

KÜRESEL ARAŞTIRMALAR BAĞLAMINDA LOJİSTİK VE TEDARİK ZİNCİRİ YÖNETİMİNDE EN İYİ UYGULAMALAR: STRATEJİK AVANTAJI ARTIRMAK İÇİN GLOBAL TEDARİK ZİNCİRİ KARMAŞIKLIĞINI KUCAKLAMAK

ÖZ

Lojistik ve Tedarik Zinciri Yönetimi'nin "En İyi Uygulama" kavramının ileri iş uygulamaları perspektifinden gözden geçirildiği önemli bir çalışma alanı olduğu belirlenmiştir. Bu makalede Gartner Research, Massachusetts Institute of Technology tarafından hazırlanan MIT 2020 Council Project ve Avrupa Lojistik Birliği'nin En İyi Log Şirketi çalışmasını en iyi uygulamalar bağlamında incelenmiştir. Bu makale, ilgili literatürü dikkate alarak ve gelecekteki araştırmalar için bu yönde içgörüler yaratarak mevcut araştırmadaki sorunları azaltmayı hedeflemektedir. Çalışmada uyarlanan metodoloji, ortaya çıkan tedarik zinciri yönetimi kavramları ve mevcut literatürün gözden geçirilmesine dayanan uygulamaların bir çalışmasının yanı sıra, MIT'nin Yalın Girişimi tarafından tedarik zinciri yönetimi konularında yapılan bir araştırmayı da içerir. Sonuçlar, Gartner Research'ün üç ana eğilimi vurguladığını ortaya koymuştur. Bunlar; müşteri deneyimine odaklanmak, dijital tedarik zinciri yeteneklerini ölçeklendirmek ve dairesel tedarik zinciri tasarımlarına geçmek. En İyi Log projesinin analizi, en iyi lojistik uygulamasının, sadece çevre ve toplumun durumunu değil, aynı zamanda uzun vadede ekonomik verimliliği de etkileyen, sosyal, çevresel ve ekonomik prensiplerin eşzamanlı kayıt ve entegrasyonuna odaklandığının test edilmesidir. MIT 2020 Konseyi'ne göre, en iyi tedarik zincirini belirleme kriterleri SCM stratejisi tarafından desteklenen açık bir iş stratejisidir. Bu sayede "en iyi uygulamalara" odaklanmanın, lojistik çözümlerini optimize ederek tedarik zincirlerinin sürdürülebilir gelişimini, pazar payını arttırmayı, güven ilişkileri kurmayı ve pozitif bir marka kimliğini teşvik etmeyi sağladığı kanıtlanmıştır.

Anahtar Kelimeler: En iyi uygulamalar, Lojistik, Tedarik Zinciri Yönetimi

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Almaz SANDYBAYEV
asandybayev@hct.ac.ae
Orcid: 0000-0003-2310-194X

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BEST PRACTICES IN LOGISTICS AND SUPPLY CHAIN MANAGEMENT IN THE CONTEXT OF GLOBAL RESEARCH. EMBRACING GLOBAL SUPPLY CHAIN COMPLEXITY TO DRIVE STRATEGIC ADVANTAGE

ABSTRACT

It has been defined that Logistics and Supply Chain Management are an essential fields of study where the concept of "Best Practice" has been reviewed from advanced business practices perspective. This paper examines the review provided by the following companies: Gartner Research, MIT 2020 Council project by the Massachusetts Institute of Technology and Best Log Company of the European Logistics Association within the context of the best practices. The paper tries to mitigate the issues in the current research by observing related literature and generating insights for the future research in this direction. The methodology adapted includes a study of emerging supply chain management concepts and practices based on a review of the existing literature, as well as a research performed on supply chain management issues by MIT's Lean Initiative. The results revealed that Gartner Research highlighted three key trends: focus on customer experience, scaling digital supply chain capabilities and moving to circular supply chain designs. The analysis of the Best Log project tested that best logistics practice is focused on the simultaneous recording and integration of social, environmental and economic principles which positively affect not only the state of the environment and society but also has an impact on economic efficiency in the long term. According to the MIT 2020 Council, the criteria for determining the best supply chain is a clear business strategy supported by the SCM strategy. Thus, it has been proven that focusing on "best practices" allows to realize sustainable development of supply chains, increasing market share, building trust relationships and promoting a positive brand identity through optimizing logistics solutions.

Keywords: *Best practices, Logistic, Supply Chain Management*

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Almaz SANDYBAYEV
asandybayev@hct.ac.ae
Orcid: 0000-0003-2310-194X

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INTRODUCTION

In the modern economy, using the concept of integrated logistics and Supply Chain Management (SCM) is one of the basic sources of sustainable competitive advantage for companies. It is perceptible that the concept of integration lies at the center of SCM philosophy (Christopher, 1992; New, 1996; Lambert, 2004). Advanced business organizations are adjusting significant efforts to improve the efficiency of supply chains, focusing on actively attracting logistics providers, globalizing the placement of production and logistics capacities as well as introducing lean manufacturing principles in building processes throughout the chain. The methodology of integrated logistics and SCM involves the optimization of the resources used by the logistics system (supply chain). As noted by Pagell (2004) declares the essence of the entire concept of SCM is really predicated on integration. With the development of business, the level of integration of logistics activities in supply chains is continuously increasing. The essence of the integrated approach to logistics is to consider the logistics process as a whole in the supply chain to more effectively achieve business goals. Mentzer et al. (2001) suggested, SCM can be regarded as a management philosophy then this philosophy is concerned first and foremost with integration. This concept reflects the latest understanding of business, where individual firms and organizations are considered as parts of a common supply chain, directly or indirectly connected in a single integrated process of managing material and information flows for the most complete and high-quality customer satisfaction. Holistic consideration and optimization of supply chains (value chains) in practice lead to better results than isolated optimization of such functional areas as supply, production / operations or distribution. Integration in supply chains contributes to a more transparent exchange of information and as a consequence, eliminating wasteful use of resources, optimizing inventory levels, eliminating bottlenecks and consistently focusing on optimizing the cost / service balance in the supply chain. As noted, there is now a tremendous demand from multinational businesses for the services of logistics providers capable of integrating their global supply chains (Data monitor, 1999).

In the framework of the “Fourth Stage of the Digital Revolution”, digital logistics and supply chain management plays an important role. According to a PwC study on the rise of Industry 4.0, a third of the more than 2,000 respondents started to digitize their supply chains and fully 72 percent expect to have done so five years from now (2016 Global Industry). The transition to digital production and online commerce forces companies to take a fresh look at logistics as a tool for managing value chains and determine the focus of changes that should occur in logistics and Supply Chain Management under the influence of the transition to cyber production. The technology needed to cover this new requirements, is already available and all encompassed in the concept, with the main issue of the high cost (Schelechtendal, et al, 2015). Radio tag identification (RFID) and other digital technologies take the industry to a new level of transparency and automation processes. Therefore, software-based systems and service platforms will play a major role in tomorrow’s manufacturing, since they are the only way to bring connectivity, including data analysis, to machines and work pieces in production (Bosch, 2016). But even with such innovations accessible for efficiency, supply chain managers still facing major challenges. This review adapts and uses the experience of advanced companies - leaders in their own business from the point of sharing best practices.

In management, the concept of “best practices” is widely used, the introduction of which is often viewed as a guarantee of building enterprise efficiency but to achieve success it requires a complex combination of conditions that are not always objectively feasible. So is there any benefit from the "best practices"? In part, this practice is a response to the recent economic downturn, which drew the attention of companies to the question of improving the efficiency of business processes and the competitiveness of products. Skillful application of best practices allows to solve both of these problems over the years, as companies developed their own best practices methods and published

its theoretical foundations. In general, best practices is a systematic method for identifying the highest standards of products, services and processes by comparing such products, services and processes in various companies. Moreover, the most important part of benchmarking is to use the information obtained as a guide to action or, in other words, to introduce changes and improve the situation in order to achieve the highest standards that are commonly referred to as advanced working methods. As specific examples, the paper analyzes best practices in the field of logistics and SCM of the companies Gartner Research, MIT 2020 Council projects of the Massachusetts Institute of Technology and Best Log of the European Logistics Association.

LITERATURE REVIEW

Best Practices

The term “Best Practice” has become widespread, using logistics concepts or technologies that have already been tested in practice, it is possible to avoid colliding with problems that other organizations have passed through. The concept of advanced business practices is not fundamentally new. The phenomenon of this term for a long time was perceived as successful "discoveries" in the business of individual companies and was popular in the 60s - 80s of the last century. In the field of logistics in this regard, it's notable to recall at least the experience of Wal-Mart, the first to open the world to such advanced logistics systems and technologies as Hub & Spoke, bar coding and Cross-docking in distribution channels of goods by retail chains. In the early 21st century, the interest in the field of best practices increased as a response to the challenges of the economic crisis and the desire of companies to retain and increase the loyalty of their customers. Advanced practices are quite diverse. In logistics and SCM, there are the most effective methods of work in the field of strategy, technology, operating activities, business processes, organizational design, controlling, etc. Together, best practices create the most complete base for strategic and tactical logistics planning in supply chains, benchmarking and controlling logistics activities with the goal of optimal use of resources. The ability to adopt the successful experience of one company so that it benefits in the logistics of another, creates the basis for the effective integration of best practices in the context of the SCM ideology. With the development of integration of counterparties in the supply chains and the overall globalization of the global economy, companies increasingly have to optimize their operations using best practices. Their search and adaptation to the working conditions of a particular company (supply chain) are becoming more and more relevant and important for top management every year.

Best Practices Definitions

A comparative analysis of Internet glossary sources (Table 1) indicates that the term “Best Practice”, with rare exceptions does not have a precise definition, and in most cases is perceived differently. According to Technopedia, best practices mean that some technologies, methods, processes, actions, incentives, or promotions allow for greater effectiveness in achieving a specific result than others. Also, best practices can be identified as the most effective (with minimal effort) and productive (with the best results) method of achieving the goal, based on repetitive actions that have proven their reliability for quite a long time.

Table 1: A comparative analysis of Internet glossary sources

Definition	Source
A best practice is an industry-wide agreement that standardizes the most efficient and effective way to accomplish a desired outcome. A best practice generally consists of a technique, method, or process. The concept implies that if an organization follows best practices, a delivered outcome with minimal problems or complications will be ensured. Best practices are often used for benchmarking and represent an outcome of repeated and contextual user actions.	https://www.techopedia.com/definition/14269/best-practice
A method or technique that is recognized by experts as superior to alternatives in its effectiveness and efficiency. Experiences that contribute to success support but are not in themselves best practices.	http://www.usabilityfirst.com/glossary/best-practices/
Defined by Gartner as a group of tasks that optimizes the efficiency (cost and risk) or effectiveness (service level) of the business discipline or process to which it contributes. It must be implementable, replicable, transferable and adaptable across industries.	https://www.gartner.com/it-glossary/best-practice
Procedures and guidelines that are widely accepted because experience and research has demonstrated that they are optimal and efficient means to produce a desired result.	https://www2.archivists.org/glossary/terms/b/best-practices

In fact, there is no universal concept of "best practices" and the term "best" cannot be used for all organizations in a particular field of activity, on the basis of which the word "advanced" means such practices that contributed to improving the business performance of companies. Usually they are selected in the process of systematization and benchmarking, have a good reputation and are adapted to the needs of a particular company or supply chain. No practice is good or bad in and of itself; therefore, "best practice" is best only in the specific context within which it exists.

Obviously, a systematic takeover of the experience of leading companies in combination with an integrated process of continuous improvement of their activities is the best source and method for identifying best practices. Therefore, best practice never means a complete practice. Among the vast range of possible approaches to best practices, it is possible to find from emerging topics of best practices by Prologis to challenging topics of global importance of humanitarian supply chains by understanding and improving the supply chain systems behind public services and private markets (MIT 2020 Council). Best practices that openly recognize the primacy of the economic criterion (AMR) or take into account all the criteria in conducting assessments of economic, environmental and social factors by project Best Log.

METHODOLOGY AND ANALYSIS

The research analysis involved searching for common practices adapted by different organizational contexts. The main purpose is to mitigate the issues in the current research by examining related literature and generating insights. (Lewis, 1998) recommends to use this approach called iterative triangulation where the research topic is underdeveloped but includes a study of emerging concepts

and practices based on the existing literature. The research has used the method as a guide for case collection and data analysis. The resulting collection of reviews from Gartner Research, Best Log and MIT 2020 Council provided views from different industries and sectors, as well as different points of the supply chain.

(Johnson, 2015) claims that regardless of what your supply chain model is, best practices should be an integral part of it. There are five practices that the author has proven to produce positive results in a supply chain; strategy, organization, culture, logistics management, and performance management. These practices have been advocated by numerous organizations.

FINDINGS

Gartner Research's Top 25 Ranking of the World's Best Supply Chains

Gartner, Inc. is the largest leading research and advisory company and a member of the S&P 500. In 2018, Gartner Research compiled the 14th annual rating “Supply Chain Top 25”. Top 25 in supply chains reflects leadership in applying the concept of SCM. Every year, Gartner identifies companies that push innovation in supply chains. The purpose of this is to increase attention to the ideology of the SCM, as it strongly influences the business performance of the counterparty chain (Table 2).

Table 2: Supply Chain Top 10

Rank	Company	Gartner Opinion	Composite Score ¹
1	Unilever	667	6.36
2	Inditex	345	4.85
3	Cisco Systems	541	4.41
4	Colgate-Palmolive	324	4.40
5	Intel	499	4.36
6	Nike	270	4.25
7	Nestlé	426	4.21
8	PepsiCo	391	3.99
9	H&M	193	3.96
10	Starbucks	186	3.85

The increased uncertainty demand and the increasing complexity of global supply chains linked to high-risk geopolitical zones have increased the pressure on the ability of supply chains to work with predictable results. These disruptions have created a problem because the supply chains are becoming more “flatter”, requiring fundamental changes in the approach to the problem of network configuration and horizontal coordination.

In times of uncertainty and in the face of growing difficulties and risks, leading companies need stable, flexible supply chains that will support profitability and lead to leadership in the industry. This requires SC managers to review their supply chain patterns to make them more resilient to

¹ Composite Score: (Peer Opinion*25%) + (Gartner Research Opinion*25%) + (ROA*20%) + (Inventory Turns*10%) + (Revenue Growth*10%) + (CSR Component Score*10%). 2017 data used where available. Where unavailable, latest available full-year data used. All raw data normalized to a 10-point scale prior to composite calculation. "Ranks" for tied composite scores are determined using next decimal point comparison. Source: Gartner (May 2018)

possible risks. Ways to eliminate risks can include developing products that provide greater supply and production flexibility, increasing the number of long-term alternative sources of raw materials, as well as reserving logistics and production capacity. Leading companies such as P&G and Unilever have increased the transparency of multi-level supply chains and expanded the ability to manage network supply structures to be flexible in the face of disruptions. In general, leaders are focused on increasing flexibility and this continues to be an extremely important characteristic of their supply chains. This is accomplished primarily by focusing on the overall SCM process to deliver the right products or services, in the right quantity, to the right place, at the right time, and with the maximum benefits.

Supply chain segmentation has become an essential tool for simplifying the chain, offering each type of customer only the necessary and sufficient level of service. On the contrary, moving away from universalism towards fulfilling individual requirements within the supply chain entails an increase in complexity and inefficiency. The analysis showed that the concept of segmentation of the complete supply chain for solving customer orientation problems, such as cost effectiveness, personalization and speed of entry into the market, has been consistently manifested for several years. As indicated by Wilding and Humphries (2006), close long-term relationships between customers and suppliers have a beneficial impact on performance. Shift towards "multi-local" operations. Product manufacturers and retailers have long looked for ways to balance their supply chain between global economy and local response. Leading companies are redefining their supply chain "at the entrance" (supply and production - Upstream) and changing the balance of the chain's strategy in favor of multi-local design, supply and logistics support. In particular, they are moving from a fully centralized model, where these functions supported global markets, to a zoned approach, in which the capacities of the supply chain are located locally but globally structured. As mentioned by the authors, the ability of an organisation to connect external links through its internal organisation determines the effectiveness of its total supply chain (Leenders, et al 2006). As a result of the ranking of market leaders and the analysis of the best practices of SCM, Gartner Research developed the following recommendations:

- *Focus on Customer Experience*

Gartner specifies customer experience relating issues as predominant while interacting with the supplier's employees. Data and methods of this use are the key to the better quality customer service. Diversification of communication methods, additional services and the readiness of the system to fulfil any new requirements are the factors that ultimately are decisive. As a matter of fact, the ability to achieve superior customer satisfaction is considered as a key element of many firms' business strategies. Customer satisfaction is a degree of how the products and services provided by a company meet or exceed customer expectations (Fornell, 1992; Olsen and Johnson, 2003).

- *Scaling Digital Supply Chain Capabilities*

Artificial intelligence, 3D printing, the Internet of things can complement and even completely replace factory production. These trends may provide more flexible and cost-effective delivery of goods. If additive manufacturing becomes ubiquitous, then storage service providers and distributors will be forced to move their centres closer to the end user and transport companies will expand the geographical coverage of their activities. A vast number of growing changes mainly IT driven also changes the landscape of manufacturing, logistical and SCM processes. These developments have technological as well as furthermore organizational implications (Lasi, et al, 2014).

- *Moving to Circular Supply Chain Designs*

Business models of a circular economy are divided into two groups: reuse of resources through the repair, reconstruction, modernization, re-equipment and recycling of materials. In addition, both models are based on waste-free technology, everything that is not needed for the main production should be used as efficiently as possible to create other products. (Bocken et al, 2013) considers business models for the circular economy as a class of or generic strategy for sustainable business models. In addition to the new trends, it is important to note previous Gartner Research's rating reports where the development of the SCM ideology in the long term will be determined by the following factors:

1. The rapid growth of new markets in developing countries creates new opportunities for supply chain partners. As an example, the automotive industry when leading automakers transfer part of the production capacity to these countries.
2. The fluctuation of global trade, changes in commodity markets and changes in the cost of production of goods lead to fluctuations in global traffic and demand for logistics facilities. As a result, those companies that do not have time to diversify and respond quickly to these changes may face a tremendous difficulties in the future.
3. Large-scale expansion of outsourcing is another trend. Logistics providers should constantly increase their participation in the supply chains and customer business processes. To perform this, the companies need to improve the quality and expansion of expertise. Success is largely determined by the qualified personnel in logistics and SCM.
4. Growth in demand for standardized logistics solutions in supply chains. One of the fundamental requirements in contract logistics is the provision of consistently high quality services. This concerns both standard services and individual solutions developed for each specific client.

Project of the European Logistics Association "Best Log"

The aim of the research project Best Log, a European Logistics Association was to introduce environmental and social criteria in logistics and SCM. The specific objectives of the Directorate General for Energy and Transport of the European Commission include the development of such a toolkit that would contribute to the sustainable development of the land transport system of the EU countries. From the point of view of a long-term perspective, the Best Log project attempted to solve the problems of European companies in the field of transport, logistics and SCM. For example, to increase the volume of freight traffic by 30% over the past ten years which has not developed properly in the transport and logistics infrastructure and has not fully used intermodal transportation technologies. Among difficulties the following can be mentioned: congestion of roads and environmental pollution, lack of qualified personnel services, sharing knowledge and practical experience, as well as the gap between the strategy of efficiency and sustainable business development and increasing demands of groups in the context of social (environmental) liability. The project is part of the EU policy and transport policy of the Directorate General for Energy and Transport of the European Commission.

The project platform is based on the following assumption. If the freight turnover of transport continues to grow in the same proportion as the economy, then environmental protection problems become more and more significant and the traffic intensity becomes a problem for European business to the same extent as for society as a whole. The "Best log" project which has been initiated by the European Commission is positioned as a platform for the exchange of best practices in the field of logistics and SCM in Europe.

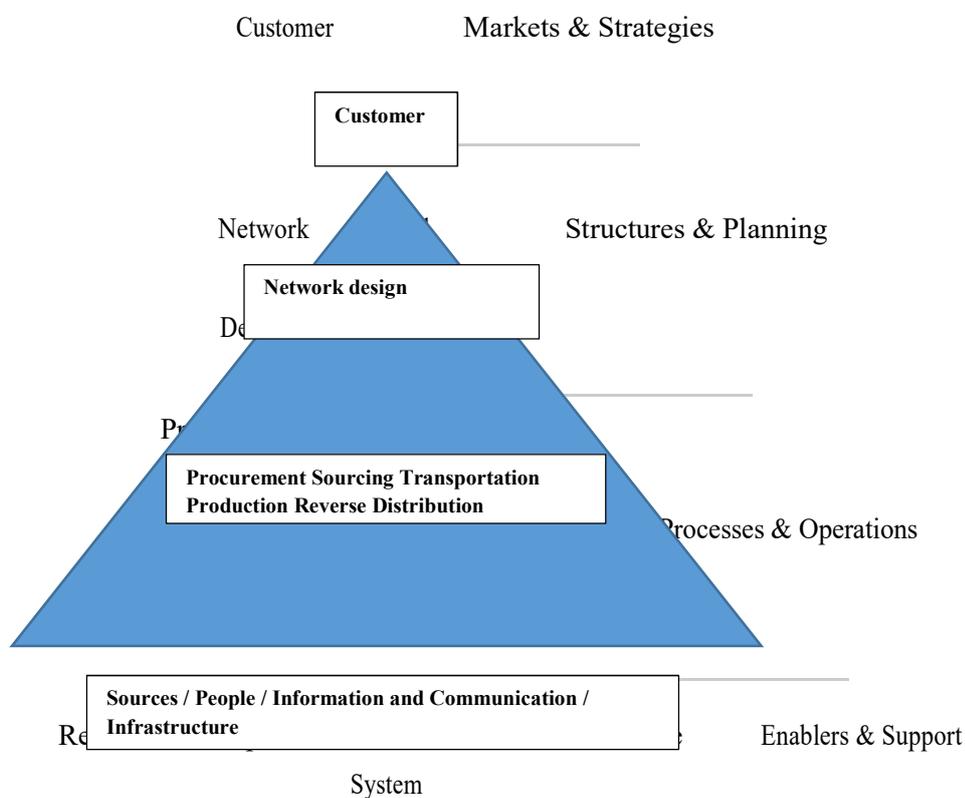
Project goals:

1. Improve logistics practices and training in this area of knowledge.
2. Establish common standards for technological solutions in logistics and SCM in Europe.
3. Identify and systematize the best standards of training and best practices in the field of logistics and SCM.
4. Promote economic growth and opportunities for increasing the number of jobs in the logistics and SCM market.
5. To achieve the best parity between EU policy and business needs in this area.

Planned actions on the project during 2011-2020 include:

- European Platform for Highlighting Best Practices in Logistics and SCM;
- Online directories for advanced logistics practices and business cases;
- On-line reference resources of training in the field of logistics of the EU countries;
- Online benchmarking for European companies;
- Possibilities for holding European conferences to share best practices in logistics;
- Internet forums, contests, media directories, working groups, etc.

Picture 1: Conceptual model of the project Best Log



Cascading best practice analysis solutions from strategic to operational level, including decision support:

Markets and supply chain strategies;

Supply chain structures and logistics planning;

Operational activities in the SCOR model of the supply chain;

Supporting solutions and resources.

Sustainable development goals harmonizing economic growth and the transport sector (separate economic growth and separate transport development).

EU enlargement - the constant integration of new EU member states.

In terms of the transport policy of the Directorate General for Energy and Transport of the European Commission, the BestLog project pays special attention to:

- Intermodal transportation technologies (“end-to-end delivery of goods”) in solving the logistical problems of European companies on the road to success and increasing competitiveness;
- Co-modal approach (“Co-modality”) which means effective work on each individual method of transportation and their integration into intermodal schemes.
- Coordinated work of shippers and logistics operators who should take into account the development of all cargo delivery scenarios (and not just road transport).

As a result of the implementation of this project under the auspices of the European Logistics Association, positive results have already been achieved in the direction of both individual companies and groups of shareholders:

Economic results:

- Reduction of transportation costs;
- Higher transport tariffs (in particular, a 100% increase for trailers);
- increase the efficiency of warehouse operations (reduction of 25% of warehouse space);
- Improvement of operational efficiency of logistics;
- A higher degree of use of equipment for cargo handling;
- Reduction of vehicle loading time.

Environmental results:

- Development of European transport corridors;
- A significant reduction in fuel consumption;
- Decrease in demand for the required transport capacity;
- Limiting the problems associated with road overloading;
- Reduction of CO2 emissions;
- More efficient use of logistic capacities.

Social outcomes:

- Development of skills and staff development in the field of logistics and SCM;

- Increase staff productivity in logistics centers;
- More effective relationships of business partners in rate chains;
- Reducing the number of road accidents;
- Positive impact on the health of local communities.

Table 3: The synergistic triad of best practices

Best Practices		
Sustainable Supply Chain		
Social Responsibility	Ecology Standard	Economic Productivity

The Best Log approach is based on the fact that the integration of social, environmental and economic principles positively affects not only the state of the environment and society but also has an impact on economic efficiency in the long term. In the context of this project, the implementation of only economic (financial) goals in practice will not bring the desired results, although it is also very difficult to imagine such a practice of companies (supply chains) that sets itself only environmental and social guideline.

It is assumed that focusing on “best practices” allows to realize sustainable development of supply chains, increase market share, build trust relationships of a focus chain supply chain company with customers and suppliers, promote a positive separation of your own brand, and improve employee morale and increase efficiency and productivity. Of particular note is the fact that this orientation reduces risks, avoiding negative public opinion and creating a good social business environment.

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Greater attention to the success of companies such as Toyota, Wal-Mart and Dell has helped supply chain managers in key industries to put their experience into practice, as well as create new practices in their own organizations. Unfortunately, this principle of imitation of best practices rarely gives good results. Toyota’s first-class approach to supply chain management is significantly different from Dell and Wal-Mart’s. It is impossible to measure everything with one measure: the apparent difference is not even that it is impossible to compare an automated warehouse management system (WMS) with the high-tech sector but that the companies themselves operate in a very different supply chains environment and their areas of competition do not match up. Therefore, a more interesting question arises: how to accurately determine the excellent supply chain? The Massachusetts Institute of Technology (MIT) SCM Center has attempted to find an answer. In 2007, the launched a long-term research project called Supply Chain 2020 (Supply Chain 2020 (SC2020)). The project’s objectives included identifying factors that could have a significant impact on achieving success in the supply chains of the future. The study also planned to identify innovative processes that can support the successful development of supply chains by 2020.

The flaw in the MIT 2020 Council’s approach to the problem of best practices in SCM is reflected in two hypotheses adopted by this organization:

H. 1 - the phenomenon of “Transmitting Practice” does not exist.

H. 2 - companies with an excellent SCM system have a strategy that supports, promotes value and replaces a significant part of the corporate strategy. From the point of view of the financial success of the company, the unique importance is the supply chain which leads the company to victory over its competitors. The MIT 2020 Council’s approach to defining best practices in the field of supply chains has the following characteristics.

A large amount of information collected: interviews with representatives of companies, consultants, the study of professional literature, data on a specific business area, information about the company (supply chain) from print media. “Best practices” are not exist: practice, no matter how good it is, is not effective if it does not contribute to the achievement of the goals set by the company and does not correspond to its performance indicators system (KPI system). Making a profit is not always the main criterion. There are many examples of companies that suffered losses at the initial stage but their business strategy has always been focused on SCM (which led to future success).

Amazon, Apple, Cisco, Dell, IBM, McDonald's, Nokia, POSCO, P&G, and Wal-Mart are identified as undoubted leaders by MIT. According to the MIT 2020 Council, the criteria for determining the best supply chain of companies are: a clear business strategy supported by the SCM strategy; additional working model that ensures the implementation of the main business strategy; orientation of the working model and business strategy to achieve a balance of goals; focus on a limited number of links (production and logistics facilities) in the practice of the best supply chains. The defining element of the success of supply chains is the “work objectives” of the focus company, which indicate what is important. They become measures (gauges) that the focusing company uses to evaluate the KPI of the supply chain. When choosing meters, the company should focus on the main principle in the work of supply chains, as well as on the choice of the most successful way of implementing business goals to maintain a competitive strategy. The work objectives are divided into three groups:

1. Relationship with customers: delivery on time, excellent quality of order fulfilment, etc. This applies to those companies that operate in sectors with high gross margins and a short product life cycle. For example: the production of fashionable clothes, pharmaceutical products, cosmetics, toys, computers, etc.
2. Efficiency: The key to minimizing prices and increasing productivity. This group includes companies operating in sectors with a low gross margin. For example: food and beverage industry, consumer electronics, consumer goods retail or industrial supplies.
3. Use of assets of the company: the main aspect here is the maximum efficiency of use of funds (assets) of the company, equipment or inventories. For example: the business sector which is characterized by large capital flows, automotive, petrochemical production and production of semi-finished products.

Some companies' supply chains, such as Wal-Mart's and Dell must be particularly efficient in order to keep prices low and remain competitive. Others were created so that their attention should be focused on customer relationships and not on prices. For example, IBM, which pays more attention to maintaining customer feedback in order to achieve sales of its highly profitable goods and services (also by keeping a high level of investment and operating costs). The company is forced to resort to such measures in order to maximize the profit potentially accumulated over the entire time of establishing relationships with customers.

CONCLUSION

The following characteristic of the perfect supply chain work is a limited number of business practices that would reinforce each other and not stand out from a number of work benchmarks. To achieve an ideal supply chain, one cannot fall into the trap, trying to do everything at a very high level, because in this case nothing will be performed well. To be excellent, the supply chain concentrates its resources on reducing the largest cost items, and applies only suitable resources to those areas that are not so important for its strategy and work. Practitioners must be consistent, supportive and mutually optimizing.

In advanced supply chains, the practice is “advanced” when it is freely combined with all developed production or sales practices to maintain a competitive strategy. From this it follows that the "advanced" quality depends on the characteristics of the industry, as well as the position among competitors which focuses on the focus of the supply chain company.

The level of SCM development, both today and in the future, will be a major factor in the competition between enterprises and networks of a single value chain, between economic regions and countries.

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