

Abstract

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Linking supply chain processes' performance to a company's financial strategic objective

Abstract The main aim of this paper is to develop a performance measurement method which links supply chain (SC) processes' performance to a company's financial strategy through demonstrating the relationship between SC processes' performance and a company's financial performance. The Dempster Shafer/Analytical Hierarchy Processes (DS/AHP) model is employed to link SC processes' performance to the company's financial performance through determining the relative importance weights of SC performance measures with respect to the priorities of financial performance. The paper also introduces a Supply Chain Financial Link Index (SCFLI) to test the extent to which SC processes' performance is linked to the company's financial strategic objectives. This index offers an effective supply chain management (SCM) tool to provide continuous feedback on SC performance; identify the appropriate corrective actions. Analysing this index offers opportunities for detailed evaluation of SC processes' performance; enables companies to trace SC processes that need improvement, resulting in more control on daily SC operations. The proposed method allows the evaluation, monitoring, and control of SC processes' performance to enhance SC strategy for better alignment with the company's financial strategy. Linking SC processes' performance to the company's financial strategic objectives enables companies to gain competitive advantages; formulate strategies for improved SCM through linking such strategies to the focus area of enhancing the financial performance. In this paper the rationale and the framework of this method are introduced; then illustrated with a numerical example. Keywords: Supply chain management, supply chain financial link, SCOR model, DS/AHP model