1. **Is supply chain management (SCM) the same as integrated logistics management? Indicate how they are similar and which one is more encompassing.**

No. The two terms are related, but not the same. Integrated logistics management would be a subset, or part of, the broader concept of SCM. In the section titled “Elements of SCM,” the elements of SCM as identified by the Council of Supply Chain Management Professionals (CSCMP) are customer relationship management, demand management, finance, forward logistics, information technology, life cycle support, manufacturing operations, marketing and sales, order fulfillment/service delivery, procurement, product/service development and launch, reverse logistics, sourcing, and supplier relationship collaboration. Some of those items would be primarily logistics management activities, while others would fall outside the traditional logistics management area. In sum, SCM is a much broader concept than logistics management.

[**LO 1-3**](https://habitat.inkling.com/api/files/sn_25af0/trunk/head/s9ml/chapter001/fe3f556628f84c3e97a06b1cccefb5ab)

1. **Identify the major components of the Supply Chain Council SCOR Model. Briefly describe each of the six SCOR processes.**

The SCOR Model is briefly discussed in this chapter and is mentioned again throughout the textbook. Students can refer to those later discussions for more details, or if the Instructor only wishes them to have a superficial knowledge of the SCOR Model, the discussion in the section titled “Approaches to Modeling SCM” would be sufficient. In that section the six elements of the SCOR Model are listed: Plan; Source; Make; Deliver; Return; and Enable. These components include customer interactions, all product transactions, and all market interactions.

[**LO 1-4**](https://habitat.inkling.com/api/files/sn_25af0/trunk/head/s9ml/chapter001/fb76346a00644f6f91b0632849639511)

1. **Energy, environmental, and safety issues have become increasingly important in supply chain management. Briefly discuss why this is true and how these issues impact SCM.**

In general, economic regulation of SCM has been stable or declining for many years (ever since the deregulation of transportation that began in the late-1970s). However, federal U.S. regulation dealing with societal issues has been increasing and has become more restrictive. These regulations are primarily energy, environmental/sustainability, or safety-related. Components of supply chains utilize large amounts of energy, can impact the environment in many ways, and because SCM utilizes people to carry out supply chain activities, it is important to maintain safe conditions for stakeholders, including employees and customers. The sections titled Sustainability in the Supply Chain,” “Regulatory Risks,” and “Security and Risk” discuss these issues and students can provide examples from their reading of this material.

[**LO 1-4**](https://habitat.inkling.com/api/files/sn_25af0/trunk/head/s9ml/chapter001/fb76346a00644f6f91b0632849639511)

1. **Supply chains have become more efficient and effective because of improvements in technology and management practices. In spite of these improvements, potential disruptions in the supply chain can cause severe problems for both companies and customers. Why is that the case?**

In the section titled “Supply Chain Disruptions,” the importance of disruptions on SCM is discussed. One of the significant benefits of SCM, when done correctly, is that stakeholders reap a number of benefits. However, when things go wrong, which happens infrequently relatively speaking, the negative consequences can be huge. For example, the use of computers, information technology and the incorporation of new processes and procedures such as JIT, ECR, etc., makes firms individually and the supply chain as a whole, much more efficient and effective. However, when computers fail due to security breaches or equipment malfunctions, software is corrupted with spyware or malware, and processes and procedures are misapplied or only partially implemented, problems arise. And, those problems cost resources and usually result in reductions in customer satisfaction. Several examples of disruptions and their impacts are discussed in this section of the chapter.

[**LO 1-5**](https://habitat.inkling.com/api/files/sn_25af0/trunk/head/s9ml/chapter001/a5ccfdf6f089438e9e6ab5257b87a1c8)

1. **It has often been stated that good customer service supports customer satisfaction? Why is this statement true?**

In the section title “Customer Service and Satisfaction,” the relationships between customer service and customer satisfaction are discussed. It is impossible to optimize customer satisfaction if customer service is not also optimized; one is an integral part of the other. The examples in this section of Formula 1 race cars, automobile dealerships, and in the situation were customers must return products to sellers, highlight the importance of good customer service creating good customer satisfaction.