

# Research on Innovation Strategy of Core Enterprises under Competition of Supply Chains

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**Abstract.** As the rapid development of our economy, the science and technology are in sharp development, and we have stepped in the information age. The competition over peer enterprises has become fierce increasingly and the management thoughts have been innovated and expanded for different enterprises. The management thought is in transfer from traditional management mode to current new management mode. On the basis of new management mode, many enterprises have established the operation methods on supply chains with globalization, and the new management mode has become the survival approach to cope with the fierce competition globally. In this paper, the background, current situation and the significance of innovation in development methods of the enterprises will be analyzed under the competition of supply chains. The problems and deficiencies of some enterprises in managing supply chains will be analyzed in target. Meanwhile, this paper will combine the theory and practice to demonstrate the innovation approach for core enterprises to improve their comprehensive competency under the background of fierce competition in supply chains, so that they can provide more effective development measures and strategies under the same situation.

## Introduction

From 90th of last century, the globalized economy has gradually developed. Meanwhile, the economic environment of domestic enterprises has been changed greatly. The uncertainty in market and relevant complexity has increased in quantity; consequently the personalized requirements from customers are emerged, and the products are renewed accordingly. Gradually, more and more leaders of enterprises have realized the situation that the competition mode has change from the competition among enterprises to the competition of supply chains. After clarified on this point, more enterprises have known if they want to maintain the increasing progress and development, they have to establish long-term cooperation with upstream and downstream enterprises and using the advanced method in supply chain management. With this change they can survive in the fierce competition and obtain the innovated development. In 21st Century, the global economy has become the time of supply chain. Entrepreneurs have focused on their concentration on the improvement of core competency, in order to obtain competitive force under the new tide. They will obtain greater, longer and more stable competition privileges. The scholars of management and entrepreneurs have combined the innovation management of supply chains with the improvement of competency, to obtain their irreplaceable core competency.

## Management Theory of Supply Chain

Supply chain means a web structure, surrounding the core enterprises, keeps the absolute control rights of information and material; it covers the whole process from the purchase of raw material, the processing and manufacturing the intermediate product and finished product, to the purchase of consumers via sales. With this definition, the suppliers, manufacturers, sellers and the consumers are finally formed a structure of net, which belongs to a wide-range structure of enterprises rather than a single capital chain connecting suppliers and consumers. It is also a very important value added chain, which contributes to the economic benefit of enterprises. Supply chain management is framed during

the adjustment from partial management to systematic management, whose basic purpose is to reduce the cost and improve economic interests and relevant service level. The emphasis of supply chain management is how to target the improvement of core competency and how to make full use of their advantages. Meanwhile, enterprises should establish communication and cooperation with potential strategic enterprises globally.

### **The Problems Existing in Supply Chain Management of Enterprises**

Recently, the global economy has developed to the integration of overall trend, while the transaction barriers over the countries have been broken through. Therefore, many of our enterprises are facing up challenges and competitions more than before. Current environment has promoted the establishment of buyer's market, while the consumers have higher requirements for service industries. Therefore, the appropriate analysis and research on the potential development chances and the factors to improve the satisfaction of consumers in the market must be accomplished by the enterprises, to understand how to satisfy the development trend and requirements of both the market and the consumers. Meanwhile, the requirements to the enterprises has been put forward of this situation. The enterprises have to transfer from traditional management of "enterprise-orientation" to establish the management on new type of modern supply chains, so that the more appropriate management idea with current development trend will be established. Therefore the intrinsic competency of the enterprises will be enhanced and they will obtain more powerful supply chains. However, in the issue of supply chain management, we have to realize the problems and deficiencies existing in the management of their supply chains of most enterprises.

#### **Weak of market awareness of the enterprises**

Overview on the development trend of current market, many enterprises have influenced by planned economy. They have large-scale processing system but with relatively weak points in marketing and innovation. This kind of processing system is no longer suitable for current market economy with rapid development. They cannot satisfy the desire of consumers accordingly either. At present, some of our enterprises are in poor state of operation, while the reason is not their lack of production but their products are not the desire of the market. This has resulted in their loss of development chances. It means the fundamental reason for these enterprises in poor business is they have poor management, and the enterprises are lack of market awareness, correct management, and they haven't put the consumers in the important position.

#### **Lack of trust between enterprises**

As the rapid development of market economy, the quality of finish goods of some enterprises is inferior. Without guarantee on quality, the firm cooperation relationship is unlikely to be established between enterprises on the basis of supply chains. Traditionally, many enterprises are independent from others, existing the competition rather than cooperation. It is incorrect under current market economic environment. For these enterprises, they still have this idea is because they don't realize their own cost will impute to the consumers via market, while the transfer between upstream and downstream enterprises will not enhance their competency. Therefore, after they have realized this problem, they have to increase the supply chain to create value for the consumers, in order to enhance their own competency.

#### **Lack of rational evaluation system in enterprises**

As the rapid development of market economy, the stable cooperation between enterprises has become important inevitably. In order to have fair cooperation among the enterprises as the guarantee, the finished evaluation system must be established. However, most evaluation systems are only focus on the work performance and efficiency of the enterprises and the departments, ignoring the function of supply chain. This unfair and unsound evaluation system has finally resulted in the underestimation of supply chain management in the range. Additionally, the cooperated enterprises haven't established a system of benefit distribution that copes with the reality, which results in the more possibilities in cooperation, and this situation has limited the development and perfection of supply chain management.

## **Innovation Measurements of Enterprises under the Situation of Supply Chain**

### **Establish integrated thought about supply chain**

Firstly the team spirit should be cultivated among enterprises. To some extent, the management of supply chain is on the basis of “win-win”. Therefore, in cooperation the enterprises must be clear with its own strategic goal, communicating and cooperating with other enterprises actively, establishing the courage of facing profit and risks together, establishing the system of confidence and dependency of the cooperated enterprises and making plans and measurements for the difficulties. Secondly, the significant idea of “people orientation” must be established through the enterprises. As the rapid development of market economy, the innovation on mind is the main factor to establish the human capital. The enterprises should inspire the working enthusiasm rationally in order to enhance their own competency. According to this aspect, the enterprises have to construct the harmonious working environment and the payment system that matching the realities accordingly. Thirdly, there must be correct understanding for supply chains in enterprises. On the supply chain, the working focus of the enterprises must be the relevant project managers. A product will experience numbers of frustrations and difficulties, from developing from design stage to the stage that favorable by the consumers, therefore the enterprises on the supply chain are in changing as well.

### **Perfect the organization and the working process of the enterprises**

As the rapid development of market economy, accompanying with the management system of supply chain, the revolution and perfection of the organization and relevant working process should be done accordingly to optimize the best benefit for the enterprises. Therefore, enterprises have to pay attention to its own business seriously; especially pay attention to the chances would help the development of enterprises. Enterprises must make full use of their significant core business and separate their non-core business to the other relevant departments. In this case, the core business of the enterprises will be guaranteed and developed.

### **Establish the new type of evaluation system**

Management of supply chain will provide rational evaluation and examination not only for a single enterprise who established the partial standards, but also for all the regulatory frameworks that in the range of supply chain. Therefore, in order to establish an optimized system for supply chain, the primary task is to establish a new evaluation system for fair and equal performance evaluation of the workers in the enterprises. Consequently, to construct a comprehensive supply chain, the significant part is to establish a new system of performance evaluation and excitation. The new evaluation system will not only exhibit the functions of risks and profits in the supply chain, but also tell the contribution from each enterprise, in order to understand the detail. Meanwhile, the real-time evaluation should be used sometimes, in order to enhance the confidence and cooperation between the enterprises, via the control of prices and the stimulation strategy such as subsidy, and finally realize the effective operation of supply chain without any obstructions.

### **Increase the promotion of supply chain management**

At present, the relevant department of government hasn't played their role enough of rational instruction and supervision on the science and technology and relevant policies. It results in the immature system on the market system. Therefore, researchers in this area should provide instructions on the current management mode and development prospect via the combination of theory research with practice. In order to pour energy into the supply chain management, the enterprise should enhance their management actively. Consequently, government should make some criteria and standards suitable for the relevant content and via the popularization of relevant sound law and regulations, the government will finally realize the enhancement and restriction of the relevant idea of the enterprises. As the rapid development of market economy, the leaders of enterprises must establish the supply chain system that copes with the development of society, rather than limit their eyesight on development in short term. They should make more significant choices and decisions based on the future development of the enterprises.

### **Realize the information technology share over the enterprises**

In order to realize the absolute confidence and dependency on the members of the supply chain, the corresponding information platform should be established in enterprises for timely communication, such as Internet platform, databases and the exchange and discussion on relevant electronic data. In this case, the real-time information of business, desire of raw material and the inventory will be shared rapidly. Meanwhile, the economic profit will be optimized to the maximum and improve the competency of the enterprises in the market, and finally make the enterprises survive from the fierce competition of the market economy.

### **Conclusion**

In conclusion, the factor of supply chain plays a very important role for core enterprises under the fierce competitions. It also means the enterprises of our country should engage in innovation actively as the basis of supply chain competition and finally establish their irreplaceable competency. Meanwhile, the enterprises will survive from the fierce competition in perfecting their systems continuously and obtaining development and innovation.

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