

2017

Appendix-A2

Major: SCM

S. No. ()

“(Defining and measuring key performance indicators of supply chain performance)”

**By:***(Fakhar ul Haq)**(01-221161-018)***Supervisor:***(Sir Umar Chaudhary)***Department of Management Sciences**

Bahria University Islamabad
Spring 2017

(Appendix - A3)

FINAL PROJECT/THESIS APPROVAL SHEET

Viva-Voice Examination

Date 23 / 06 / 2017

Viva Date

Topic of Research: Defining and measuring key performance indicators of supply chain performance

Names of Student(s):

Name: Fakhar ul Haq

Enrollment No 01-221161-018

Class: MBA

Approved by:

Supervisor (Sir Umar Chaudary)

Examiner-I (Wali ur Rehman)

Examiner-II (Dr Ismail Ramay)

Dr. Sarwar Zahid

Research Coordinator

Dr. Muhammad Ali Saeed

Table of Contents

Chapter 1: Introduction	4
Thesis objectives:	5
Thesis Constraints:	5
Problem Definition:.....	5
Chapter 2: Literature review	6
Flexibility:	10
Velocity:	10
Visibility:.....	10
Supplier-Buyer relationships:.....	11
Supplier Relationship Management Process:	12
Chapter 3: Theoretical Framework	14
Concept of Measuring Performance.....	18
Verification and characteristics	25
Elements driving supply chain performance	25
Chapter 4: Research Methodology	37
Research Process	38
Data Analysis.....	39
Framework:.....	41
Chapter 5: CONCLUSION	43
Chapter 6: Findings	45

Chapter 1: Introduction

1.1 Background

Supply chain management (SCM) is a term that was first introduced by consultants in the early 1980's and has since then frequently gained increased attention by both researchers and organisations (Lambert & Cooper, 2000). Today, it has become one of the most discussed topics in business literature (Peng Wong & Yew Wong, 2007) and is considered a key strategic element (Gunasekaran et al., 2001).

The reason for the increased focus in supply chain management is largely due to the complex environment in which companies compete. Markets have become far more dynamic and turbulent with rapid changes in customer requirements (Jespersen & Skjott-Larsen, 2005). The markets have also become more segmented which means that customers have various requirements for products and services. In addition, increased requirements on companies from a market to deliver multiple product varieties and provide customised solutions of both products and services are increasing. Furthermore, global competition has put pressure on companies to become faster, better, and cheaper (Jespersen & Skjott-Larsen, 2005). This implies that companies have begun to use outsourcing as a main strategy since it is costly and difficult to produce the needs solely on their own (Gunasekaran et al., 2001). In turn, this emphasises the importance for companies to build strong relationships with other actors in the chain in order to stay competitive. The increased importance for cooperation and integration among actors results in greater complexity when it comes to management and control of technology (Jespersen & Skjott-Larsen, 2005).

Companies and managers have started to realise the potential benefits with supply chain management, and also that competition now increasingly exists between different supply chains rather than between two companies. In spite of companies' and managers' recognition of supply chain management they often lack the ability to develop effective performance measures and metrics (Gunasekaran et al., 2001). This is supported by Bourne et al. (2003) who state that approximately 70 percent of the attempts to implement performance measurement systems (PMS) fail. Measuring supply chain performance might lead to a greater understanding of the supply chain and helps to test and reveal the viability of a firm's strategies. In addition, Ramaa et al. (2009) state that measuring supply chain performance provides important feedback information, helps to reveal progress, increase employers' motivation and communication, and helps to diagnose problems. The measures that help a company measure their progress on performance objectives in everyday work are often referred to as key performance indicators (KPIs).

In general, an extensive amount of research literature has been addressing the subject of PMSs including descriptions of how they are to be developed as well as highlighting their importance. However, (Chan & Qi, 2003) state that even though plenty of models have been developed for