Supply Chain

1. What is a Supply Chain?

A supply chain is simply a representation of all the organisations and resources that are involved in the transformation of a product from the extraction of the raw material, through the manufacturing process to the point where the final product is made available to the end-user.

Below is a diagram of a basic supply chain. Stage 4 (vision centre buys spectacles from the wholesaler) and stage 5 (patient buys spectacles from the vision centre) are the two main stages of the supply chain that a vision centre will generally be involved with.

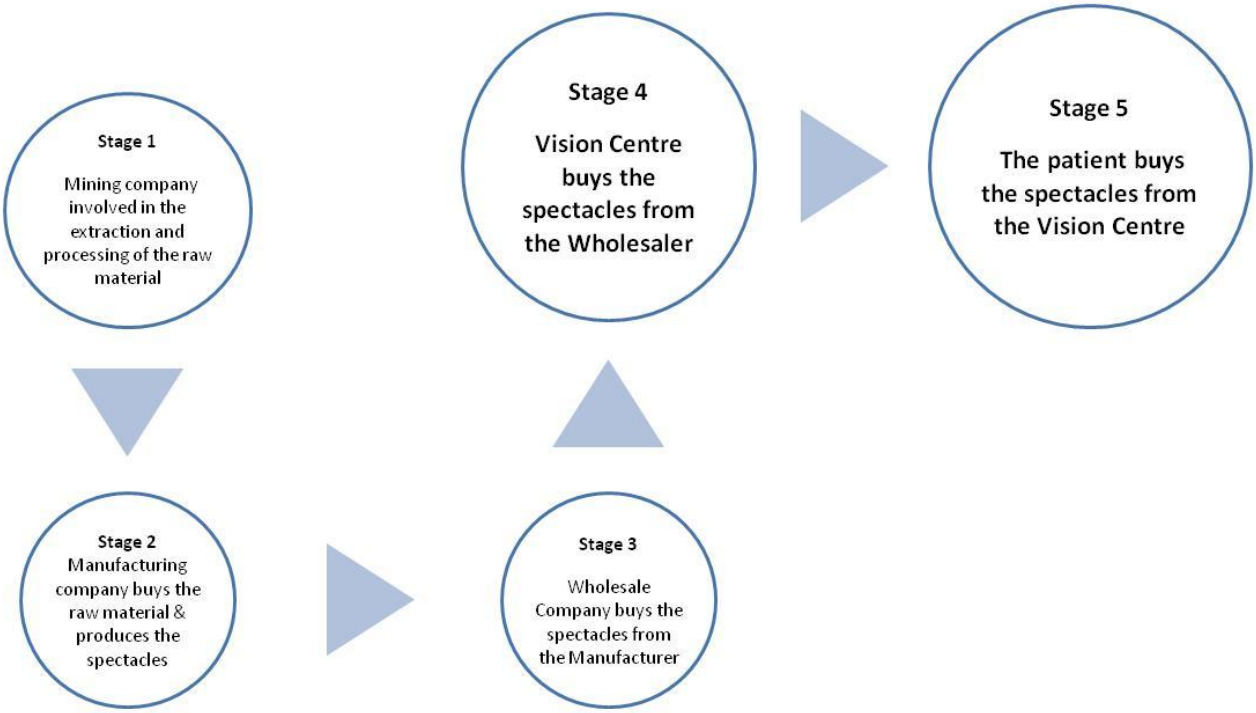

Figure 1.

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2. Suppliers

One of the most important groups of organisations in a supply chain is the suppliers. These are organisations from which a business purchases their products, be it in their raw, semi-finished or finished form. For a Vision Centre, the suppliers will be those organisations that supply them with spectacles, optical frames, lenses and other optical equipment.

3. Customers

Customers are people or organisations, which purchase from suppliers. In the case of the Vision Centre, the patients will be their customers. In order to appropriately service your patients, it is important to know their needs and position yourself to satisfy these needs. This entails analysing patient feedback and conducting patient surveys. It is through these activities that the Vision Centre will learn about their patient's needs and preferences and appropriately change their operations to deliver accordingly.

An organisation in the supply chain can be both a customer and supplier at the same time. For example the Vision Centre is the customer of the Spectacles Wholesaler, and also the supplier to the patients purchasing spectacles (Figure 1).

4. Product

A typical supply chain involves activities concerned with the creation and/or transformation of a product and the movement of that product to the end-user in the desired form. A product moving through a supply chain may be in the following forms:

- Raw Material e.g. steel;
- Semi-finished e.g. spectacle frame;
- Finished e.g. pair of prescription spectacles.

It is important for the Vision Centre to be knowledgeable about their products especially regarding quality and specifications. Only once it has a grasp of these product concepts can it choose suitable suppliers who are able to deliver the right product at the right price, quality and time.

5. Logistics

Logistics is an integral part of the supply chain as it involves all the organisations, resources and information in moving goods in all their forms through the supply chain. The main activities and components of logistics include but are not limited to:

- Various modes of transport (land, sea and air);
- Clearing and forwarding agents / Brokers;
- Warehousing;
- Information systems.

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For each of the above, the following is important information which needs to be established:

- Timelines and cost relating to each;
- Insurance costs and terms;
- Point of transfer of ownership of goods from the supplier to the purchaser (e.g. does ownership of the goods transfer from the supplier to the purchaser once the supplier puts the goods onto the ship for delivery or does it happen only when the goods reach the purchaser's premises?) There are various options for the transfer of ownership and one has to be aware these.

How does this relate to vision centres?

Vision centres are part of a supply chain as they buy supplies (eg frames and lenses),add value to them (edge and fit them) then onsell them to patients. An efficient supply chain helps to minimize turn around time to patients, as well has helps to provide a high quality product at the lowest possible price.

Establishing a supply chain

To establish a supply chain, it is first important to identify what products need to be ordered. These may include items such as:

- Frames
- Lenses
- Equipment
- Consumables (eg drugs, cleaning products, hygiene products, blocking pads, pattern blanks)
- Stationery

Investigate supplier options

Finding suppliers who are able to supply the items required, and able to ship them to a vision centre location can be challenging, particularly in remote areas. The investigation into supplier options should include both local options (where available) and international options.

Factors in choosing a supplier

Finding the best wholesale suppliers to provide products to the Vision Centre is a crucial step in the operations of the Vision Centre. It is important to research the suppliers well and choose those that are able to deliver the right product at the right quality and price.
However, these criteria are not the only factors which need to be considered. Here are some of the most important factors to think about when selecting the suppliers for a Vision Centre:

Competitive pricing

In order to provide the greatest access to spectacles for all, pricing from the supplier needs to be very competitive. However, we need to balance purchasing costs versus quality costs, which are costs involved when a product is of poor quality and doesn't perform to acceptable standards.

Fast delivery of products

Speed of order processing should be one of your top considerations. We need to find out what the suppliers delivery lead times are, which means how long will they take to deliver the products to you after an order has been placed.

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A supplier may meet all the other criteria but may take too long to deliver, which may interrupt the operations of the Vision Centre and the quality of the service it delivers. Also, the faster your suppliers deliver, the lower are the amounts of stock you need to keep.

Knowledgeable on market

Being associated with a supply company which knows and shares what actually sells in your market is a definitive advantage. It gives us information on exactly what patients want from the products in your Vision Centre. Stocking high selling items is a great way to satisfy patients and maximising cost recovery.

Excellent customer service

Another important factor is the supplier's after sales services. You want someone who will partner with the Vision Centre to deliver quality and service to our patients. Your suppliers need to not only promptly return your calls and enquiries, but they should also take the initiative by keeping you informed and updated about your orders. The supplier should be looking to make each order easy for you.

Terms and conditions

The conditions of sale are important, especially with regard to warranties, insurance and damages. For example, many suppliers provide a free replacement on defective parts within the first year by issuing credit upon return. However this is not standard policy and may vary between suppliers. In addition to this, many suppliers have a minimum stock order quantity or a minimum $ spend, which may not be feasible for small centres.

High in-stock percentage

You need wholesale suppliers you can depend on to reliably have those same products in-stock most of the time. You need to know in virtually all cases you can submit an order and it will be quickly filled.

Local or international location

You may have the choice between local or international suppliers. Llocal suppliers have a number of potential advantages including:

- shorter delivery time
- knowledge of the local market
- support of the local economy
- better warranty/service turnaround times

However, international suppliers often have the potential advantages of:

- lower prices
- can be the only option in some places or for some equipment

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In general you should choose one or two trusted suppliers and do most of your business through them. Fewer suppliers are better for several reasons:

- Many businesses will give 'volume discounts'.
- You'll give each supplier enough business so your practice becomes a priority for them
- Stock control is easier
- It is simpler for the finance department to pay fewer invoices.

Determine ordering frequency

Once your suppliers have been chosen, the frequency in which you order should be determined. This will be based on issues such as minimum order size, projected usage rates, delivery times and also the time required for customs and transport delays.

Remember to allow contingency time for unexpected delays, or unexpected usage patterns (eg a spike in demand) to occur. A vision centre must hold enough stock to ensure that it does not run out.

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