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The Supply-Chain Management Effect

Laura Rock Kopczak and M. Eric Johnson

Over the last decade, supply-chain-management concepts have sparked a boom in internal cross-business coordination. But although definitions have broadened and shifted, many executives believe that the field is mainly about installing IT systems for streamlined processes. Wrong, say two researchers from Dartmouth's Tuck School of Business. Their data on companies that lead in supply-chain management illuminate six ways it spurs more-creative thinking on growing a business.

The researchers predict that current trends toward restructured supply networks and improved coordination will continue, with more supplier integration and a proliferation of product customization, business complexity and uniquely defined customer relationships. But supply-chain management also will affect industry structure in new ways.

Companies in the middle of the supply chain — contract manufacturers, logistics-service providers and distributors — will redefine themselves. Also, rebranding and repositioning will occur. Companies across the chain will vie for control of the customer relationship and will find that when value propositions derive from supply-chain capabilities, new cobranding and copositioning strategies are critical. When executives look back after another decade, they'll understand that supply-chain management, having shifted business focus in its first 10 years, created an opportunity for the second 10 years to redefine the competitive landscape.

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