

MANAGING OPERATIONS
Across the Supply Chain

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McGraw-Hill/Irwin

CHAPTER SEVENTEEN

Evolving Business Models and Change Drivers in the Supply Chain

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Where We Are Now

Chapter	Relationships	Sustainability	Globalization	Organizational Culture/Ethics	Change Management	Measurement
Part 1 Supply Chain: A perspective for Operations Management						
1. Introduction to Managing Operations Across the Supply Chain	X	X	X			
2. Operations and Supply Chain Strategy	X	X	X	X	X	X
Part 2 Foundations of Operations Management						
3. Managing Processes and Capabilities	X					X
4. Product/Process Innovation	X	X	X		X	
5. Manufacturing and Service Process Structures	X		X	X		X
6. Managing Quality	X	X	X	X	X	X
7. Understanding Inventory Fundamentals	X		X			X
8. Lean Systems	X		X	X	X	X
Part 3 Integrating Relationships Across the Supply Chain						
9. Customer Management	X					X
10. Supplier Management	X	X	X	X		X
11. Logistics Management	X	X	X			
Part 4 Planning of integrated Operations Across the Supply chain						
12. Demand Planning: Forecasting and Demand Management	X		X			X
13. Sales and Operations Planning	X		X			X
14. Independent Demand Inventory Planning	X					X
15. Materials and Resource Requirements Planning	X		X			X
Part 5 Managing Change in Supply Chain Operations						
16. Project Management	X	X	X	X	X	X
17. Evolving Business Models & Change Drivers in the Supply Chain	X	X	X	X	X	X

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Learning Objectives

1. Describe role of operations management in creating value and competitive advantage
2. Convey opportunities of technology
3. Understand focus of sustainability
4. Explain role of culture in operations management
5. Describe challenges of managing change

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Business Model

- **Business Model:** combination of customer segments and supply chain capabilities
- Important trends influencing business models
 - Rapid technological change
 - Sustainability
 - National and corporate culture

17-4

Business Model

- Operational embodiment of a business strategy

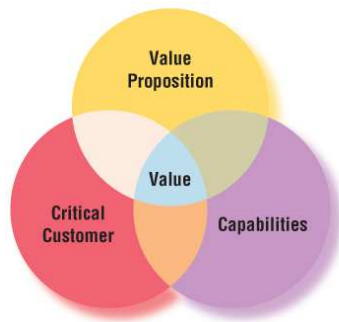


FIGURE 17-1
Operations Strategic
Elements as Founda-
tions of a Business
Model

Figure 17-1

17-5

Supply Chain Enabling Technologies

- Computer technologies have dramatically changes supply chains
 - Internet
 - Faster, more powerful computers
 - Electromechanics
 - Better graphics systems
 - Better communication systems

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Supply Chain Enabling Technologies

Alternative Internet Based Business Models

Type	Description	Examples
Brokerage	Bring buyers/sellers together to facilitate transactions	Orbitz, PayPal, e-Bay
Advertising	Content mixed with advertising (banner ads)	Google, NYTimes
Infomediary	Consumer data gathered to allow for targeted marketing	DoubleClick, Nielson/Netratings
Merchant	Sellers of goods and services	Barnes and Noble, Amazon.com
Manufacturer (Direct)	Bypasses retail supply chain, direct contact with customer	Dell
Community	Selling to customers through online communities	Facebook, Myspace
Subscription	Customers pay for access to a service	Classmates.com, Netflix

Table 17-1

17-7

Supply Chain Enabling Technologies

- Multiple technologies enable decision making, and information gathering and sharing
 - Decision support systems
 - Processing technologies
 - Communication technologies
 - Integrative technologies

17-8

Sustainable Operations Management

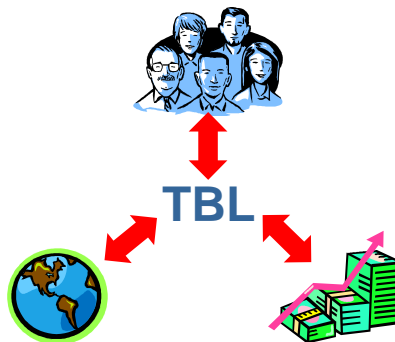
- **Sustainability:** meeting today's needs without compromising the ability to meet tomorrow's
- **Lifecycle Analysis:** evaluate cost of waste throughout product lifecycle
 - Extraction
 - Production
 - Packaging and Transport
 - Usage
 - Disposal/Recycling



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Sustainable Operations Management

- **Triple Bottom Line (TBL):** full impact of activities on people, plant and profit
- Firms have responsibility to all stakeholders



17-10

Sustainable Operations Management

- **ISO 14000:** international standard and certification for environmental management
 - Identify & control impact of activities, products and services
 - Continuous improvement of environmental performance
 - Systematic approach to setting and achieving goals



International
Organization for
Standardization

<http://www.iso.org> or

http://www.iso.org/iso/iso_catalogue/management_standards/iso_9000_iso_14000.htm

17-11

Operations Management and Culture

- National culture has differences in:

- Ways of looking at things
- Dressing
- Expressions
- Goodness or success
- Interactions
- Skills



17-12

Operations Management and Culture

- Organizational culture:
 - “what employees do when the boss isn’t around”
 - Should link with strategy
 - Source of differentiation and competitive advantage

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Business Models and Change Summary

1. New and emerging business models exploit new technologies
2. Technology influences operations
3. Sustainability is increasingly important
4. National and organizational culture influences strategy and performance

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