

**V. V. Mudryk**

*Student of Faculty of Transport, Management and Logistics,  
National Aviation University*

**Y. V. Shevchenko**

*PhD in Economics, Associated Professor,  
Associated Professor of Faculty of Transport, Management and Logistics,  
National Aviation University*

## **LOGISTICS SUPPLY CHAIN MANAGEMENT OF ENTERPRISE**

Growing customer requirements and needs, progressive globalization and increasing pressure from market rivals are pushing modern businesses to integrate into supply chains. This solution leads to greater specialization as a result of the division of tasks between the individual members of the chain, reduced operating costs, risk sharing, benefits and information related to the actions taken, as well as the integration of actions and effective cooperation in order to better serve the end customer and gain a competitive advantage.

The formation of a market economy in Ukraine, the search for and improvement of new forms of management determine the urgency of the problem of increasing the competitiveness of enterprise products. A significant role in increasing competitiveness is played by the ability to respond quickly to customer needs, which is possible with clear management of supply chains.

Supply chain management is one of the central and important areas of research due to its impact on modern competition between firms in the global economy. To assist managers, the concept of supply chain management has been adopted by many business leaders as an important tool in the development, planning and control of networks of facilities and tasks that are part of many elements of supply chains. Therefore, the analysis of the advantages and adaptation of this concept for modern market conditions in Ukraine is extremely important and promising. Thus, in order to increase the efficiency of the production process, it is necessary to accurately identify possible ways to develop supply chain management in the enterprise.

The supply chain is a set of organizations and activities that are in one way or another associated with the movement and transformation of goods [1, p.600]. The beginning of the supply chain is the raw materials needed to produce the product, and its end is the delivery of the finished product to the consumer. All operations that take place in the supply chain must be accompanied by information flows. There must also be distribution channels in the supply chain, which are suppliers, focus companies, dealer networks and so on.

In today's world, SCM allows to maintain the competitiveness of the organization and increase its advantages, as the rapid development of the market, increased competition, the requirement to improve the quality of customer service, put new challenges for companies. SCM allows to optimize all cost creation processes (from raw material supply to end-customer service).

Supply chain management including the following steps [2, p.316]:

1. Planing.
2. Source (procurement).
3. Make (production).
4. Deliver (delivery).
5. Return.

Supply chain management as a concept has the following goal - to meet consumer demand while reducing logistics costs. Proper and competent application of the concept of Supply chain management determines up to 30% of the company's income, providing an increase in profits and a simultaneous reduction in costs. In addition, the use of SCM can reduce inventory, transaction costs, improve service quality and accuracy in planning demand and supply.

In practice, the organization of the logistics chain, which would ideally take into account all the interests of the parties is a very complex process. The most realistic option for building such a mutually beneficial chain is built for companies that already have long-term relationships and are in a strategic partnership. Prominent examples of strategic partnership are the creation of alliances, to which such alliances

exist in almost all areas of activity. For example, there is an alliance Renault-Nissan-Mitsubishi - the largest alliance in the field of mechanical engineering [3, p.288].

The main economic effects of SCM are presented in table 1.

Table 1.

**Efficiency of supply chain management**

| Direction of efficiency increase  | Sources of increasing economic efficiency  |
|---|--|
| Increasing the number of orders and increasing stability demand             | Improving the accuracy of planning through single information channels, synchronization of business processes, joint demand forecasting, reducing the time to market of new products |
| Decrease in insurance stocks ("replacement of stocks accurate information") | Improving the quality of operational management by monitoring the entire supply chain, timely detection of deviations and violations in the supply chain                             |
| Reduce risks and increase the reliability of plans and supplies             | Reduction of marketing and logistics costs due to the elimination of business processes associated with uncertainty in procurement, warehousing and sales                            |
| Reduction of overhead and transaction costs                                 |  |

As practice shows, there is a significant reduction in the economic effects of supply chain management (up to 30% of annual turnover) due to actions such as damage or theft of goods, collapse of transport systems, disruption of financial flows, and lack of coordination in supply chains (demand fluctuations, mismatch of production and procurement volumes, etc.). The current trend of understanding the efficiency of supply chains is the design of such supply chains, which would be characterized by a high level of economic efficiency and the required level of sustainability [4, p. 46–47].

Currently, one of the most popular solutions used to improve efficiency in the supply chain is outsourcing. Its application allows a company involved in the supply chain to transfer responsibility for its own tasks to an external service provider who will be able to implement them more efficiently, faster, with minimal costs.

The tactical advantages of outsourcing are as follows: the firm adheres to the limit of staff units; outsourcing allows you to work on a flexible schedule; significant

savings in office space and associated costs; a guarantee of professional responsibility is provided to the outsourcing company; the outsourcing task can be complicated or simplified according to the current requirements [5, p. 52–53].

The range of outsourcing in the field of supply chain logistics can be narrow, limited by the purchase of some functions, such as transport or warehousing, or wide, which includes complex agreements related to the management of the entire supply chain. Its nature can, in turn, be traditional and relate simply to the contracting of services still performed within the organization, for the same implementation by an external service provider, or innovative, which is to obtain outsourcing of modern logistics management tools that will improve logistical efficiency of the service recipient's functions [6, p.432].

Therefore, SCM is a process of organizing the planning, execution and control of flows of raw materials, work in progress, finished products, as well as providing efficient and fast service by obtaining operational information about the movement of goods. SCM solves the tasks of coordination, planning and management of processes of supply, production, warehousing and delivery of goods and services.

In the context of rapid economic globalization, the effectiveness of the use of known supply chain management tools is significantly reduced due to the mismatch of the results of enterprises - members of the supply chain to customer requirements, and especially generally accepted global standards and practices of responsible business. At the same time, there is a decrease in the level of competitiveness of the enterprise and its profits.

Understanding the need to apply elements of not only rational but also responsible business conduct and rapid response to customer requirements allow us to establish mutually beneficial and long-term cooperation between companies and ensure their own financial stability and dynamic development.

A significant role in increasing competitiveness is played by the ability to respond quickly to consumer needs, which is possible with a clear management of the supply chain. Successful supply chain management requires a number of basic needs: the availability of the necessary logistics infrastructure, the availability of highly

qualified personnel, management support, the presence of a team leader, cooperation in the logistics chain should be formed on partnership.

Logistics supply chain management is a comprehensive and systematic approach that requires the simultaneous consideration and accounting of many supply and marketing operations.

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