



5 KEY GLOBAL SUPPLY CHAIN STRATEGIES

For many small businesses engaged in international trade, there is often a lack of awareness of the concepts underpinning their supply chain approaches.

Better understanding and consideration of these may assist in enhancing the management of their production and distribution processes, as well as sharpening their competitive advantage.

At a rudimentary level, there are five supply chain strategies, as outlined below.

01 Make-to-Stock (MTS)

This involves producing goods in advance and storing them in warehouses for later sale

02 Make-to-Order (MTO) or Assemble-to-order (ATO)

Respectively, this involves producing goods, or assembling them using standardised components, only after receiving a customer order

03 Configure-to-Order (CTO)

This involves producing goods using standard components, but allowing customers to customize certain aspects of the product before it is manufactured

04 Engineer-to-Order (ETO)

Much more tailored than the CTO approach, this involves producing goods based on specific customer specifications for customized (and sometimes are for one-off products)

05 Hybrid

This strategy involves a combination of different supply chain strategies, which allows for flexibility and better risk management.

In deciding which supply chain strategy to adopt, the organisation must ensure that the strategy supports or is consistent with the organization's goals, the kind of product it seeks to provide the market, and the characteristics of its markets.