

# Chapter 1

## Strategies for Effective Worldwide Supply Chains

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### ABSTRACT

*In this study, after analyzing hundreds of papers and books by using a meta-analysis technique, it was revealed that supply chain management suffers from a lack of strategies for many aspects of real-world supply chain activity. Existing supply-related strategies are very primitive and incomplete. Real-world activities in modern supply chains are complicated and multidimensional; consequently, supply chain strategies should reflect and manage these realities. This study aims to reduce the existing shortcomings in current supply chain strategies by proposing the taxonomy of supply chain strategies.*

### INTRODUCTION

No company can survive without receiving the supplies required for making/providing products/services or without the distributors necessary for selling its products/services. Therefore, supply chain management is crucial for every organization. One of the key contributors to the success and effectiveness of supply chain management is having the right strategies. Sun, Hsu, and Hwang (2009) believe that a proper supply chain strategy can lead to better supply chain management performance. Perez-Franco (2014) stated that inappropriate supply chain strategies can damage innovation in organizations. The current set of supply chain strategies is very basic and incomplete. This chapter introduces a comprehensive set of supply chain strategies to choose from by proposing a taxonomy of supply chain strategies. The taxonomy has emerged as the output of a wide-range meta-analysis of hundreds of supply-chain-related papers and books.

In the remainder of the chapter, first a short background to supply chain and strategic supply chain management is provided, and the difficulties in current supply chain strategies are highlighted. Then, solutions and recommendations to deal with the shortcomings are discussed, leading to the new taxonomy which is presented in this section after a brief description of the research methodology employed in this study. The next section discusses the theoretical and empirical implications of future research directions. Finally, a conclusion completes the chapter.

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## **BACKGROUND**

The supply chain has been an inseparable part of doing business in all sectors since trade began a few thousand years ago. The ‘Silk Road’ is an example of a trade and supply chain between three continents (Asia, Europe, and Africa) more than 2000 years ago. Therefore, conducting business by relying on a worldwide supply chain is nothing new. However, the necessity of having well-developed and appropriate strategies for modern supply chains is relatively new (Sultan & Saurabh, 2013). Modern supply chains, either at the national or international level, require proper supply chain strategies due to the high volume, speed, and variety of merchandise and coverage of modern supply chains compared to traditional or historic ones.

There is consensus among scholars regarding the importance of supply chain management (Felea & Albastroiu, 2013; Oliveira & Gimeno, 2014; Sher & Kim, 2014). Such an essential business activity deserves to have its own dedicated strategies (Ellram & Cooper, 2014), financial systems (Blackman, Holland, & Westcott, 2013) and well-trained staff (Partida, 2013; Swart, Hall, & Chen, 2012). The impact of a good supply chain is not limited to operations management (Frederico & Martins, 2014). As stated by Cordon and his co-authors (2013), “The supply chain poses the most immediate opportunity for significant improvements.” (p.42). The study by Lo and Power (2010) revealed that “The way organizations treat their trading partners is affected by the strategy(s) they choose in order to compete.” (p. 142). That is to say, a problematic and over-complicated supply chain with unsuitable strategies can create difficulties not only for the operations department but for the whole organization (Cordon, Seifert, & Lang, 2013). Thus, supply chain management and its strategies should be taken seriously in any organization.

Strategic supply chain management is an underdeveloped field with few or no strategies for modern supply chain management. There have been a few but insufficient attempts to develop strategic aspects of supply chains (Singh & Mishra, 2014). Porter’s value chain model is the most widely known theoretical framework in supply chains, though this model focuses only on identifying primary and secondary activities in supply chains with no reference to any supply chain strategies. Real-world activities in modern supply chains are complicated and multidimensional; consequently, supply chain strategies should reflect and manage these realities.

It is believed that a lack of, or unsuitable, supply chain strategies can seriously undermine and disrupt supply chain activities (Bode, Wagner, Petersen, & Ellram, 2011; Sun *et al.*, 2009). Strategic supply chain management is not just a limited and company-level issue. The World Economic Forum (2008) in its global risks report mentioned the risk of supply chain disruptions and its consequences as one of the top four threats, alongside food, financial, and energy securities. Therefore, possessing the right supply chain strategies is crucial for any organization. The difficulty is that existing supply chain strategies are not up to the task. These strategy-related weaknesses are explored in the following section.

## **SHORTCOMINGS IN CURRENT SUPPLY CHAIN STRATEGIES**

After analyzing hundreds of papers and books, this study revealed that supply chain management suffers from lack of strategies for many aspects of real-world supply chain activity. Existing supply-related strategies are very basic and incomplete. For instance, Fisher (1997), as one of the pioneers in developing supply chain strategies, suggests just two types of supply strategy: efficiency and responsiveness. He proposes that the nature of products (either functional or innovative) will determine a suitable sup-

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