

Innovation and Entrepreneurship for Supply Chain Management & Logistics

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Abstract- This paper provides a review of the relevant factors for achieving performance as an entrepreneur in the position of supply chain manager. Findings from recent literature suggests that at least five factors play a major role entrepreneurial supply chain management competence, namely innovation orientation, risk-taking characteristics, pro-activeness orientation, relational capital, and coordination capability. Several potential causes of business failure are also identified, including lack of planification and problems with the suppliers. A careful consideration of the practical implications of these findings may help supply chain managers improve the performance of their business.

Keywords- supply chain management, innovation and entrepreneurship

1. Introduction

Entrepreneurship is a broad term to which a Harvard Business School professor defined as "the pursuit of opportunity beyond resources controlled" [1-6]. It is a definition that is widely accepted until now for it fully encompasses what is required of a person who is interested to begin as a budding entrepreneur. When their definition is taken apart, it is much easier to understand what kind of venture one is about to undergo.

By using the term "pursuit," they indicated the continuous chase and perseverance towards a goal. Entrepreneurs seize an opportunity that is often fleeting. There is always a chance that someone thinks of it or has the means to act on it before anyone else. "Pursuit" implies the sense of urgency needed to achieve the goal. Many entrepreneurial factors are time-sensitive, so it requires thinking quickly. Going further into the definition, they used "opportunity" to refer to the overall idea. This may refer to an entirely new product that addresses a persisting problem or a new and better take on an existing idea. Entrepreneurs are often advised to find a small niche and concentrate on it because the narrow market minimizes the impact of competing with bigger companies. This allows more flexibility for the entrepreneur and faster response to the needs of the market.

They also took into consideration the obstacles that an entrepreneur may be facing at the time of the idea's conception. These may refer to his/her social and financial constraints. Because entrepreneurship is mostly a personal business venture, this affects their

personal time and funds. Because many factors are out of their control as it is, they should make use of the resources that they do control and be smart about it. All the planning and execution depends on the entrepreneur and is entirely their control. This talks about the capital of the business, the means of distribution, and other facilities they will be using.

Making the products and goods themselves is a whole other ordeal. When it comes to the process of turning raw materials into products that can be used by the consumers, the entrepreneur will then focus on the supply chain. Within a company, the supply chain covers a lot of functions "such as inbound and outbound transportation, warehousing, and inventory control. Sourcing, procurement, and supply management fall under the supply-chain umbrella, too. Forecasting, production planning and scheduling, order processing, and customer service all are part of the process as well" [7]. For an entrepreneur's business to succeed, they must manage their supply chain very well and consistently get their quality products and outputs to the customers on time.

2. Breaking Down What Success Is

Having defined entrepreneurship, it leads to the conclusion that an entrepreneur is an individual who takes the risk of exploiting the identified opportunities. This person owns and leads the business so he/she requires good judgment, innovation skills, and good resource allocation. Many entrepreneurs make decisions based on what they think will lead them to success, or at least not lead their business to failure. What they fail to do is recognize what constitutes a success. To achieve any goal, one must first acknowledge clearly what the goal is. One may begin to ask, "What constitutes a success?" For some people, this is a question that is difficult to answer. For others, it is simply one with many varying answers.

There are four different perspectives with various indicators that can measure success: financial, customer, internal business, and lifestyle. The financial perspective sees success in terms of money matters. It considers success when there is a positive Return of Investment (ROI), achievement of a personal financial goal, and compliance with the payment to their suppliers. Success, as seen through the customer perspective, focuses on the target market of the entrepreneur and can refer to customer satisfaction, larger customer base, high recall, and customer loyalty.

Internal business perspective, on the other hand, thinks of success in terms of the internal workings of the business. This focuses on sustainability, growth beyond the initial business plan, better strategies, quality of the product, reduction of takeover rate, and stakeholders' satisfaction. The lifestyle perspective allows the entrepreneur to measure success in his/her own personal life, like social recognition and approval, a more flexible lifestyle, and achieving sought-after outcomes [5].

Analyzing business nowadays, it appears that competition is often not between sole companies only but between major supply chains. This means that it is not just simply a company versus another company, but a supply chain versus another supply chain. "The essence of entrepreneurial supply chains is its ability to facilitate alignment of all participants in the chain, eliminating moral hazard and opportunism risks". Supply chains promote strategic collaboration between three or more entities regarding products and services. They are concerned with how quality materials are being provided on time at minimum cost. Achieving success, therefore, requires knowing the factors that contribute to the maximum efficiency and effectiveness of supply chains [2].

3. Factors Contributing to Triumph

According to research, there are five factors that contribute to entrepreneurial supply chain management competence: innovation orientation, risk-taking characteristics, pro-activeness orientation, relational capital, and coordination capability [1]. All five can essentially boil down to one very important factor – communication. The first three can be explained through communication with the suppliers, and the last two is communication with the customers.

Constant contact with the suppliers is important because letting them know about the company's long-term plans shows trust and loyalty. They will know what to expect, which, in turn, may help the company out in the long-run. This will allow companies to innovate more strategies for every step of their supply chain, from working with partners to looking for suppliers. There are many risks that come along with new ideas, but by being innovative and working on these existing ideas, the company might be able to bring a competitive advantage over others. By understanding the current technological and geopolitical condition at present, the company might be able to think of other innovations that they can do, which can help make product developments and market expansion more possible.

Communication with the customers will greatly help the company as well. Knowing what the customer needs will keep the management in the loop about their expectations and satisfaction. They will know if they are meeting the standards they have for the company and if their customers find the products they are looking for. Better understanding their needs would help the company have a supply chain that focuses better on the customers. By coordinating and relating

to them, the management will be providing the right services and products that bring benefits to all parties involved. With this, the management can assess their success through the customer's perspective

In order to succeed, businesses must only promise goals that they can truly achieve. Trying to do everything and then failing to deliver would be unfortunate on the company's part. To ensure that customers will be satisfied, have objectives that the whole management understands and strives for. Businesses must also address the issues that people have. Entrepreneurship is providing a solution to an existing problem or need, and so companies should have products and services that the target market will easily be able to use for their problems [3].

Aside from setting realistic goals in order to achieve success, whether the management assesses it from the financial, internal business, or lifestyle perspective, they must still make an effective plan towards these goals. Since supply chains are very specific when it comes to the overall progression of supplying a product, from procurement to production and delivery, success would rely on every step of the process itself. Companies must remember to always assemble good resources and stay flexible. Being very rigid and strict might not pave way for other options that the management may have.

4. Potential Causes of Business Pitfalls

In a business, mistakes can be committed unintentionally, and it is up to the supply chain management how they will handle it. Mistakes help the company improve and develop even further, but sometimes, they can turn out to be very costly.

The worst thing an entrepreneur could do is to be under-prepared. One must always be ready for anything that happens, and this includes planning for the worst. An entrepreneur should monitor every step of the supply chain, from the relationship with the suppliers, to inventory management, and up to customer service. Failing to explore and review this supply chain constantly is poor management. Think holistically about every part of the supply chain. Be strategic and proactive in calculating the supply chain's opportunities for the best advantage. Having a good risk management strategy will maximize the opportunities that came along with the risks.

For a supply chain, one of the most important factors that contribute to its success would be the suppliers. As they are a very vital part of the whole business, the suppliers are definitely a part of what will make or break the company. Choosing the right suppliers is a good strategy that may prevent bigger problems. Suppliers should know what the company needs and fulfill it wholly. At the same time, the company should also ensure that they have performance standards that they constantly preserve to live up to.

It may appear that there are more paths for failure than there is to success, but, mistakes help entrepreneurs know better. The real mistake is to not learn anything from the failures. With this, there are many tips and

recommendations that successful entrepreneurs leave to the new risk-takers of the field.

Companies should have several suppliers for each product. If a company expects to purchase something but natural or man-made disasters happened to the suppliers, they simply can't stop providing products for their customers. To avoid these kinds of scenarios, companies should consider having more than one supplier so that they will always be prepared and they will satisfy their loyal customers. It is also advisable to get the business is insured. It is best to be prepared against any potential losses, and having insurance is just another way of being prepared for anything. It is also recommended to have industry experts that will advise the management and let them consult regarding the business. They have the knowledge when it comes to the core inner workings, and so they will be extremely helpful with achieving success. It helps to have a strong network that can support the company.

Managing the supply chains will help the entrepreneur gain more control over what happens within the business. "Improvement of quality management adherence throughout all supply chain processes leads to cost reduction, improves resource utilisation and increases process efficiency" [4].

5. Conclusion

Literature suggests that quality of the supply chain management can have a major impact on a business' success. Because entrepreneurship is about forming ideas and providing solutions to the target market's needs, the focus should be on how well the business addresses those needs. There may be resources and factors that are not controlled by the entrepreneur, which is where supply chains will step in. By improving the administration and monitoring of every step of the supply chain, entrepreneurial risks will be minimized and there will be more room for smarter and more strategic business innovations.

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