



TOWARD GOOD PRACTICE OF SUPPLY CHAIN MANAGEMENT A COMMUNITY SERVICE AT SUSU MBOK DARMI BOGOR INDONESIA

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Abstract

Delivering a supply chain good practices might ensure goods and services reach consumers using the means and methods readily available in the workplace environment. To achieve a good supply chain management, it is a need to come across an excerpt of delivering the right product, in the right quantity, to the right people, at the right place and time, at the lowest possible cost. Good supply chain management is indeed required by any services industry such as commercial drinks services outlet. Susu Mbok Darmi provides commercial various milk drinks outlet, located at modern location, like mall and individual outlet location. A community service to enhance the knowledge toward good supply chain management was conducted to Susu Mbok Darmi team in particular its supply chain, purchasing and operation department. The activity was done in the form of workshop based on the preliminary observation and in-depth interview to identify the problem of current supply chain management. The result of this community service was an additional knowledge of best practice toward good supply chain management. Participants were successfully learned about the role of Procurement versus Purchasing, Strategic Sourcing, Contract Management and Materials Inventory Management.

Keywords: Supply Chain Management, Procurement, Purchasing, Sourcing, Contract Management, Inventory Management

INTRODUCTION

Service has become a significant driving force in the development of the world economy (Wang *et al.*, 2015). In this context, service has been introduced to different research fields, such as service marketing, service operation management and service supply chains. Based on common understanding about supply chain management, each stage of the supply chain presents managers with opportunities to incorporate service roles and improve supply chain effectiveness, thereby increasing customer intimacy and attracting greater attention. Previous studies have explored the service supply chain from various aspects. Study by Wang *et al.*, (2015) stated the operational models in the service supply chain should include service procurement, service outsourcing, contract design, pricing and quality decision making.

Due to the character of service industry, such as intangibility, heterogeneity and customer participation, the decision-making backgrounds in the service supply chain are diverse. It refers to introducing behavioral factors in the research situation of SSCM, and the optimal decisions will be affected after considering various behaviors of supply chain members (Liu and Wang, 2015; Liu *et al.*, 2018; Dan *et al.*, 2018).

Liu *et al.*, (2019) summarize four major aspects and their corresponding of service supply chain management as follows:

1. Service supply management such as supply uncertainty, supplier selection and evaluation, outsourcing and order allocation, procurement management, contract choice and optimal decision;

2. Service demand management such as demand uncertainty, customer segmentation, customer relationship management, customer participation and value creation;
3. Service integration management such as resource and order integration, supply and demand matching, contract design and optimal decision about pricing, service quality management and supervision;
4. Service co-ordination management such as performance evaluation and management, service supply chain co-ordination and optimization, profit distribution and global management framework.

In addition to supply chain management, it is also important by any service industry enterprises such as coffee shops or beverages outlets to focus on their supply chain service namely Supply Chain Service Management—often referred to as SCSM or Supply Chain as a Service (SCaaS). This includes any process within the end-to-end supply chain that is not entirely contained within a single transaction system (Elementum, 2023)

“Mbok Darmi” is type of business that sells drinks a variety of flavors is made from the basic ingredients pure milk. Mbok Darmi is one of the local small medium enterprises established in Bogor West Java Indonesia. Indeed, in order to growth the business as well as for its sustainability, it is a need to implement a good supply chain management practice. Good supply chain management for the enterprise such Susu Mbok Darmi is not only in managing the material in flow up to the drink products to the customer but also to provide good services in the supply chain management as well as to treat supply chain as a service to the customers. One of the efforts is by collaborate with various academician in order to have knowledge enhancement, in particular about supply chain management. Academicians in particular in Indonesia, has responsibility not only to educate their students but also has to conduct various community services.

A community service is a sequence of education and research tied to the tri-dharma of higher education (Saleh and Mujahiddin, (2020). Furthermore, community service is a concrete manifestation of the application of science which the result will not only empowering and emancipating the community and strengthening the nation’s competitiveness but also further build and strengthen education and research (Fellow and Liu, 2021).

Community service conducted for Susu Mbok Darmi enterprise was aimed to enhance a direction for its operation management such supply chain management. In addition, by giving knowledge about good SCSM is to ensure day-to-day operations run as quickly and efficiently as possible. Practicing good supply chain management allowing enterprises to proactively address disruptions in the supply chain before they impact customer satisfaction. It also enables continuous and substantial long-term progress to leverage supply chain efficiency in achieving their high profit margin.

Hence, the purpose of this paper is to provide a community service effort report in developing good practice of supply chain management for a services food and beverage small medium enterprise in order to support their business growth and sustainability.

METHOD AND PROCEDURES

This activity was one of community service for the management of Susu Mbok Darmi in Bogor, West Java Indonesia. The stages and methods carried out in this activity were done through observation and interview the entrepreneur. The suggestion and recommendation were presented to the entrepreneur in the format of workshop. Hence, the community service was conducted as follow:

1. Time and Place of Implementation

Thursday, 15 May 2023 at Production house Susu Mbok Darmi, Bogor Indonesia

Saturday, 27 May 2023 at the Faculty of Economic and Business Universitas Pakuan, Bogor Indonesia

2. The Event Arrangement:

The schedule of event implementation event is as follows:

Table 1 Event Schedule Arrangement

Stages	Activity
Day 1 Thursday 15 May 2023	1. Production Field and Outlets observation
	2. Interview with Supply Chain, Purchasing and Operation Department team
Day 2 Saturday 27 May 2023	1. Workshop Supply Chain Management
	2. In Depth Group Discussion about Supply Chain, Purchasing and Operation

The team members in this community service were lecturers from Universitas Pakuan, Bogor Indonesia with the background of Management operation, Operation, Finance and Marketing. Whilst the Susu Mbok Darmi participants were the department of supply chain, purchasing and operation. Data gathering from the field observation and interview have used as the basis to conduct the workshop in order to solve various problems in the supply chain management. Field operation observation was carried on by observing some Susu Mbok Darmi outlets in order to see the production process in delivering various milk drinks to the customers. In depth interview with the main team of each department of purchasing, supply chain, operation, finance and marketing were conducted to identify possible problem in every stage of supply chain.

RESULTS

Stage 1. Supply Chain Management Practice observation and Interview with the Purchasing and Supply Chain Team

The aim in this stage was to gather confirmation of information as well as the obstacles in every stage of supply chain. The result indicated that there was a need to improve various practices in the supply chain management, starting from supplier selection, vendor contract agreement up to supplier evaluation.



Figure 1. Observation Susu Mbok Darmi Outlet



Figure 2. Interview with Susu Mbok Darmi Purchasing, Operation and Supply Chain Team

Stage 2 Supply Chain Management Workshop

The aim in this stage was to give direction for good supply chain management practice as well as to find solution for various obstacles in current supply chain. The topics of workshop are divided by four sessions as follow:

Session 1: Understanding about Procurement versus Purchasing.

Session 2: Understanding about Strategic Sourcing

Session 3: Understanding about Contract Management

Session 4: Understanding about Materials/Inventory Management

The picture of Susu Mbok Darmi supply chain was illustrated in figure 3 and indicated that management need to put attention on two source of material supply namely main raw material such as the fresh milk and supporting materials such as various drink assortment up to the packaging.

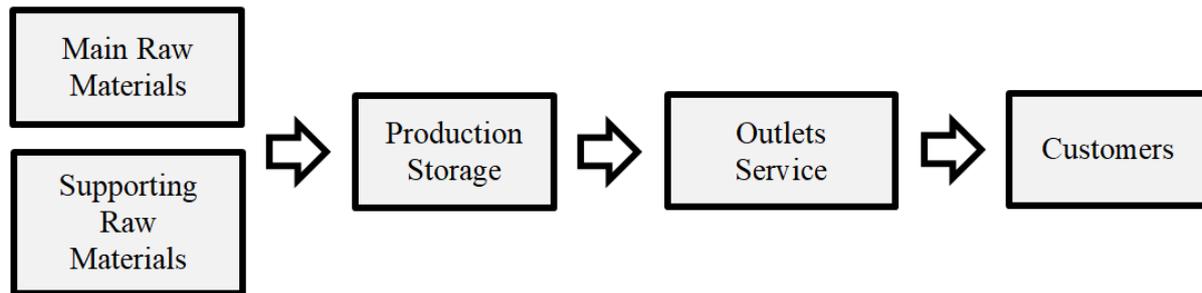


Figure 3. 'Susu Mbok Darmi' Supply Chain

Based on figure 3 above, the audience were also explained about best practice in managing various raw materials from vendors / supplier, inventory management for the production storage, outlets operation up to fulfilling the demand or forecast demand.

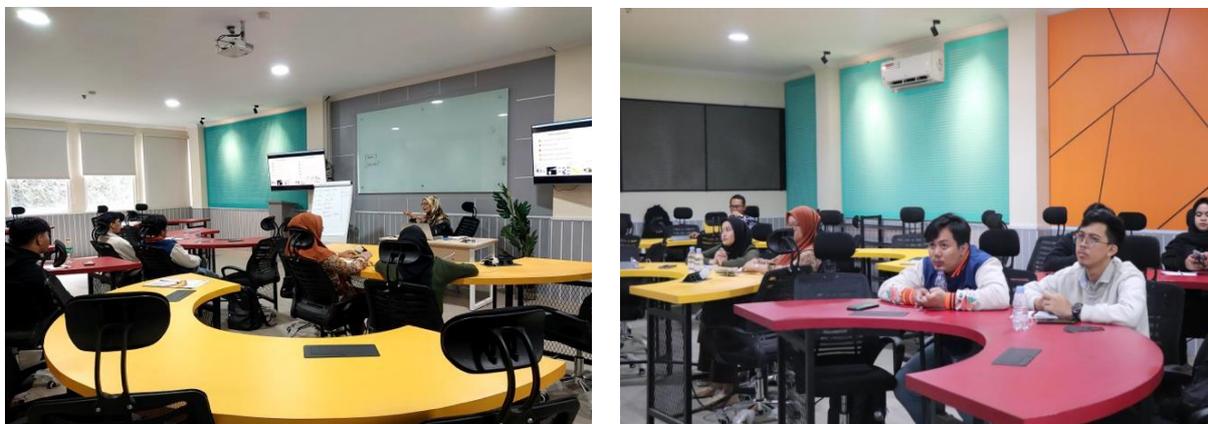


Figure 4. Supply Chain Management Workshop

Stage 3 In Depth Discussion about Supplier Selection and Operation Management

In depth discussion about supplier selection was aimed to elaborate more detail action plan to be taken in selecting suppliers up to supplier contract management in order to get consistent on both quality delivery of raw materials and pricing. On the other side, in depth discussion about operation management was aimed to enhance service supply chain to the customers. Participants were proactively learn and discuss on some simulation case studies. Participants were also did an exercise of Procurement and purchasing activities list.

The aim of this exercise is to understand that procurement was different than purchasing. Sabel (2023) defines procurement is the process of getting the goods and services that company needs to fulfil its business model. Whilst purchasing is a subset of procurement. Purchasing refers to buying goods or services and often includes receiving and payment. In addition, Monczka, *et al.*, (2009)

stated that the most important duty of purchasing is the right to evaluate and select suppliers. Furthermore, additional exercise on sourcing was given to the participants up to Kraljic matrix on sourcing strategy. Kraljic Portfolio Matrix is one method to determine the supply positioning matrix. Kraljic Portfolio Matrix categorizes procurement items based on two dimensions, namely profit impact and supply risk (with low and high ratings). Kraljic matrix 2x2 is classified into four categories, namely non-critical, leverage, bottlenecks, and strategic items (Gelderman and Van Weele, 2003).

Finally, the participants did practice about the important to conduct supplier relationship management. Prior to maintain the good relationship to the supplier, participants were explained on how to conduct the supplier management. Monczka, *et al.*, (2009) stated that the important part of supplier management involves the continuous measurement, evaluation, and analysis of supplier performance. Thus an organization must have the tools to measure, manage, and develop the performance of its supply base.



Figure 4. In Depth Discussion about Operation and Suppliers Selection

CONCLUSION

Community service to the small medium enterprise through workshop and discussion based on observation and in-depth interview can improve the supply chain practice knowledges of Susu Mbok Darmi team about the importance to conduct good supply chain management. Understanding about the role of Procurement versus Purchasing, Strategic Sourcing, Contract Management and Materials Inventory Management are the major aspects to achieve good supply chain management practice.

ACKNOWLEDGMENTS

Thanks for all support from the management and staff of Susu Mbok Darmi Bogor who have helped and participated in this activity. Thank you for the Faculty of Economics and Business Universitas Pakuan in funding this community service.

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