SCM430 Discussion Board 3

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**Question No: 1**

**Describe Types of Supply Chain Relationships and How They Differ**

**Answer**

In general, there are two basic types of logistics relationship. The first type of logistics relationship is known as Vertical relationship. This type refers to the traditional relationships or linkage between firms or businesses in the supply chain like manufacturers, distributors, retailers as well as all other material and parts suppliers or supplying businesses. These firms or businesses relate to each other in the ways which all sellers and buyers usually do in all kind of industries and markets (Hugos, 2005). In this relationship, very huge and significant attention is directed towards ensuring that these kinds of relationships help in the achievement of objectives for each individual firm or business and supply chain. In the vertical supply chain relationship, the logistics service providers are engaged in daily routine or day to day basis because they serve of their customers in this particular traditional vertical kind of relationship (Xuhan, 2005).

Another type of supply chain relationships is a horizontal relationship by nature. This type of supply chain relationships (Horizontal Relationship) involves all agreements and statements between businesses or firms which similar (parallel) positions in the industry as well as in the supply chain/logistics process. In short and concisely, the horizontal supply chain relationship is usually though like a service statement and agreement between two or higher number of independent supply chain or logistics providing businesses or firms on the basis of investment, trust, level of risk, cooperation and other different mutually agreed or agreeable objectives and goals (Xuhan, 2005). In this relations, every firm and business is required to add its contribution to the particular supply chain service in which the business or firm has specialties while working to merge its services and related operations with other supply chain or logistics providing firms. However, these bodies have a similar and equal relationship in the process of the supply chain or logistics and likely required to work collectively in beneficial and appropriate as well as relevant ways to know that all objectives of customers' logistics are met efficiently (Behera., Mohanty., & Prakash, 2015).

In brief and very concisely, these supply chain relationships majorly differ on the basis of the positions of the businesses or firms. Like, Vertical relationship is the relationship of firms like manufacturers, distributors, retailers, and other material suppliers or supplying businesses which is a traditional relationship while Horizontal Relationship is the relationship between businesses which similar (parallel) positions in the industry and market.

**Question No: 2**

**Comparison of Types of Supply Chain Relationships**

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| Type of Supply Chain Relationship | Vertical Relationship | Horizontal Relationship | Full Collaboration |
| Concept | Traditional Linkage Between Businesses/Firms | Business Arrangement Between Businesses/Firms | Business Arrangement Between Businesses/Firms |
| Business Position in SC | Hieratical (Supplier, Manufacturer, and Distributor) | Occupy Parallel Position | Both Hieratical and Parallel |
| Example | Supplier, Manufacturer, and Distributor | Ship Carriers which share ship capacity | Grouping of shippers and carriers to decrease movement of void association |

**References**

Behera, P., Mohanty, R. P., & Prakash, A. (2015). Understanding construction supply chain management. Production Planning & Control, 26(16), 1332-1350.

Hugos, M. H. (2018). Essentials of supply chain management. John Wiley & Sons.

Xuhan, X. (2005). Managing vertical and horizontal supply chain relationships in the absence of formal contracts. Repositories.lib.utexas.edu. Retrieved 1 June 2019, from https://repositories.lib.utexas.edu/handle/2152/2196