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## Handbook of Supply Chain Management

James Ayers CMC (*The St. Lucie Press/APICS, Boca Raton, FL; 2001; ISBN 1-57444-273-2*) \$64.95

REVIEWED BY LOUIS J. DE ROSE CMC

This is not an easy book to read. It's called a "handbook," which is normally a reference work on a given subject—in this case, supply chain management. But I must admit that I found it difficult to follow. Perhaps that's due to the fact that in addition to Mr. Ayers, there are 13 contributors to the book, each addressing the subject from a different perspective. But there is also the lack of a clear and fully defined theme for the book, which would ensure better linkage from one contributor's perspective to another's.

To be specific: The book does not fully develop the concept of supply chain management (SCM). Ayers defines the supply chain as "Life cycle processes, comprising physical, information, financial, and knowledge flows whose purpose is to satisfy end-user requirements with products and services from multiple linked suppliers." And SCM is the "design, maintenance, and operation of sup-

ply chain processes for satisfaction of end-user requirements."

I have no quarrel with these definitions. But if this is a handbook on the subject, it should develop in more specific detail the concepts these definitions raise, which are complex and controversial for some. Instead, the book simply outlines "viewpoints" to the supply chain and its management—functional, procurement, logistics, information, business process reengineering, and strategic perceptions—and then concentrates almost exclusively on the strategic viewpoint. I know from my own consulting experience that there's a wealth of material to explore and assess for any of the viewpoints.

A corollary problem is that it assumes readers understand the concept of SCM and already have some structure in place for it. The author points out that things are constantly changing, and investments made on product development or operations "have at least some, and more often a lot of, impact on the supply chain. . . . Thus, managers are faced with a myriad of choices asking 'What do I do next?'" The author goes on to assure the reader that the book will help answer that question by showing how to make existing chains more effective. He states: "After all, this book is less about *running*

supply chains, than it is about *improving them*" (emphasis added). I have a problem with this. My experience is that relatively few companies—even the largest ones—fully understand SCM as an organizational and operational concept, let alone as a strategic one. A handbook on the subject should tackle this issue head-on. Instead, this book cites as its purpose "to guide the thinking of those charged with developing and approving projects to improve the supply chain."

Despite these reservations, there is much that is valuable in this book. Actually, my comments are probably more directed to the title of this book than its contents. It would be more appropriately titled "Strategies for Effective Supply Chain Management," or simply, "Strategic Supply Chain Management." This is because the focus of the book is less on the concept than on its "potency" when SCM becomes "strategic." By potency, the author means "the effectiveness of initiatives to change the supply chain." And by strategic, he means the ability of an initiative "to change the basis for competition." The book presents models, tools, and case studies that illustrate approaches to make SCM more potently strategic. Unfortunately, the chapters devoted to these approaches contribute unequally to that objective.

For example, the chapter on Quality Function Deployment describes a questionnaire for providing insights into factors influencing the design of a strategic supply chain. This is a subject that deserves more attention than it gets in the five pages and two tables now devoted to it. On the other hand, fully 89 pages are devoted to the subject of cost and the supply chain. There is no question that this is an important dimension of SCM, but the scope and detail of its presentation would be more appropriate in a treatise on finance and accounting than in a handbook on SCM. Nonetheless, there is excellent material in this section. The treatment of root causes of cost through volume and design variability provides real insight as to why SCM must become strategic. The development of activity-based costing is as good an

explanation of the concept as any I've seen in other writings. And the graphs and tables that illustrate cost categories and cost behavior greatly simplify otherwise complex concepts.

The case studies presented run the gamut from partnership issues in the nuclear industry to distribution, maintenance, and logistics applications in the grocery, plumbing, footwear, and automotive industries. There are important lessons in those cases, but the cases are stand-alone pieces and aren't connected to each other or to the handbook's overall theme. An exception is the case study on "Demand-Driven Supply Chain in a Start-Up," which is particularly interesting and fully within the scope of the book.

A valuable section is the glossary of terms relevant to SCM. I have found that

a source of many false starts and failed supply chain initiatives is not understanding what key terms mean—terms like *cycle time*, *demand flow*, *economic order quantity*, and *product life cycle*. This glossary is a good basis for common understanding, and I strongly recommend it, not only for your own use, but for your clients and colleagues as well.

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