

# The Relationship between Modern Supply Chain Management and Logistics Management

Ruixu Pan

Putian Win-Win Logistics Co., Ltd., Putian, Fujian, China

**Keywords:** Supply chain management, Logistics management, Status

**Abstract:** Since the 21st century, modern supply chain management has become an important way for companies to adapt to global market competition. As an emerging management model, supply chain management is an effective way to ensure the coordinated allocation of various resources of an enterprise and the maximization of resource utilization. Supply chain management focuses on strategic coordination, resource integration and market response. Under the supply chain management model, companies can create more value for users, meet user needs and meet the needs of sustainable development of the company. This article uses market competition as the research background to analyze the supply chain management and logistics management of enterprises. Through the research of this article, it is determined that logistics management plays an extremely important role as an important part of supply chain management.

## 1. Introduction

Under the background of increasingly fierce global competition, domestic enterprises in various industries can get more opportunities to participate in international market competition, learn advanced technology and management concepts in the process of participating in competition, and promote enterprise upgrading. On the other hand, under the trend of international market competition, enterprises in various fields are faced with many development pressures, such as improving quality, shortening delivery time and improving service. The previous development system of “large, comprehensive, small and specialized” is no longer suitable for the current competition trend, and enterprises need to gradually develop in the direction of specialization, socialization, integration and modernization.

## 2. Logistics Management

### 2.1 Modern Logistics System

The modern logistics system is shown in Figure 1 below.

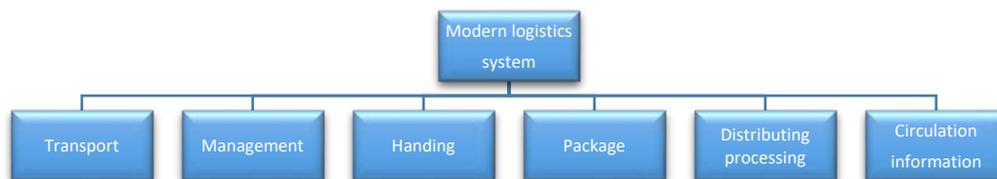


Fig.1 Modern Logistics System

### 2.2 Connotation of Modern Logistics Management

The first goal of modern logistics management is to maximize customer satisfaction. The core of modern logistics management is service. As a social basic system, logistics management needs to have the ability to adapt to social development. With the dynamic development of external environment, modern logistics management focuses more on the implementation of its own transactions, understanding of competitors, and the implementation of differentiated strategies. At present, modern logistics management has become an important component of enterprise supply

chain management because a good logistics management model can help enterprises save logistics costs to the greatest extent and create more customer value. When modern logistics management rises to the level of strategic business, enterprises need to manage it as a core competency in order to ensure the sustainable development of enterprises. From the perspective of supply chain, logistics management is an effective means to improve the overall competitiveness of enterprises. Through the application of information technology, logistics management and supply chain management complement each other and provide customers with more ideal services. The modern logistics management concept believes that the logistics activities of an enterprise are not only the work content of a single department of the enterprise, but also include suppliers, wholesalers and retailers. Therefore, under the modern logistics management model, enterprises need to build a logistics coordination mechanism that is consistent with them. The coordination mechanism also needs to be clearly recognized that it cannot achieve the goal of reducing its own development costs by harming the interests of all members of the entire supply chain.

### **2.3 Supply Chain Management is the New Direction of Logistics Management**

Under the trend of global market competition, the life cycle of products is gradually shortened. For enterprises in various industries, only relying on price and quality can not occupy a certain competitive advantage and market share. Only through innovative management can enterprises stand out in the fierce market competition. However, in the process of transformation and upgrading, if enterprises simply rely on their own existing resources, they cannot ensure that they participate in the whole competitive process. Therefore, under this factor, enterprises must integrate their own operations into the whole industrial chain and supply chain, make maximum use of social resources, and ensure that enterprises participate in the complete competitive process, and highlight their own advantages in the competitive process, so as to improve their operational efficiency on the basis of reducing their own competitive risks. The supply chain expands the logistics system of the enterprise to a certain extent, surpassing the enterprise logistics itself, accelerating the operation rhythm of the enterprise, and promoting the improvement and optimization of the enterprise service to a higher level. The logistics of traditional enterprises and the enterprise itself are in a state of opposition, while the logistics of modern enterprises and the enterprise itself are in a state of symbiosis. In supply chain management, the services of enterprises can be extended to market research, market procurement, order processing, logistics consulting, distribution, inventory and many other aspects. From the perspective of enterprise development, these services are value-added and affect the normal operation of enterprises. On one hand, how to utilize these value-added services to strengthen the competitive advantage of enterprises has become an important issue for them when participating in global market competition. On the other hand, the ability of an enterprise to provide these value-added services for the entire supply chain in the development process reflects the competitive standards and advantages it has. The management model of supply chain and physical symbiosis enables enterprises to better control logistics, capital flow, and information flow. Therefore, supply chain management is a new direction of enterprise logistics management.

## **3. Supply Chain Management**

### **3.1 Supply Chain Management Concept**

Supply chain management (SCM) mainly refers to an integrated management model of core enterprises and suppliers, sellers, and users in the supply chain under modern network information technology. This management model spans enterprises and is integrated and agile. As an advanced management thought since the 21st century, supply chain management is suitable for the development of various industries. Relevant research shows that large companies such as HP and Procter & Gamble have obtained huge economic profits in the practice of supply chain management, and the effect is remarkable.

### **3.2 The Motivation of Supply Chain Management**

There are three main motivations for enterprises to adopt supply chain management. First, grasp the demand. In the unpredictable market competition, information is an important resource to ensure a sustainable development of enterprises. The ability of an enterprise to grasp accurate demand information in time determines its ability to take the lead in capturing market share and gaining competitive advantage. This is because accurate information helps enterprises to put right resources with right amount to the right place at right time, which will allow enterprises to generate more profits while reducing costs. Second, rapid supply. Through the practice of supply chain management, companies can share resources with various companies in the supply chain, give full play to the advantages of supply chain cross-enterprise management, minimize product life cycle, and deliver products or services to customers in a more economical and faster way. Third, the improvement of competitiveness. In order to gain development opportunities in international competition, companies need to continuously improve their competitiveness. Compared with the traditional market competition, the current enterprise competition has undergone a greater degree of change. In the past, it was mostly competition between enterprises, but now it is mostly competition between supply chains. In order to get involved in international competitions and grow, enterprises in the same supply chain and with common development goals, have established long-term partnerships to maximize the competitiveness of the entire supply chain through complementary advantages. With all these advantages mentioned above, more and more enterprises have been motivated to adopt supply chain management.

### **3.3 Characteristics of Supply Chain Management**

Supply chain has five characteristics: system integration, information sharing, quick response, benefit coordination and organizational virtuality. Each feature is closely related to the sustainable development of an enterprise. These characteristics are also the core reason for supply chain management being widely used in various industries. There are a few basic contents of supply chain management which include supply management, production plan management, logistics management, and demand management.

## **4. The Relationship between Logistics Management and Supply Chain Management**

Logistics management is a branch of modern supply management, but there is a big difference between logistics management in modern supply chain management and traditional logistics management model. In the process of analyzing supply chain management model, it's important to pay attention to the development of logistics management model since it helps researchers to further understand the modern supply chain management model. British economist Martin Christopher once pointed out that "the real competition is not between enterprises, but between supply chains". Under the background of rapid development and widespread application of information technology, modern logistics management has achieved leap-forward development, and at the same time, supply chain has also achieved leap-forward development. Therefore, logistics management and supply chain management still complement each other. Under the background of logistics management development, each enterprise in the supply chain can gain more competition opportunities and market share, realize the improvement of operational efficiency, and then promote the improvement of the competitiveness of the whole supply chain. From the value point of view, the whole life cycle of products in the supply chain can be regarded as a process of value appreciation, so the value-added service level provided by logistics management for the whole supply chain in the process of value appreciation affects the degree of value appreciation to a certain extent, that is, affects the operational efficiency and supply chain competitive advantage of various enterprises in the supply chain, so the competitive advantage of supply chain management is influenced by logistics management and limited by the value-added service level of logistics management.

## **5. Conclusion**

In summary, there is an inseparable relationship between supply chain management and logistics management. Logistics management is an integral part of supply chain management, which determines the competitive advantage and management efficiency of the supply chain. Supply chain management, as a key management model to improve the core competitiveness of enterprises, promotes the development of logistics management to a higher quality, and they complement each other.

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