



TRANSFORMING DELIVERY AND SUPPLY CHAIN MANAGEMENT TO COMPANY'S ABOVE PAR PERFORMANCE FRAMEWORK

ANDREA PUNZALAN, MBA, Ph.D.

<http://orcid.org./:0009-0005-9339-1403>

dreapunzalan2994@gmail.com

Philippine Christian University

Manila, Philippines

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ABSTRACT

An inefficient supply chain has a significant risk to company profitability and customer satisfaction. The purpose of this study is to explore the main strategies that manufacturing companies can utilize to identify and address obstacles in supply chain and delivery management, ultimately leading to enhanced performance and customer satisfaction. The researcher used Qualitative and Quantitative Descriptive Research through surveys (open-ended and rating scales) and interviews with the key informants such as customers and experts in the Supply Chain to gather insights into their experiences, recommended solutions to a problem, and other pertinent factors. The researcher therefore concludes that it is clear that to achieve a high level of performance in today's highly competitive business environment, it is necessary to transform delivery and supply chain governance into an integral part of a company's overall performance framework. Adopting cutting-edge technologies, utilizing data-driven insights, optimizing the supply chain through a Vertical Integration strategy, and adopting agile methodologies are necessary to maximize the potential of a business's supply chain and distribution processes. Study findings benefit both companies and customers here in the Philippines by providing the potential to improve consistency in meeting customer demand without a delay in delivering complete items, resulting in customer satisfaction and business growth.

Keywords: Supply Chain and Delivery Management, Increase Customer Satisfaction, Enhance Company Performance, Vertical Integration Strategy

INTRODUCTION

In today's fast-paced and highly competitive business environment, companies are always looking for ways to win and stay ahead of the competition. Delivery and supply chain management play a critical role in driving

organizational effectiveness, customer satisfaction, and overall performance. An "above par" performance framework is the foundation for unlocking a company's full potential and taking it to the next level. It is not just about making small improvements or meeting industry standards. It is a fundamental shift in the way businesses work, strategize and innovate. Adopting an "above par

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performance framework” means setting new standards for operational excellence, raising customer service standards, and exceeding expectations in all aspects of supply chain operations.

With the rise of globalization and rapid technological change, supply chain management is no longer as simple as it used to be. Today’s companies no longer operate in isolated local markets. Instead, they have to deal with the complexities of an increasingly globalized world where speed, accuracy, and cost are more important than ever. As a result, the linear supply chain model is no longer enough. Optimizing supply chains to efficiently deliver goods and services to customers is one of the growing businesses (Kirovska, Josifovska, & Kiselicki, 2016; Santanu, 2016).

In this research, we will explore the main strategies that manufacturing companies can utilize to identify and address obstacles in supply chain and delivery management, ultimately leading to enhanced performance and customer satisfaction.

By providing these techniques, companies can gain valuable insights into the importance of improving the supply chain, and delivery processes, and resolving challenges. Establishing a strong foundation in these areas sets the stage for long-term success, competitive advantage, and customer loyalty by addressing challenges and implementing effective solutions.

OBJECTIVES OF THE STUDY

The researcher aims to achieve the following objectives:

1. To identify the obstacles faced by companies regarding the supply chain and delivery management.
2. To propose suitable solutions to ensure timely delivery of products to

the customers.

3. To explore potential remedies, such as enhancing its supply chain and delivery management, improving customer satisfaction, and maintaining a competitive position in the market.

METHODOLOGY

The researcher utilized Qualitative and Quantitative Descriptive Research. The descriptive form of research describes the characteristics of the population and understanding the current issues. This type of research does not seek to answer questions about the reasons, timing, and methods behind the observed characteristics, but rather focuses on describing and understanding the phenomenon, such as customers’ experience and perception, key informant’s insights about the potential solutions, and other relevant factors.

The researcher collected data for the assessment by using a survey (open-ended and rating scales) and interview tools to gather information from respondents.

In line with the research objectives, the Questionnaire is divided into three main parts:

Set A, Set B, and Set C. Set A aims to gather the socio-demographic profile of each respondent, including their name (optional), department, and company name. Set B and C focus on assessing various factors such as the extent to which delays affect the customers and so on. The questionnaire utilizes a rating scale of 1-5, where the highest rank indicates "Strongly Agree" and the lowest rank indicates "Strongly Disagree". Set D consists of open-ended questions that allow Key informants to express their own opinions and perceptions.

RESULTS AND DISCUSSION

1. Indicators of an Efficient and Sustainable Supply Chain Management

According to the researcher's interview with one of the key informants with knowledge about supply chain management, the following factors influence effective and efficient supply chain management:

- a. Demand Forecasting - Forecasting demand accurately is essential for effective supply chain management. Neglecting or overestimating demand can result in an oversupply or a shortage, thus impacting the overall supply chain effectiveness.
- b. Strong Relationships - Collaboration and strong supplier relationships are essential. Reliable, responsive suppliers help streamline processes and deliver products on time, lowering lead times and increasing productivity.
- c. Inventory Management - One of the most important aspects of inventory management is keeping supply and demand in equilibrium. If the company holds too much inventory, they are tying up capital and increasing the holding costs. On the other hand, if the supplier doesn't have enough inventories, they could end up with a stock-out.
- d. On-Time Delivery - Transport and logistics networks are essential for timely delivery and cost-effectiveness. Delays or bottlenecks in transportation can result in higher prices and longer lead times.

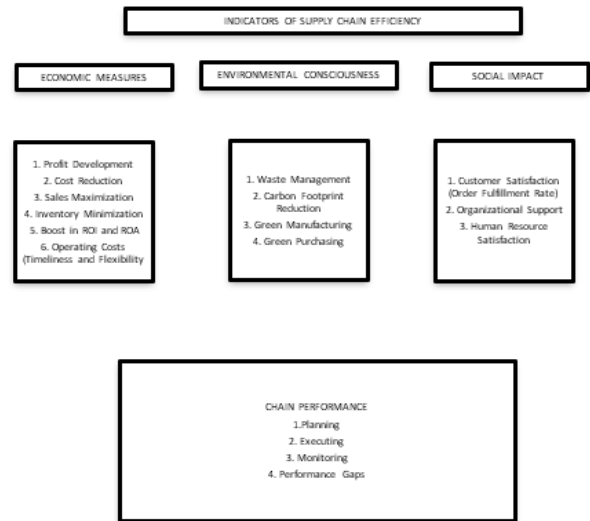


Figure 1: Indicators of an Efficient and Sustainable Supply Chain Management

2. Main Challenges in a Supply Chain

The researcher interviewed to learn about any other specific challenges or barriers they encountered about product delays or other areas of the Company's service.

2.1. The Customers / Companies

Increasing Demands. The market has become increasingly competitive in recent times, particularly during the pandemic. Technology has enabled customers to become more demanding, in terms of faster, more effective, and more tailored services. This has posed a major obstacle for modern distributors who are finding it increasingly difficult to meet the demands of their customers.

Technology and data management. Supply chain technology is constantly changing, making it challenging for distributors to stay up-to-date with the latest trends.

Looming Competition. Competition does not only exist in co-distributors. Manufacturers and retailers frequently exert competitive pressure on the distribution of goods. Offering value-added services while striking a balance between healthy margins and competitive pricing is still a difficult task.

Item shortage (out-of-stock). One of the most frequent issues encountered by customers is the issue of not having a product in stock. This can be a source of frustration, as well as a source of delays in the delivery of the product to the end-user.

Long delivery lead time. This can be especially frustrating if the customer needs a product urgently. Delays between the time of placing an order and the time the product is delivered can be a major inconvenience for customers. Delivery delays can lead to delays in the use of the product or fulfilling customer requirements.

Inaccurate and poor quality of order. With different warehouses and product transportation, the quality may be tampered with. If the quality of the product the customer receives does not meet the customer's expectations, it can lead to customer dissatisfaction and loss of confidence in the brand.

High prices. Shipping costs can also be a negative factor and Companies may lose a few customers. Shipping costs can discourage customers from making purchases if they perceive the cost as excessive, resulting in order abandonment.

Mitigating and accounting for unforeseen delays. This is the most frequent occurrence within any supply chain and it's also the most difficult to anticipate and protect against. Numerous variables can affect a supply chain and can lead to delays. Therefore, predicting and protecting against each of these variables will only be partially successful and require a significant

number of resources.

3. The extent of delay in delivering products affects overall customer satisfaction, considering:

The Importance of Delivering on Time. Based on the Likert Scale 15 out of 15 strongly agreed to the importance of delivery time. Hence, it has a very high extent of value for the lead time in three perspectives

The Customer Perception. All of the participants also have a "very high extent" value for customer perception in a supply chain. Therefore, end-users' perception is very much affected by the delays of their orders.

The Customer Loyalty. Customer loyalty is also affected to a "very high extent" with 15 out of 15 participants answering strongly agreed.

The Frequency of Repeat Purchases. Based on the results (15/15), there is a "very high extent" that repeat purchases will be lessened if the supply chain continues to have issues with delays in deliveries.

4. The Importance of Demand Forecasting

The key informant shared some techniques that are now being implemented in other firms.

Trend forecast. Is the simplest approach to demand forecasting, as it involves predicting future demand based on historical sales information. However, historical anomalies must be taken into account, as this approach assumes that past trends will persist in the future. As a result, there is a certain degree of uncertainty associated with trend forecasting.

Market Research. One way to forecast demand is to conduct customer surveys or other primary research. This approach has the



advantage of offering insights into customer demographics that can be used in marketing. The downside is that collecting and analyzing this data can be expensive and time-consuming, and the results may be distorted by respondents' preconceived notions or small sample sizes.

The Sales Force Approach. takes advantage of the knowledge and experience of the internal sales teams arguably the most market-oriented to generate a forecast of demand. This approach can yield valuable insights and can be segmented into particular products and geographic regions. Conversely, sales force composite forecasting is subjective, based on an individual's opinion, and comes with the inherent risk of sales agents artificially lowering projections in the expectation of setting lower sales targets.

5. Strategic Plan for Enhanced Supply Chain Management for a Company

Goal: Enhancing the Company's supply chain and delivery management, improving customer satisfaction, and maintaining a competitive position in the market.

Problems:

- Delays in deliveries
- Stock-out problems
- Long delivery times

Proposed Solution

The Company should do a supply chain optimization through a Vertical Integration strategy by constructing a warehouse or leasing a warehouse space. The company will be able to store more inventories. This will reduce the number of items that are out of stock and the amount of time it takes for them to be delivered. The company will also be able to store products in a controlled environment, which reduces the chances of damaged or faulty products. This

approach enables the company to generate substantial revenue by providing the option to sell products directly to retailers without intermediaries.

Implementation

The researcher suggests the following steps to ensure that the warehouse could truly benefit.

a) Market Analysis - Do a Market Analysis by knowing the SWOT of the company and so on.

b) Warehouse Location Strategy- Organize the warehouse layout to reduce travel time and increase order picking efficiency.

c) Partnership and Alliances - Work closely with suppliers to guarantee that inbound goods are delivered on time. Maintain open lines of

communication and work with vendors to address potential delays ahead of time.

d) Logistics and Transportation - Establish good communication and cooperation with transportation partners. Timely communication of finished orders and proper shipment information can help to speed up the transportation processes.

e) Inventory Management - Establish strong inventory management procedures, such as real-time tracking, demand forecasts, and safety stock levels. Keeping accurate inventory records aids in the prevention of stock-outs and delays caused by unavailable items.

f) Customs and Regulatory Compliance- Comply with the requirements both in origin and destination Customs to avoid delays in processing documents.

g) Technology Integration-Conveyor systems, robotic order picking, and Warehouse



Management Systems (WMS) are examples of automation solutions. Picking accuracy and speed can be increased by automation, resulting in speedier order processing.

h) Risk Management-Prepare for unforeseen situations like weather disruptions, labor shortages, or supplier delays. Having backup plans in place can help to mitigate the effect of unexpected issues.

i) Training and Development- Train warehouse workers to be adaptable and capable of handling a variety of activities. Cross-training improves employee flexibility and resource allocation during peak periods or when certain areas demand extra assistance.

j) Sustainability Initiatives- Apply lean principles to remove waste, reduce unneeded movement, and optimize warehouse procedures.

k) Monitoring and Evaluation- Encourage a culture of continuous enhancement in the warehouse. Review processes regularly and seek feedback from staff and customers to find opportunities for improvement.

A supply chain optimization through a Vertical Integration strategy is a business process of adjusting the supply chain to operate at peak performance. However, delivering on the promise of an above-average performance framework is not a walk in the park. It necessitates a multi-faceted approach encompassing procurement, manufacturing, and distribution, as well as a commitment to continual improvement and innovation.

CONCLUSION

The researcher therefore concludes that it is clear that to achieve a high level of performance in today's highly competitive business environment, it is necessary to transform delivery and supply chain governance into an integral part of a company's overall performance framework. Adopting cutting-edge technologies, utilizing data-driven insights, and adopting agile methodologies are necessary to maximize the potential of a business's supply chain and distribution processes.

Over the past few months, global uncertainty about demand, volatile supply, and limited capacity have been the top challenges facing global supply chains. The COVID-19 pandemic has highlighted that a successful supply chain should not only focus on the cost factor but also balance it with risk management by enhancing resilience and agility to manage these demand and supply disruptions.

RECOMMENDATION

The following recommendations were derived:

1. The companies should check its current strategy and prioritize resolving any existing issues. It is important to recognize that delayed receipt of goods can have a significant negative impact on sales. Considering the Vertical Integration Strategy through establishing the warehouse which is a location closer to the target market can be a beneficial step. This strategic decision would give the business better control over inventory management, allowing for better stock monitoring and planning. As it turns out, lead times could be decreased, improving overall delivery efficiency. They should also prioritize customer satisfaction, and continuously review and modify the strategy. By evaluating and



addressing bottlenecks, companies can improve efficiency, meet customer expectations, and stay competitive in the market.

2. The customers should disclose their precise requirements and expectations, including delivery timelines and preferred shipment methods.
3. Requesting regular updates and tracking information allows them to stay updated about the status of their order. Giving feedback allows the company to fix any issues and improve its delivery method. If time-sensitive deliveries are crucial, considering alternative options such as expedited shipping can be beneficial. Maintaining open communication lines and analyzing the overall experience after each delivery creates a better knowledge and helps make knowledgeable choices while providing essential feedback to the company as a whole.

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AUTHOR'S PROFILE



Andrea Punzalan, Ph.D. plays a crucial role in the field of Supply Chain Management within a multinational corporation. Despite being single, she shoulders the responsibility of supporting her family as the primary provider. Alongside her full-time role, she passionately engages in part-time teaching, relishing the opportunity to impart knowledge and expertise to others.

Andrea's journey to her current position was paved with academic excellence. From her early education to her college years, she consistently achieved outstanding grades. Her dedication and hard work were rewarded with multiple scholarships, which played a pivotal role in enabling her to successfully complete her studies and lay the foundation for her professional career.

This research work is her first doctorate dissertation in Ph.D. in Business Management, with a specialization in Strategic Management. She proudly holds the distinction of being an alumna of the Pamantasan ng Lungsod ng Maynila, where she attained her Bachelor's Degree in Business Administration Major in Entrepreneurship in 2015.

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