

Principles of Supply Chain Management
Crandall, Crandall and Chen
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.