

Name

Institution

SUPPLY CHAIN MANAGEMENT

Supply chain management is an important activity for any company. A supply chain is the avenue through which a company gets to sell its products and earn revenue and profits. It involves the way a company manages the suppliers, sales agents, and retailers of their products and the accompanying commissions and payments (Shah, 2009). As an example, Microsoft Company is one of the companies that have good supply chain management for its products. As a company, they have been able to sell their software products worldwide through the supply chain and have been very successful in achieving their sales targets and tremendous profits. The main objectives of supply chain management include, ensuring human survival, protecting cultural freedom, improving quality of life, reducing operating costs of a business, improving financial position of a business, and boost customer services. Supply chains ensure that the rate of production meets the demand in the market during different seasons of the year (Coyle et al., 2009).

Microsoft Company has five major steps followed in the supply chain management. These include production, order management, order fulfilment, transportation, and collaboration. Supply chain management ensures that all the departments involved in the production, packaging, distribution, and sale of products at the company coordinate as required giving the required outcome and meeting the demand in the market. One of their products that have been very successful to sell through their supply chain management is the Windows 7 operating system. Since its release into the market in 2009, this software package has been very successful and has registered a sale of around 650 million copies worldwide. Windows 7 has recorded one of the world's most selling software among all the producer companies (Coyle et al., 2009). Even before its release, this product had already gained fame in the market and had many pre-orders on amazon surpassing the demand of windows vista and other software products from the company. Windows 7 is also the only product in the software industry that has had the highest sales so far surpassing all products produced by any other software producing company (Shah, 2009).

The supply chain of software products is different from other bulky goods. This is mainly because software products and transactions can easily be done over the internet without the seller and the buyer meeting physically. In this regard, windows 7 operating system can either be send to the buyer over the internet or be send physically to the owner in form of a magnetic or optical disk. Both physical and over the internet forms of transporting the product require intermediaries and agents who help to ease with the processes involved (Coyle et al., 2009).

For effective supply of its products, Microsoft has a number of agents and suppliers who help to deliver the products to the final consumer. The company uses both online and offline suppliers who are stationed in the different part of the world to facilitate effective coverage of the market. Online suppliers include amazon, eBay, and other websites that have Microsoft products and their authorized licenses. Microsoft has come up with the Microsoft vendor program called the Microsoft preferred supplier program (MPSP), which enables Microsoft employees to work globally in partnership with many suppliers and businesses (Coyle et al., 2009). This program is set to enable many people to collaborate with Microsoft and enable creation of revenue and profits from the sale of products. This program allows any individual to join Microsoft as a supplier and get commissions from the sale of the products. This program is in place to ensure that customers are served well and there is maximum profits generated from the sale of products. This program also streamlines the purchasing process such that it is efficient and easy to use. It also helps to bring efficient decision making in the supply chain to ensure efficient delivery of goods and services to the customers (Coyle et al., 2009).

The MPSP program only allows suppliers who are the best in giving services as per their category since program is open to suppliers of all commodities. The suppliers are then categorized into two: preferred and premier suppliers (Coyle et al., 2009). These categories give a hierarchy through which the sale of products takes place. This division also helps to have a manageable number of suppliers in each group as compared to having all the suppliers in one group. Microsoft has many suppliers in nearly all countries worldwide, which helps them to bring goods and services close to the customers. This program is helpful as it helps the company to be diverse and thus helping the society in all sectors. Microsoft ensures that their suppliers have good knowledge of their products and plans. They do this through online forums and meetings that are conducted regionally across the globe. The company also produces periodic newsletters, which are forwarded to their partners to keep them updated on the company's activities.

Microsoft Company has a number of specific distributors who are responsible for the delivery of all the software products distributed by the company. These distributors are divided into two categories: the Microsoft Authorized OE

Microsoft Distributors and the Microsoft OEM Channel Distributors (Shah, 2009). The Microsoft Authorized OEM Distributors are the top-level distributors whose size and business model enables them to transact directly with Microsoft. The Microsoft OEM Channel Distributors are low-level distributors and do not have a distribution agreement with Microsoft. They however can have an agreement with an OEM and get Microsoft products from them for resale or distribution. Some of the authorized distributors include ASI Corporation, Ingram Micro, D&H Distributing Company, McA Labs, Inc., SYNEX Corporation, and Tech Data Product management Inc. (Coyle et al., 2009). Such distributors then are responsible for ensuring that Microsoft products are delivered to the end users in good condition and with genuine licenses. For easy management of such distributors, the company has allowed each country to have a number of authorized distributors who are responsible for orders pertaining to customers from the specific country. Apart from these distributors, the company has other distributors like the Microsoft authorized cloud distributors; the Microsoft authorized office full-packaged product (FPP) distributors. These are responsible for special deliveries to specific customers. Cloud distributors help to pass the software to the customers through the internet with licensing and activation while the FPP distributors help with the activation of Microsoft office software (Shah, 2009).

The company has enabled their customers to create accounts on their website, which helps them to seek quick support in case of a complication. Customers are able to submit error reports, checkup for functionality of an application, post a question, and do many other things in their personal accounts. Such customers are also entitled to periodic newsletters, which update them on the necessary updates of their operating system or other Microsoft applications. The company uses automated online software to process customers' orders and requests. This helps such transactions to be faster and accurate. The delivery of the product will then depend on the flexibility and plan of the customer. The software can be shipped to the customer's country and location or it can be delivered as a download from the company website (Coyle et al., 2009).

Microsoft Company uses pull system of supply chain management (Shah, 2009). This is because the sales department waits for an order before processing it specifically for the ordering customer. This makes it easy for the company to follow up on sales and ensure that all orders have been paid. This system also helps the company to be effective and produce products that are in line with the demand. Once an order is received, the company ensures that it produces copies of the product that will meet the demand. This system helps it to be effective and efficient in its operations. In addition to the above, this system helps the company to track customer demands and needs and can help to improve on the quality of the product before further distribution (Coyle et al., 2009).

In conclusion, Microsoft has an efficient production and distribution system, which enables it to be effective in reaching its customers and meeting their demands (Shah, 2009). The company has been very effective in distribution of its products through the cloud computing technology and by use of the internet where users easily download products and updates of their products. Using the pull system of production, Microsoft has been able to update their products over time becoming one of the most effective software companies around the globe (Coyle et al., 2009).

References

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