***Submitted by***

***Mujeeb Ur Rahman***

***ID: 16540***

***Subject: Project procurement management.***

***Instucter : Zeeshan Ibrahim***

***Final term Exam***

***Semester: 2nd***

***Q1:*** ***Discuss the concept of Tactical Method in Supply Chain Management.***

 Tactical management focuses, instead, on processes and procedures that can save time and money while also meeting customer demands and providing value. Tactical decisions can also help minimize risks.

Tactical [supply chain decisions](https://www.thebalancesmb.com/find-the-balance-in-your-small-business-supply-chain-4082954) are made within the constraints of the overarching strategic supply chain decisions made by company management. Tactical planners take the strategic message and focus on creating real benefits for the company. These can include tactical decisions in manufacturing, logistics, suppliers, and product development.

Depending on your particular business, your tactical planning may focus on the following:

* Manufacturing
* Logistics
* Supplier relationships
* Product development

***Tactical Options for Manufacturing***

Strategic decisions may be made by company executives about the number and location of manufacturing sites to be operated. However, it is at a tactical level that decisions are made on how to produce products at the lowest cost at the highest appropriate quality.

Tactical decision-making requires knowledge of methods such as kanban ([just-in-time](https://www.thebalancesmb.com/just-in-time-jit-2221262)) inventory management. In some industries, innovative supply chain management can be a great way to save time, money, and employee effort. It's important to note that tactical decisions may be made at a local or regional level rather than at a corporate level. Decisions may be based on available resources, costs, taxes, and other factors. Thus, tactical decisions will vary from location to location.

***Tactical Solutions for Logistics***

Should logistics be managed in-house or by a third party? Even when a corporate decision is made to use in-house logistics resources, local conditions may require a different decision at the tactical level.

For example, in a region or country where transportation costs are high, outsourcing can provide cost benefits. Similarly, in countries where land costs are high, construction of warehousing facilities may be cost-prohibitive. In that case, a smart tactical decision is to use public warehousing.

***Tactical-Level Negotiations with Suppliers***

Many companies recognize the cost benefits of using global suppliers. The company as a whole, therefore, may adopt strategic supply chain policies to take advantage of international suppliers who can provide quality products at a competitive price.

At a tactical level, local and regional management must work within strategic guidelines to identify and negotiate terms that are most beneficial to the company as a whole. The process of negotiation varies from region to region; thus, the [tactical negotiator](https://www.thebalancesmb.com/negotiation-in-the-purchasing-process-2221379) must be able to balance corporate expectations with local challenges and customs.

***Product Development at the Strategic Level***

Companies make strategic decisions about the product lines they are committed to producing. Tactical decisions have to be made as to the particular products that should be developed at a given time and place. If, for example, a company makes a strategic decision to introduce a new line of MP3 players in Europe, the company must also make tactical decisions as well.

Regional and local opportunities and challenges will dictate the specifications of the players, what countries they will be sold in, and the market segment to which they will be targeted for the greatest profit.

The tactical supply chain decisions that a company makes are not made in isolation but within the framework of the strategic supply chain decisions made at a global level. Global decisions, in turn, are based on the overarching objectives of the company.

Supply chain management includes the implementation of efficient policies related to procurement of raw material, transforming them into semi finished and finished products and distributing them to the end customer, thereby transcending multiple business units. Poor supply chain management (more often than not) predominantly results in excessive amounts of inventory, the largest asset for many firms. Inventory is generally carried by firms to hedge against uncertainty of different types (demand, process and supply) as well as to account for economic efficiencies. The former is managed with safety stocks (either in raw material or in finished goods), and the latter through batches (lot sizes). Typically, both these types of inventories need to be considered simultaneously, as one is affected by the other. Outside the manufacturing floor, a major challenge that companies face relates to the management of safety stocks rather than with the choice of economic lot sizes. Thus, efficient coordination of the supply chain relies heavily on how well the uncertainties related to demand, process and supply are managed. Tactical planning is the setting of key-operating targets (such as safety stocks, planned lead times and batch sizes) across the different units in a coordinated manner. These key- operating targets then provide guidance as to which day-to-day operations (either in manufacturing, logistics or procurement) can be executed. While several software tools are available in the execution arena (using the more mature area of deterministic mathematical programming), effective tactical planning tools are yet to be fully developed. Supply chain management operates at three levels: strategic, tactical, and operational. At the strategic level, company management makes high-level strategic supply chain decisions that are relevant to whole organizations. The decisions that are made with regards to the supply chain should reflect the overall corporate strategy that the organization is following. The strategic supply chain processes that management has to decide upon will cover the breadth of the supply chain. These include product development, customers, manufacturing, vendors, and logistics.

## Customers

At the strategic level, a company has to identify the customers for its products and services. When company management makes strategic decisions on the products to manufacture, they need to then identify the key customer segments where company marketing and advertising will be targeted.

The company management has to decide on the strategic supply chain policies with regards to suppliers. Reducing the purchasing spend for a company can directly relate to an increase in profit and strategically there are a number of decisions that can be made to obtain that result.

Leveraging the total company’s purchases over many businesses can allow company management to select strategic global suppliers who offer the greatest discounts. But these decisions have to correspond with the overall company objectives.

If a company has adopted policies on quality, then strategic decisions on suppliers will have to fall within the overall company objective.

## Summary

The primary and overriding goal of any supply chain is to make sure a company is delivering the orders its customers want when its customers want those orders—and accomplish this by spending as little money as possible. Only by lowering costs and improving performance can a supply chain be truly optimized.

When a supply chain is managed at the operational, tactical and strategic levels—it has the best chance of helping its company reach its goals.

When the strategic supply chain is optimized, a company is delivering what its customers want, when its customers want it—and spending as little money as possible getting that done. [Starbucks' method of supply chain management](https://www.thebalancesmb.com/how-starbucks-changed-supply-chain-management-4156894) is a great example of this.

***Q2:*** **Through light on the problems in procurement specified to education sector in Pakistan**

procurement professionals in the education sector and other public sector bodies, need to come together to develop well procurement practices that still persist in compliance with any applicable legal regulations. They may find they will be able to save themselves a lot of money. Reshuffling the entire tendering process, for instance, should shorten the procurement lifecycle and lead to better supply management. The good news is that because educational bodies are required to follow government procedures for procurement, there is plenteously of guidance that exists; making it easier for education procurement to achieve good observes that shall save time and money in the future.

There are various issues within the supply chain because each procurement center operates individually, so there isn’t considerable coordination between all of them. There is a slightly complex approvals process, and it takes a long time to procure services and good and complete orders. When you consider various departments in schools have drastically different needs, Such as the difference between music and arts departments compared to science or math departments, having such a fragment procurement approach creates gratuitous strain on staff and students.Regardless of increase in budgets, enrollment in schools remains low, quality of learning is poor, and there are not enough buildings or teachers, long-standing issues with education in Pakistan.

Even after years of investments, reforms and promises, the education sector remains weak in Pakistan. Data from the Pakistan Education Statistics (2015-16) report “25 Million Broken Promises” and various other sources identify key trends and challenges in the education sector. The 6 biggest challenges are:

1. **Children Who Should be Enrolled Are Out of Schools**

All over Pakistan Overall enrolment increased from 42.9 million students in 2013-14, to 44.4 million in 2014-15, and to 47.5 million in 2015-16. In terms of children aged 5-16 years, enrolment increased from 27.3 million students in 2014-15 to 28.6 million students in 2015-16. A big challenge is the children who should be enrolled in school but are not. By focusing on how well children are doing at school, we limit our attention to those who are enrolled. But the number of out-of-school children is not small either. In fact, in 2015-16, while 28.6 million children aged 5-16 years were in school, 22.6 million were not. Most children in the out-of-school population are boys: Some of the reasons children drop out or don’t go to school in the first place include the families’ needs to keep children at home to help with farm work and other income-generating activities, as well as lack of motivation to study among the children, and inability to pay the expenses related to education: Baluchistan has the highest percentage of children who are out of school, with Azad Jammu and Kashmir having the lowest, according to ASER’s rural data. As expected, poorer children predominantly enroll in public schools, and richer students on average, tend to enroll in private schools.

**2. There Is Not Enough Infrastructure**

The statically analysis conclude that approximately 9% of schools do not have a building available. This implies that 9 out of 100 schools are held out in the open, putting students’ health at risk. Furthermore, even for schools that have buildings, a large number of them are in disrepair. Further, only 58% of schools have access to electricity, and approximately 68% have access to drinking water (PES 2015-16)

**3. Substantial Shortage of Trained Teachers**

The total number of teachers from primary to higher secondary levels has increased from 1.27 million in 2013-14 to 1.35 million in 2015-16. What is interesting to note is that while increasing amounts of money are being spent on teacher salaries for existing teachers, there is still a substantial shortage of teachers. The PES 2014-15 indicates that in Baluchistan, a shocking 23.7% of sanctioned posts are vacant. For Punjab, the figure is as high as 16.5%. Figures for other regions are given in the table below. Data on sanctioned positions was unavailable for Sindh and Islamabad Capital Territory (ICT). A large number of teachers are tasked with teaching students from different grades during a single session in one class room. This can affect student’s capacity to learn, given that students from different grades and learning levels are in the same class. It also affects the teacher’s ability to follow the curriculum of a given grade. In 2012, this number stood at 11.7% for urban schools and 22.1% for rural schools. According to ASER 2016, this number is even higher. 44% of surveyed government schools and 29% of surveyed private schools had Class 2 students sitting with other classes. 11% of surveyed government schools and 15% of surveyed private schools had Class 8 sitting with other classes. In terms of teacher qualification, 41% of teachers do not have a bachelor’s degree. 26% of teachers have a primary teaching certificate (PTC), while 16% of teachers have a Certificate of Teaching (CT).

**4. Quality of Learning Is Poor**

The youth literacy rate in Pakistan in 2013-14 was 80.6% for males and 64% for females.In 2014, only 46% of boys aged 5-16 years could read a sentence in Urdu, or Sindhi/Pashto in Sindh/KP, respectively. This figure was even lower at 39% for girls. In 2016, these numbers are 43% for boys and 36% for girls, which implies that the quality of education in the country is getting worse (ASER 2016).Similarly, in 2014, 49% of boys aged 5-16 years could read at least some words in English. This figure was lower at 42% for girls. In 2016, 40% of boys and 33% of girls could do the same, showing a significant drop.In terms of arithmetic, in 2014, 45% of boys aged 5-16 years could subtract. This figure was lower at 38% for girls. In 2016, these numbers are 44% for boys and 36% for girls.

**5. Curricula Needs to Change** Curricula in Pakistan are defined by rote-learning, with little emphasis laid on improving student’s critical thinking skills. Furthermore, when curricula are developed in languages that are not native to an area, the ability of students to learn is negatively affected. Research shows that learning in one’s mother tongue is most effective whereas studying a subject in another language presents the additional challenge of learning the language while also trying to understand the subject. Curriculum development has been a controversial issue in Pakistan, with textbook reform being an issue highly politicized. Beyond issues related to curricula, there is widespread cheating in formal exams that assess students’ proficiency in different subjects.

**6. Parents and School Committees are Ineffective**

 Concepts of Parent-Teacher Associations (PTAs), School Councils, and School Management Committees (SMCs) have been around since the 1990s. The key idea around such organizations is that increased participation and oversight of parents in school-level decisions and management can lead to accountability of teachers, increased ownership of local educational outcomes, and increased community integration which can be used to apply upwards pressure on district level educational staff for resolving local school-level issues. These organizations are also empowered to resolve issues such as hiring temporary teachers, making provisions for providing transport for students to schools, and fixing school infrastructure. However, doing so requires a series of bureaucratic hurdles, such as official bookkeeping, filling purchase and payment orders, developing formal school improvement plans etc. In a context of low literacy and education, parents find it hard to navigate their way through these processes. Furthermore, these councils are vulnerable to capture by the elite, with the local power holders such as landlords and community influential’s dictating terms to parents on the council. Significant amounts of funds for such councils remain unspent.

***Q3. Discuss strategic methods of Supply Chain Management with local examples from Pakistani market.***

Supply chain management (SCM) involves the movement of products and services from suppliers to distributors. SCM involves the flow of information and products between and among supply chain stages to maximize profitability.

The major functions involved in SCM are the procurement of raw materials, product development, marketing, operations, distribution, finance, and customer services. Customers are an integral part of SCM.

The objective of supply network or SCM is to maximize the overall value. Value is correlated to supply chain profitability. Here, profitability is the difference between the total revenue generated from the customer and the overall supply chain costs.

Strategies and designing of the supply chain include:

* Deciding on the supply chain structure and the activities each stage of the supply chain will perform
* Selecting a location and capacities of facility
* Deciding on the products that are to be made and the location where they need to be stored
* Choosing the modes of transportation and the source from where the information is to be collected

Supply chain design decisions are long term projects and are expensive to reverse; so the manager must take into account the market uncertainty.

Supply chain management (SCM) should enable companies to develop and execute strategies that efficiently integrate the management of all the players in a supply chain — suppliers, manufacturers, distributors, and customers — so that production and distribution are accomplished at the lowest possible total cost while meeting customer needs. In reality, though, companies struggle to achieve success in managing their supply chains.

Among the many issues that make supply chain effectiveness challenging are complexity in mass customization, product line proliferation, shorter product life cycles, pressure for faster innovation, stress from quicker technology cycles, tougher, non-negotiable service levels, extended global supply chains, abundant channels and markets, and business cycle variability. With 40 to 70 percent of costs embedded in the typical supply chain, it is critical that companies manage their supply chains optimally to achieve the highest returns now — and in the future, as the business environment changes. Companies with successful SCM programs employ eight basic best practices:

**1. Start with strategy, but be practical.** Go ahead — ask the “what if” questions about your supply chain. This will help you assess alternatives. But remember that the best supply chain strategy is one you can accomplish. Make it specific, not general; practical, not conceptual. Include elements of process, technology, organization, control philosophy, and metrics. Think through the details. It’s not enough to say that you want to employ global sourcing; to actually implement the strategy, you must specify the components, the countries, and the suppliers.

**2. Manage the entire supply chain with a focus on the customer.** SCM should span all links in the supply chain, from suppliers to logistics providers to distributors to production facilities and warehouses to customers. This entire network should be aligned to achieve the same goals: serving end customers’ needs and, to the greatest extent possible, delivering products that customers want when they want them, and at the prices they are willing to pay.

**3. Get on the CEO’s agenda.** A top-down SCM approach — that is, an initiative endorsed and led by the chief executive officer — is critical to securing senior management buy-in and ensuring that the strategy will yield good results. A Booz Allen Hamilton survey found that companies that assign SCM to functional leaders achieve 55 percent less in savings than those who’s CEO plays a hands-on role in linking SCM to overall corporate strategy.

**4. Control trade-offs between cost and service.** Smart trade-offs between cost and service are critical to the effective design of the supply chain network and to achieving the goal of satisfying customer needs. For example, overemphasis on service can lead to excess inventory and capacity. Alternatively, when too much attention is paid to cost, service elements — stock on hand, quality, customer satisfaction, and on-time delivery — can suffer, which can hurt sales. Supply chain design should address these questions: What kind of inventory, plants, warehouses, people, capabilities, and suppliers are needed? Where should they be located? Should they be owned or should they be outsourced?

**5. Ensure that key stakeholders communicate.** The objectives of business functions frequently conflict. This can weaken the supply chain so much that in short order it affects the company’s performance. For example, sales may be dead set on meeting quarterly revenue targets, regardless of the inventory implications. Or manufacturing managers may be entirely focused on cost reduction, while completely disregarding its effects on customer service. With these different perspectives competing against one another, cost, service, and revenue are not optimized. Open discussion among business units and a management-led initiative to achieve a carefully crafted supply chain strategy are essential to ensure that decisions are made to benefit the corporation as a whole.

**6. be smart about customization.** Customers are demanding ever more customized products and services, but customization adds expensive and wasteful complexity to the supply chain if it is not carefully planned for and managed. More part and product configurations mean more suppliers, more inventory, and shorter production run times. Before burdening the supply chain with these costs, assess the value of the additional products or services to the customer and the company. Complexity can be reined in through effective product architecture and by fully understanding all associated costs.

**7. Understand the value and risks of technology.** Information technology should not be used to replace broken links in the supply chain. Processes complementing the company’s SCM strategy must be designed first — then the right technology infrastructure can support the strategy. Managers may be tempted to eliminate the critical human element and rely only on software to manage the supply chain. But software can’t possibly understand a company’s strategic plan, or intelligently adjust the supply chain when it fails to match customers’ needs. In SCM, there is no substitute for knowledgeable, hands-on managers; technology can help provide data to make good decisions.

**8. Adapt to changing business realities.** Many SCM initiatives fail because they’re constrained by the existing supply chain structure. In those cases, the supply chain is tweaked, based on a limited short-term perspective, when it needs to be optimized by radically altering practices and processes. Frequent reexamination of the supply chain, with no limits placed on the assessment, is necessary if companies are to ensure that the supply chain strategy remains effective. Economies evolve, markets evolve, and channels evolve, and so must the supply chain. What works in one business environment may be unsuccessful in another. Continual adaptation of the supply chain to support frequently changing business realities — particularly new product introductions and new business launches — is a critical step to enduring market leadership.

***Relevant example from Pakistani market:***

***Supply chain challenges in the automotive industry***

The automotive manufacturing industry in Pakistan has a lot of challenges despite of focusing on their product lines. That is why automotive supply chain is considered as multifaceted because it’s continuously dependent on Economy of the country and as the economy fluctuates supply chain is affected too. So industry has to make assured that the value chain function is properly working and that cash flow is in the right direction within this vertical. Moreover, companies operating in this sector have to face an additional pressure of global marketplace as well as the pressure from the local players in the market. The Paksitani automotive industry is continuously growing. During such growth periods, some challenges also arise within the supply chain function of the automobile manufacturing industries. The companies are required to meet the demand of growing inventories and stocks as well as to cater the issues that may arise in distribution and manufacturing when the economy is up:

1. Prompt Supply of spare parts

2. Availability of replaceable products

3. Keeping inventories well-stocked

4. Keep up with increased volumes

 Availability of replacement parts for car owners for a long time standardization and integration of the spare parts logistic operations throughout the entire supply chain management functions. It’s difficult to keep up with the growing demand of products and leads to any supply deficiency and problems. So Inventories should be well-stocked but not overstocked. Here is a brief summary of production growth in last few years which should be met to keep up market value, and it can only be done by a well-organized Supply Chain.

***Supply change management challenges in textile Industry***

Pakistani textile industry will have to adapt itself with the new global market challenges and create both efficient and responsive supply chains to meet the new business environment. Many of the forward looking textile companies have quickly adapted to these challenges and have installed state of the art machines, developed and acquired information technologies that can seamlessly integrate with the global customers and benefited from the change. The pace of the changes is however, far from satisfactory and it is important to evaluate the industry to identify the performance parameters that would determine the future success and ensure a significant market share for Pakistan’s textile garments.

Efficient Supply chain management in the textile sector requires availability of the basic raw materials, infrastructure to ensure cost effective supply to the industrial centers, and effective and efficient manufacturing, meeting new technology challenges to develop products to meet the requirement of highly demanding customers. The information is life blood of any supply chain. In a global market the quality of this information acquires even greater importance. Ability to create visibility of the business to potential customers, integrating with the customers to determine their requirements and meeting their demand with the minimum lead time are factors that allow the business to compete in the global market.

A supply chain is characterized by the flow of goods, services, money, and information both within and among business entities including suppliers, manufacturers, and customers. It also includes all types of organizations engaged in transportation, warehousing, information processing, and materials handling. Sourcing, procurement, production scheduling, manufacturing, order processing, inventory management, warehousing, and, finally, customer service are the functions performed throughout the supply chain. The ultimate goal of SCM is to meet customers’ demand more efficiently by providing the right product, in the right quantity, at the right location, on the right time, and in the right condition.

 -----------------------THE END------------------------