



ISSN: 2590-4043 (Online)
CODEN: AEMCDV



RESEARCH ARTICLE

RESEARCH ON SUPPLY CHAIN MANAGEMENT STRATEGY OF LONGTANG ELECTRIC ENGINEERING CO. LTD.

Dayong Xu*

Department of Business Administration, University of Science and Technology Liaoning, Anshan, China

*Corresponding Author E-mail: xh616@sohu.com

This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited

ARTICLE DETAILS

ABSTRACT

Article History:

Received 15 November 2018
Accepted 20 December 2018
Available Online 7 January 2019

With the rapid development of the economy, enterprises are no longer just to reduce production costs, improve product quality and expand sales, but to integrate the supply chain into the development system of the enterprise in order to improve the core competitiveness of the company and make outstanding contributions. This paper describes the research strategies of enterprises in supply chain management from the following aspects. First, this paper analyzes the background of the supply chain. The supply chain problem was first proposed by people in the late 1990s. In China's supply chain management, the research and analysis of the role of economists and entrepreneurs abroad in the enterprise has been at an early stage, and there have not been any obvious achievements. Secondly, this paper analyzes the current situation of supply chain in China and abroad. For the contribution of foreign countries in supply chain management, China has made great progress in the development of supply chain management. Third, this paper focuses on the analysis of the supply chain management strategy of the company with Heilongjiang Longtang Power Engineering Co., Ltd. as an example. Heilongjiang Longtang Power Engineering Co., Ltd. is an energy-based enterprise. The supply chain problem started late in its enterprise. In addition, there is no unified standard for supply chain management in China, which makes the development of supply chain management in Longtang Power Engineering Co., Ltd of Heilongjiang encountered great difficulties and obstacles. Finally, the article studies the problems and solutions in the supply chain in Heilongjiang Longtang Power Engineering Co., Ltd., which enables enterprises to make breakthroughs in the supply chain management model, which enables enterprises to contribute to the goal. Taking Heilongjiang Longtang Power Engineering Co., Ltd. as an example, it has helped other enterprises in the construction of supply chain management.

KEYWORDS

Supply chain, supply chain strategy, supply chain system, supply chain model

1. INTRODUCTION

Since 1990, the trend of world economic development has experienced two major developments, which are manifested in two trends: economic globalization and the new economy. However, in the rapid development of globalization of this economic trend, supply chain and supply chain management are a new concept in recent years. The supply chain problem has attracted great attention from enterprises in China. Lang Xianping, a well-known economist in China, has explained that the supply chain has promoted the development of the world, which is already the general trend of the 21st century. Today's competition is no longer an era dominated by manufacturing. The competition in the supply chain has become the main essence of the current corporate competition. Especially with the increasingly fierce competition among various power companies, it is increasingly important to strengthen the research on supply chain management theory. In this context, Heilongjiang Longtang Power Engineering Co., Ltd. is a wholly-owned subsidiary of China Datang Group. Due to its solid foundation, perfect organization and desire for faster development, it is urgent to introduce supply chain management theory into the company. Due to the short introduction time, the company did not study it as a key project, which led to many problems in its development process. Especially with the increasingly fierce competition among various power companies, the problem is becoming more and more obvious. How to improve the core competitiveness of enterprises and accelerate the pace of enterprises going to the international market is an important issue currently faced by Heilongjiang Longtang Power Engineering Co., Ltd.

2. PROBLEMS IN THE DEVELOPMENT OF SUPPLY CHAIN OF LONGTANG POWER ENGINEERING CO., LTD.

2.1 The supply chain management system has not been established yet

Many people believe that supply chain management is originally a single logistics management, and some people think that supply chain management is compatible with small and medium-sized enterprises. In fact, the supply chain is a trading business process model. It starts with the purchase of raw materials and consists of a value chain of parts suppliers, manufacturers of product manufacturing and processing, sorting vendors and product retailers to end users receiving products. The whole process of providing the products and services required by the customers starts completely from the customer's demand. Although Longtang Power started with supply chain management, how to establish supply chain management, what kind of supply chain to establish, and which part of the supply chain the company is in, what is the current focus is relatively a fuzzy state. Longtang Power only regards the supply chain as a kind of logistics movement from superior to subordinate, and it is a strategic relationship of connection rather than value-added process. It is not realized that it is connected from the network structure, manufacturers, distributors, suppliers to end users, and this is just a temporary short-term contact structure. Based on a study, because of the complexity of this network, it brings difficulties to the establishment of the system [1].

2.2 Information transmission is lagging behind

The information channel is not well cycled, the information is not transmitted in time, and the content is distorted. Throughout the process, Longtang Power's supply chain management will depend on whether the internal information system is highly accurate, because once the information in the supply chain is not delivered in time, the distortion will bring a series of problems. For example, the bullwhip effect, the consequence of this phenomenon is that product inventory is piled up, product costs increase, and ultimately will reduce the company's own survival. Moreover, while the network information resources and power resources are not shared, the comprehensive management of resources is not effectively utilized, and the advantages of not making good use of enterprise procurement will affect the development of enterprises.

2.3 The two parties have not established stable cooperative relations, and competition is more than cooperation

This problem is the result of the old business chain model, in which the relationship between supply and demand is temporary, the lack of effective mutual assistance and coordination between the two sides, and the failure to establish a lasting and stable "win-win" cooperative relationship between the two sides. This partnership adds a lot of uncertainty in the operation. Suppliers sometimes use sudden changes or temporary difficulties of the purchaser to get rid of each other's interests, rather than focusing on long-term development. There is no strategic partnership between the various companies. The formation of strategic partnerships between enterprises in the various links of the supply chain has also become a major obstacle to the implementation of supply chain management in Longtang Power Enterprises. In the previous low-interest competition, what was formed between enterprises was a kind of corporate relationship in which the fish died and the network was broken. Especially in recent studies, the malicious low-price competition of enterprises dominated by the energy industry is an important example [2].

2.4 Supply chain management talent shortage

On the one hand, in the process of supply chain management, the role of sustainable development and support is inseparable from talent. However, due to the fact that Longtang Power Supply Chain Management has just started, coupled with Cross-departmental and cross-industry management, it has put forward higher requirements for high and new technologies. Therefore, professional and technical personnel are still scarce, and it is urgently needed that a group of people have both supply chain management capabilities and modern management means. On the other hand, due to the lack of uniform standards for the operation of the energy industry, each industry is dominated by its own standards and lacks uniform standards. According to research, it is not conducive to the development of the modern energy industry and it also restricts the pace of development of the supply chain [3].

2.5 Backward management concepts

There are no backward products, there is no backward technology, and backward enterprises will not exist. It is only relative to backward management, backward talents, and backward concepts that affect the development of enterprises. All along, although Longtang Power has been working hard on the standardization of supply chain management, there are still many problems. Among them, the most important management concept is backward, because the research in China's supply chain and the emphasis of enterprises are relatively late compared to foreign companies. Therefore, the traditional management concept has penetrated into the internal management model of Longtang enterprises. The backward management concept affects the development of enterprises.

3. COUNTERMEASURES FOR SOLVING THE SUPPLY CHAIN PROBLEM OF LONGTANG POWER ENGINEERING CO., LTD.

3.1 Establish a good supply chain value management system

We must recognize the value of the supply chain management system and the specific performance indicators to meet the standard supply chain, so the supply chain itself should be flexible, adaptable and consistent.

3.1.1 Sensitivity

The sensitivity of the supply chain requires rapid convergence of changes in consumer demand, enabling customers to respond in a timely manner to meet consumer demand. In order to achieve sensitivity, first, Longtang Electric Power can shorten the distance from the final consumer. For example, if the key consumers of Longtang Electric Power are concentrated in a certain area, Longtang Electric Power may have moved some important departments to this area to communicate with customers face-to-face. The information flow optimization method helps the enterprise to obtain the customer's demand information in a short time and can respond to the customer's demand in a timely manner. Second, accelerate the sensitivity of the supply chain by compressing the supply chain. For example, the world-famous clothing brand ZARA. According to a scholar, in the whole process of product planning, production and sales, it only takes 12 days of production cycle, and it has reached the front of fashion through the rapid product supply chain [4].

3.1.2 Adaptability

Adaptability refers to whether the enterprise supply chain can quickly adapt to the changing needs of consumers and suppliers, and achieve self-adaptation changes, which not only requires self-improvement of the willingness to make changes subjectively. One of the most important conditions is that the supply chain has a "buffer" protection. The buffer includes additional funding information, additional inventory and full transparency and fast flow. These buffers have enough time and support to cope with changes in the upstream supplier's supply chain, enabling the company to quickly supply products to provide better service and adapt to faster changes in demand. For example, in 2008, Longtang Power's energy supply was out of stock, and lost a lot of profits. Based on a study, the reason is that Longtang Power's transportation fleet is not enough to meet the needs of consumers [5].

3.1.3 Consistency

Consistency has three meanings, internal consistency, internal and external consistency, and consistency of corporate interests across the value chain.

First, the first layer of meaning is to make all the operations, procedures, and methods can be adapted to the decision of Longtang Power Supply Chain and supply chain strategic goals. This requires management of the control system and the consistency of the supply chain based on Longtang Power's supply chain strategy and objectives. Consistency can include a variety of methodological procedures to control the supply chain, such as Longtang Power's energy budget and cost control to adapt to the consistency of the enterprise.

Secondly, pay attention to timely communication. If there are two reasons for the lack of goal orientation, the first may not have a clear and consistent supply chain goal, and the second is because the system does not explicitly explain or transmit distortion. In order to achieve closer contact between various departments and enterprises, timely communication and communication is particularly important. The second layer of meaning requires that all content of the supply chain, quality requirements and compliance with customer needs ensure consistency. For enterprises that are produced according to the order, the supply chain shall be written into the contract in an orderly manner according to the requirements of the customer. Based on recent study, for the retail industry where demand is not clear, companies should keep abreast of supplier information and master customer needs [6]. Co-predict and develop a supply chain blueprint based on the needs of suppliers and customers. It takes time, energy and resources to combine all the participants in the supply chain to predict the future. It is also important to fully understand that information flow facilitates good consistency in the supply chain. Finally, consistency can be seen as the consistency of the interests of participants in all aspects of the supply chain. For example, Longtang Power uses the sales management information system to ensure accurate sales information of distributors and distribution. Once the energy is lacking, the system will quickly deliver the goods according to the previous entry information, which saves the inventory cost of the dealer and increases the profit of Longtang Power.

3.2 Conversion Management Concept

Due to the aging of the infrastructure, many things are difficult to implement, or the development is slow. The reason is not because the objective factors is subjective factors. We have been living under the planned economy for a long time, which will make some mainland enterprises obsolete in concept. In addition, logistics management is introduced to China too late, and many enterprises are still unfamiliar with the new operation mode of supply chain. Therefore, the most fundamental thing is to realize the transformation of management concepts. Replacing the current "customer first" business philosophy, the current "product-centric" business philosophy, customer satisfaction as the core, in addition to product quality, variety and performance lights. Companies are also required to provide convenience in time and space to maximize customer satisfaction. Identify customer needs in terms of production and then produce on demand, reducing the risk of excess product and shortage of goods. According to research, it conforms to the fundamental interests of the enterprise and achieves a win-win situation [7].

3.3 Improve the information system and increase the speed of information transmission

The enterprise that gives priority to with supply chain management must adopt advanced information system; build a good foundation for the enterprise. Longtang's supply chain energy demand will transfer the sales management of customer information accurately to upstream distributors, manufacturers and suppliers, which also need to rely on the strong support of enterprise information technology. If it is not relied on the rapid spread of computer network technology, the timely communication of information and the processing of data between enterprises in the Longtang power supply chain will not be realized at all. The bar code technology applied by the partners in the supply relationship, the radio frequency identification technology is used to realize automatic data collection and security identification. Based on a recent study, information and communication technologies such as EDI can also be used to transmit processed data to partners, so as to achieve accurate and rapid "seamless" integration, integrate and link each link together, and make more scientific and comprehensive decisions, so as to increase the operating speed of enterprises [8].

Timely sharing of information is the basis for improving Longtang Power Supply Chain Management. The abundance of operations in the supply chain is built on each node to enhance the organization's high-quality information notification and sharing. With effective supply chain management, fast and accurate information technology support is indispensable. For example, Wal-Mart's electronic information communication system is the largest civilian self-use system in the United States and can use commodity barcodes and electronic scanners to achieve the entire process of purchasing goods, purchasing goods, replenishing shelves, and tracking goods in real time. In the late 1980s, automated ordering systems were established, and more than 1,800 suppliers were contacted using EDI technology and suppliers' electronic data interchange technology. However, Chinese enterprises in the information technology, network technology and other aspects far exceed the developed countries, e-commerce and electronic data exchange and other emerging business tools are also in the initial stage. Therefore, Longtang Power Supply Chain Management relies on a complete information management system, such as SCM, WMS, ERP-II trade management software. Apply these advanced information management measures to accelerate the use of domestic commercial communication satellites and accelerate the construction of e-commerce models. Based on a study, Longtang Power can establish its own portal website in order to update product information in time, establish its own information system, and establish an inter-enterprise information system and a third-party information management platform to realize information sharing between enterprises [9].

3.4 Create a supplier strategic partnership

Longtang Power selected excellent suppliers as partners in the supply chain and coordinated its manufacturers and suppliers to solve the problem of how to create supply chain strategic partnerships in product design, production, and spare parts supply. This will benefit the bilateral. Achieve a win-win situation for suppliers and manufacturers. In recent years, Longtang electric power has carefully selected more than 10 important energy materials, transportation facilities, and important

cooperation suppliers from several suppliers in accordance with the principles of long-term cooperation, service stability and importance. The profits of Longtang Power have risen sharply in recent years.

3.5 Cultivate outstanding supply chain management talents

"Talent Supply Chain Management", the common narrative is to train and motivate talents according to the cost-effectiveness of Longtang Power Company as the main way of talent allocation at the right time, and then use the right amount of talent to meet the needs of Longtang's power business structure and quality. Compared with "talent management", "supply chain management talent" is more realistic. It links talent management with the business process, and its purpose is to achieve long-term and short-term performance. Through the whole process of the overall coordinated enterprise personnel management activities, the results of the activities are measured, and finally a continuously optimized loop system is formed. The innovation of applied ideas and methods in the "talent supply chain" is to ensure that Longtang electric power will increase investment for each talent's decision and reduce investment is not aimless. The talent management of Longtang electric power will no longer be a luxury which only focuses on investment and returns. Instead, Longtang electric power can maintain its original competitiveness or form new core competitiveness under the pressure of external challenges and market reshuffle. Longtang Power implements the "Talent Supply Chain Management" program, which is the result of talent management in the face of supply chain management learning. There are many similarities between supply chain management and talent management: Predicting the company's product needs is similar to predicting the company's talent needs. Finding a product approach that minimizes the cost of the business and produces the fastest is similar to finding the most cost-effective approach to talent building; Outsourcing some of the local business of the production process to industries that engage in similar employment rather than internal training; in order to facilitate timely delivery and succession planning, to ensure that talents are on time and cost reduction. Based on a research, Longtang Power is more creative and operational in talent management [10].

4. CONCLUSION

As a newcomer in the field of management, the supply chain has been widely recognized by the academic and business communities. However, supply chain management is rethinking to help people to their own business model; helping to support the company's technical exchange and integration of the internal organizational structure has just begun. Foreign companies and research scholars have made great contributions to the supply chain, making the supply chain recognized by you in the academic and business worlds. Although China's supply chain issues have just attracted the attention of enterprises, they have just started in the enterprise. However, many companies have put the issue of solving the supply chain on the agenda as an important factor for the company to grow and develop. Heilongjiang Longtang Power Engineering Co., Ltd., as a member of the wholly-owned subsidiary of China Datang Corporation, highly implements the planning and decision-making of the head office and regards supply chain management as a new course of action for the company and aims at the development prospects of the company. There are deep concerns about the supply chain management issues that may be exposed. And specially trained the supply chain professional knowledge talents, and actively solve the problem of supply chain development for the enterprise. This will enable Heilongjiang Longtang Power Engineering Co., Ltd. to further develop and expand. Today, with economic globalization and the new economy in parallel, supply chain competition has become the core content of modern enterprise competition. Strengthening the research on supply chain management theory has important theoretical and practical significance for improving the core competitiveness of enterprises and rapidly moving to the international market.

REFERENCES

- [1] Liu, P.K., Tan, Z.F. 2016. Strategy Analysis and Collaborative Mechanism of Electric-energy Supply Chain Carbon Management in China. Shaanxi Electric Power, (6).
- [2] Su, J., Fan, T.T. 2015. Equilibrium analysis of electricity market considering carbon emission price. Smart grid, (9).

[3] Roger, H. 2015. UK is keen on low carbon distribution network. Power Supply. (3).

[4] Wang, J.M., Guo, X.F., An, D. 2015. Research on substation site selection evaluation system under low carbon background. Shaanxi electric power, (1).

[5] Sunil, L., Dixit, G., Abid, H. 2015. An analysis of interactions among critical success factors to implement green supply chain management towards sustainability: An Indian perspective. Resources Policy.

[6] Kannan, G., Hamed, S., Devika, K. 2015. Reverse logistics and closed-loop supply chain: A comprehensive review to explore the future. European Journal of Operational Research, (3).

[7] Wu, H.H., Chang, S.Y. 2015. A case study of using DEMATEL method to

identify critical factors in green supply chain management. Applied Mathematics and Computation.

[8] Philip, T.L., Bin, L., Danlu, B. 2015. The relationship between corporate governance and community engagement: Evidence from the Australian mining companies. Resources Policy.

[9] Chee, Y.W., Christina, W.Y., Wong, S.B. 2015. Integrating environmental management into supply chains. International Journal of Physical Distribution & Logistics Management, (1/2).

[10] Simonov, K.S. 2016. A Novel Hybrid Multi-Criteria Decision-Making Model for Green Supply Chain Performance Evaluation in the Ghanaian Mining Industry. Dalian University of Technology.

