

RELATING FLEXIBILITY, MARKET ATTRACTIVENESS AND POSTPONEMENT IN SUPPLY CHAINS

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ABSTRACT

Flexible supply chain which contains attributes like agility, adaptability and alignment is the businesses dire need to handle present day complexities and uncertainties. The complexities can be in form of technology and nature of information processing, volume and variety of logistics transactions, stock keeping units, number of supplying and distribution partners, number of countries involved, and origin-destination pair permutations (Manuj and Mentzer, 2008). The associated uncertainties can be supplier or logistics inadequate performance, adverse natural and policy environment, varying customer demands and shortening product life cycle, competition offerings, etc. The more flexible supply chains are better they manage supply and demand risks, but major problem faced by supply chains is to justify the cost of risk measure or flexibility. This study analyses the cost benefit trade off in applying postponement and other risk measures by comparing supply chain flexibility cost with market payoff associated with the uncertain demand product. It is claimed that the strategy of postponement, speculation or avoidance depends on the capability of supply chain in terms of flexibility and market payoff. The theoretical framework so presented will be verified by qualitative surveys of the supply chain professionals across various industries operating in Indian market.

Keywords: *Supply Chain Risk Management, Supply chain Flexibility, Postponement, Market attractiveness*