

## Unit 20: Hospitality Supply Chain Management

<b>Unit code</b>	<b>J/616/1804</b>
<b>Unit level</b>	<b>5</b>
<b>Credit value</b>	<b>15</b>

### **Introduction**

The aim of this unit is to enhance a student's understanding of the nature, role and contribution of supply chain management to a hospitality business. The growth of global business has led to hospitality organisations becoming increasingly reliant on logistics and supply chain management (SCM) in order to keep up with the demands of a global economy.

Students will explore the purpose of supply chain management and its benefits to a hospitality organisation, their customers and their suppliers.

The unit will consider the design, development, implementation, control and future development stages of supply chain. There is an emphasis on practical employability skills throughout this unit.

## **Learning Outcomes**

By the end of this unit a student will be able to:

1. Apply key supply chain concepts, principles, and processes in a hospitality context
2. Evaluate the importance of effective supply chain management
3. Examine the interrelationships between supply chain and other areas of a hospitality organisation
4. Recommend improvements to a supply chain strategy for a hospitality organisation.

# Essential Content

## LO1 **Apply key supply chain concepts, principles, and processes in a hospitality context**

### *The supply chain:*

Defining the supply chain

What is supply chain management?

How do supply chains differ between the service and manufacturing sectors?

The key principles of supply chain management

Using lean supply chain principles to enhance competitive advantage

### *Resources:*

Efficient, effective and sustainable resource planning and management

Obtaining working capital and capital investment

### *Service sector:*

Selecting the most appropriate strategy (e.g. make from raw ingredients or buy partly processed or ready-made)

Identifying suitable sources of supplies at the right time for the right price and at the required quality and quantity

The relationship between forecasting demand and delivering products or services to customers

Ethical and environmental factors

### *Impacts and application of technology:*

The use of real time automated delivery notification systems for tracking and monitoring the delivery of products

The application of barcode scanning, digital cameras and smartphones, etc. in warehouse storage and delivery operations

Computerised shipping, tracking and invoicing for effective logistics and distribution

Advances in refrigerated transportation, preservation, packaging and storage methods

Software and cloud computing for real time updates on inventory and procurement

## **L02 Evaluate the importance of effective supply chain management**

### *Supply chain management:*

Relationships with suppliers and logistic providers

Managing service sector supply chains versus managing manufacturing sector supply chains

Managing customers and meeting their needs efficiently and effectively to build a competitive infrastructure

The benefits of effective SCM

### *Procurement:*

Developing procurement strategies, policies and procedures

Consideration of demand management, forecasting and planning

### *Supplier landscape analysis:*

Cost/price – how much does it cost?

Quality – what is the quality of the product?

Time – how long will it take to deliver?

Place – where is the supplier?

Scale – can they meet anticipated future demand?

Sustainability – does it come from sustainable sources?

### *Vendor relations:*

Negotiations, contracts and purchase orders

## **L03 Examine the interrelationships between supply chain and other areas of a hospitality organisation**

### *Supply chain integration:*

Holistic and integrated approach to a supply chain and supply chain management

Relationship between the supply chain and other business functions

Factors influencing decisions to integrate a supply chain, including the size of the business, its structure, geographic location(s), target market, brand or image and competitor profile

### *Supply chain logistics:*

Aspects of logistics, including transportation, food miles, storage and inventory management

Integrated logistics and buyer-supplier relationships

Using logistics networks to meet service requirements

Customer demand planning and the product shelf-life and life cycle

*Supply chain management:*

A holistic approach to managing and optimising the effectiveness of a supply chain

Advantages and disadvantages of central procurement and supply chain management versus local

**L04 Recommend improvements to a supply chain strategy for a hospitality organisation**

*Analysing a supply chain:*

Taking a critical and objective approach to identify negative and positive trends

Identifying and analysing issues and problems within a supply chain

Identifying and analysing the differences in locally versus regional versus international sources of supply

*Developing justified recommendations for change:*

Critical, creative and retrospective thinking supported by evidence to inform plausible and appropriate recommendations

*Effective record keeping:*

Lessons learnt logs, feedback reports and fault or quality registers

Encouraging internal identification and record of issues/problems with suggestions for a resolution

## Learning Outcomes and Assessment Criteria

Pass	Merit	Distinction
<b>L01</b> Apply key supply chain concepts, principles and processes in a hospitality context		<b>L01 L02</b> <b>D1</b> Critically evaluate supply chain concepts, principles and processes for effective supply chain management
<b>P1</b> Demonstrate how key supply chain concepts, principles and processes are applied throughout the stages of resourcing, service or product design and development, logistics and distribution, using hospitality examples	<b>M1</b> Evaluate how integration of supply chain concepts, principles and processes improve efficiency for a hospitality organisation	
<b>L02</b> Evaluate the importance of effective supply chain management		
<b>P2</b> Evaluate the importance of effective SCM from the perspective of customers, suppliers, distributors and retailers	<b>M2</b> Critically evaluate the importance of physical, information and financial management within the supply chain	
<b>L03</b> Examine the interrelationships between supply chain and other areas of a hospitality organisation		<b>D2</b> Critically evaluate supply chain interrelationships with other functional areas of a hospitality organisation making recommendations for improvements
<b>P3</b> Explore the cross-functional and integrated approach of SCM with other functional areas within a hospitality organisation	<b>M3</b> Evaluate the implications of interrelationships between the supply chain and other functional areas using theories, concepts and/or models	
<b>L04</b> Recommend improvements to a supply chain strategy for a hospitality organisation		<b>D3</b> Justify and recommend improvements of a supply chain strategy for a hospitality organisation based on critical evaluation
<b>P4</b> Evaluate a supply chain strategy within a hospitality organisation and present proposals for improvement	<b>M4</b> Critically evaluate a supply chain strategy within a hospitality organisation and present proposals for its improvement	

## Recommended Resources

### Textbooks

CHRISTOPHER, M. (2010) *Logistics and Supply Chain Management*. 4th ed. London: Pearson.

FARRINGTON, B. and LYSSONS, K. (2012) *Purchasing and Supply Chain Management*. 8th ed. Harlow: Pearson.

PRATER, E. and WHITEHEAD, K. (2013) *An Introduction to Supply Chain Management: A Global Supply Chain Support Perspective*. New York: Business Expert Press.

SLACK, N., BRANDON-JONES, A. and JOHNSTON, R. (2013) *Operations Management*. 7th ed. Harlow: Pearson.

### Websites

<a href="http://www.cips.org">www.cips.org</a>	Chartered Institute of Procurement and Supply (General Reference)
<a href="http://www.greenhotelier.org">www.greenhotelier.org</a>	Green Hotelier for the International Tourism Partnership Supply Chain (Research)
<a href="http://www.scmr.com">www.scmr.com</a>	Supply Chain Management Review News (General Reference)

### Links

This unit links to the following related units: *Unit 4: The Hospitality Business*  
*Tool kit Unit 22: Creative Kitchen Management*  
*Unit 24: Barista to Bar Management*  
*Unit 25: Food Service*

*Management*

*Unit 28: Hospitality Distribution Channels Management*