# *Principles of Supply Chain Management*

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# Instructor’s Guide

# Chapter 2 – Supply Chains as a System

# Learning Outcomes

After reading this chapter, you should be able to:

* Describe the components of the input-transformation-output model

## See Figure 2.1, with added explanation in the section Supply Chain Systems.

* Describe the four types of flows in a supply chain

## See the section Characteristics of Supply Chains for a discussion of physical product flow, information flow, funds flow and relational flow.

* Provide examples of supply chains in different industries

## See Table 2.2 for both manufacturing and service examples.

* Identify the difference between internal and external customers

## See the section Internal and External Customers for a description of internal (within the same company) and external (outside the company).

* Explain the difference between open and closed systems

## See Figure 2.3. Companies have some control over closed system elements but little control over the open system environment.

* Describe the effects of external influences on supply chains

## See Table 2.3 for examples of external influences.

* Discuss the obstacles and enablers of supply chain integration

## See Table 2.4 lists some obstacles to supply chain integration.

* Explain how supply chain performance can be measured

## See the section Performance Measurement. Measurement of total supply chains is still in its infancy, especially as supply chains become more complex and cover longer distances.

* Explain why costs, resources and benefits must be fairly allocated along the supply chain

## See Table 2.5 and related discussion for an example from Southwest Airlines.

* Describe the ways companies create value along the supply chain

## See the section Value Creation as the Ultimate Objective. Several paradoxes result from managing complex supply chains and are described at the bottom of p. 62.