

8. SUPPLY CHAIN COLLABORATION: A CASE STUDY OF FLORISTRY BUSINESS

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ABSTRACT

Floriculture business has always deprived attention in past. Farmers always have focused on growing traditional crops rather than focusing on floristry business. This is because of various problems associated with growing cut flowers in their landfills. The present research helps to summarize a model for Supply Chain Collaboration amongst partners of floristry business.

A collaborative model clearly explains the benefits of collaborative supply chain for aggregating the business to fetch better market and money for farmers, retailers and exporters as well as best quality product for end consumers. This business model can act as a boon to floristry business partners in near future.

Key words: Floriculture business, floral industry Supply Chain Collaboration model, Cut flowers

1. INTRODUCTION

In supply chain management, supply chain collaboration is defined as two or more autonomous firms working jointly to plan and execute supply chain operations. It can deliver substantial benefits and advantages to its partners.[1] It has been known as a cooperative strategy when one or more companies or business units work together to create mutual benefits.[2] There are two main types of supply chain collaboration, vertical collaboration and horizontal collaboration. Vertical collaboration is the collaboration when two or more organizations from different levels or stages in supply chain share their responsibilities, resources, and performance information to serve relatively similar end customers; while horizontal collaboration is an inter-organizational relationship between two or more companies at the same level or stage in the supply chain in order to allow greater ease of work and cooperation towards achieving a common objective.

2. LITERATURE REVIEW

Togar M. Simatupang, Ramaswami Sridharan, (2008), in an article titled "Design for supply chain collaboration" discussed about architecture of supply chain collaboration and to propose a design for supply chain collaboration (DfC), which enables participating members to create and develop key elements of the proposed architecture.

Cao, Mei; Zhang, Qingyu (March, 2011), in an article titled "Supply chain collaboration: Impact on collaborative advantage and firm performance" discussed about uncovering the nature of supply chain collaboration and explored its impact on firm performance based on a paradigm of collaborative advantage.

Bhide, Hetal, (March 2013) in an article titled "Vibrant trends in Packaging" discussed about the change in packaging trends in floristry market and its need for sustaining in dynamic business environment. Author discussed about the various Packing methods adopted at various levels in supply chain.

Bhide, Hetal, (March 2014) in an article titled "Awareness about floriculture business amongst flower cultivators with special reference to Nasik District" discussed about the awareness levels of floriculture partners amongst flower cultivators at all the supply chain partners of floriculture business.

Bhide, Hetal, (Oct 2017) in an article titled "A critical study of challenges influencing floriculture business with special reference to Nashik District" discussed about the challenges affecting all the supply chain partners of floriculture business.

Bhide, Hetal, (Jan 2018) in an article titled "An analytical study of current organization and management of floriculture business in Nasik district" discussed about the organization and administration of floriculture business where an attempt has been made to simplify the challenges affecting floriculture business.

Bhinde, Hetal and Shukla, Ajay, (February 01, 2018), in an article titled “Contribution to Innovation in Sustainable Agriculture Practices for Draught Prone Farmers by A.S Innovations and Agro: A Case on Eco Sarovar Hydrogel” discussed about difficulties faced by key partner of supply chain that is Farmer in producing output in adverse conditions of water.

3. THEORETICAL BACKGROUND ACTUAL WORKING

Who is Involved in Supply Chain Collaboration?

Quite simply, any two or more companies dependent on one another to supply an end-customer should be prepared to collaborate. For example:

- A retailer might collaborate with a wholesaler or manufacturer from which it purchases goods
- A manufacturer might collaborate with a raw materials supplier to add value for its end-customers
- A raw materials supplier might collaborate with one or more transport companies to generate service and cost benefits for its largest manufacturing customers

In an ideal world, every agency involved in turning raw materials into goods, selling them, and distributing them to business customers or consumers would collaborate, thus maximising supply chain cost-effectiveness and reliability. As yet though, that degree of collaboration is more likely to be the exception than the rule. [3]

Why is Supply Chain Collaboration Important?

There was a time when supply chains were, in the main, vertically oriented. A single company might have owned the processes of raw material sourcing, manufacturing, distribution, sales, and marketing, with the entire supply chain falling under the direct control of that one enterprise.

The same is rarely true today. Most supply chains are decentralised, sometimes involving dozens of companies, all playing different roles in the demand/supply cycle. With no single entity having complete control of materials, resources, strategy, or service quality, collaboration is the only way to unify the supply chain.

However the concept of supply chain collaboration is not yet mature. In many cases, supply chains still comprise a mix of companies, some of which collaborate with one another, while others maintain traditional supplier/buyer relationships. [3]

4. A CASE STUDY OF FLORISTRY BUSINESS

In floriculture industry business raw materials supplier (farmer/ grower), retailers and exporters are main SCM partners. Researcher identified six broad areas where companies can collaborate for mutual gain:

- Category strategies
- Merchandising
- Joint innovation
- Demand planning and fulfillment
- Collaborative sourcing
- Joint flow efficiency

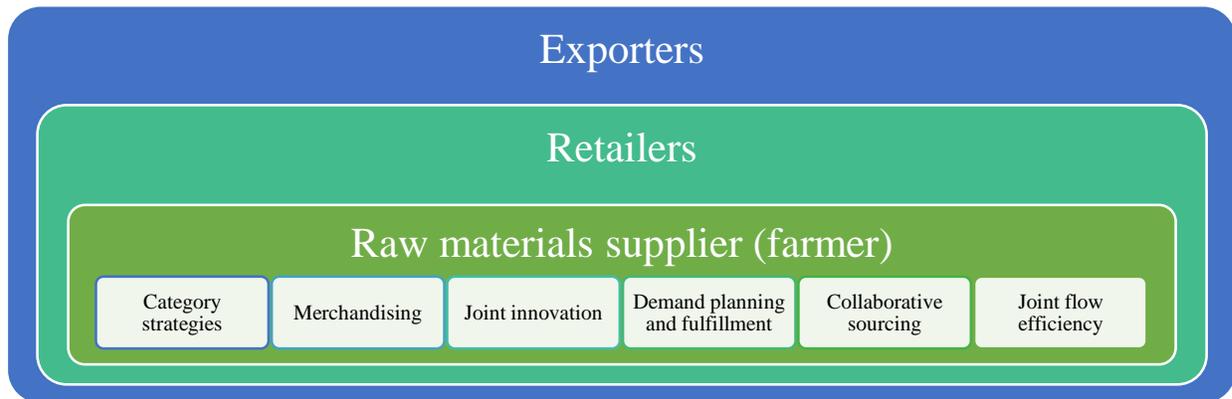


Fig 01 : Floral industry Supply Chain Collaboration model

The final three of these have direct supply chain implications, and in this case, successful collaborations can deliver profound improvements in supply chain performance.

The following are some examples we have seen:

A flower producer, retailers and exporters can collaborate to improve demand planning and fulfillment. This can also assist in avoiding stock-outs, minimize high levels of inventory on hand, stabilize production cycle and match changes in consumer demand at all levels in supply chain.

Working together, the flower producer, retailers and exporters can jointly develop forecast and demand-analysis system. This system can improve their information sharing, too: the flower producer can give the retailers and exporters access to its on-shelf availability data, which allows all the parties of SCM to modify product distribution to maximize availability in. The partners also can agree to stagger promotional activities among regions to reduce overall demand peaks. The introduction of the new system can cut shipment volatility by one-third, allowing all the parties to achieve inventory reductions of more than 15 percent and increase profit margins by 3 percentage points.

Benefits of Supply Chain Collaboration model [4]

“Knowledge is power,” as they say, and in the case of supply chain collaboration, sharing of information leads to enhanced knowledge across the chain that allows you to achieve:

- Lower inventory levels and higher inventory turns
- Lower transportation and warehousing costs
- Lower out-of-stock levels
- Shorter lead times
- Improved customer service metrics
- Visibility into customer demand and supplier performance
- Earlier and quicker decision-making

5. CONCLUSIONS

The model for Supply Chain Collaboration amongst partners of floristry business. The explained collaborative model clearly elucidates the benefits of collaborative supply chain for aggregating the business to fetch better market and money for farmers, retailers and exporters as well as best quality product for end consumers. This business model can act as a boon to floristry business partners in near future.

6. References

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