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# Development of Supply Chains in Small Business

**Abduvahobov B. B.**
Doctorate of Samarkand Institute of Economics and Service

**ANNOTATION**

this article describes the current issues of development of supply chains in small business, the main components of supply chains are purchase (product source), warehouse, transport, production and sales links, and their functions.

**KEYWORDS:** supply chains, purchasing (source of product), warehouse, transportation, production and sales links, orders, order processing.

For small businesses, supply chains are more important than financial resources. For many small businesses, managing the supply chain is difficult – even on a good day. During 2020-2022, the COVID-19 pandemic, the Suez Canal crisis, and Russia-Ukraine relations caused serious problems in global supply chains. The disruption of supply chains has been a very difficult economic crisis for small businesses that do not have their own reserves or excess resources.

Supply chain disruptions disproportionately affect smaller businesses. In the face of raw material and product shortages, international manufacturing and shipping delays, and rising costs (especially for shipping containers), most small businesses lack the infrastructure and funds that larger competitors can fall back on, and eventually find it. it's hard to dominate.

Just as all supply chains are made up of certain elements, small business supply chains are also made up of components. Small business supply chains typically include the following parts:

1) Purchase. The first link in this supply chain is procurement. Determining product specifications, forming orders, and fulfilling orders are the main functions of this section. Most supply chains begin with sourcing (also called procurement), which involves identifying and evaluating suppliers who provide the goods and materials a small business needs to operate.

These can be anything from raw materials used in the production of goods (or manufacturing inventory) to finished goods ready for sale to the final consumer.

2) Warehouse joint. Goods are a link that temporarily stores material resources and forms reserves. Typically, manufacturers ship materials or goods to the business's warehouse, where they are received and stored in a racking system.

In an efficient warehouse, inventory is also organized and strategically designed to make the most efficient use of space. After inventory is stored, small business owners must monitor inventory levels as individual items are picked for orders.

With the right system and technology in place, this inventory management helps maintain optimal inventory levels at all times, ensuring your supply chain runs smoothly and experiences minimal disruption.

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3) Transport link. It ensures the supply of material resources. The logistics of physical movement from suppliers to stores, warehouses or fulfillment centers is the next important element in the supply chain. Transportation logistics helps ensure that products reach the right place at the right time, so they are ready for delivery to the customer when the order arrives.

Small businesses can use different methods to transport products. Depending on where you source your materials or products, you may want to consider ocean or air freight to move products from your suppliers to your warehouses. When shipping orders to customers, ground freight or expedited air freight are both popular options (shipping cost and speed are the deciding factors).

4) Manufacturing plant - consumes material flow and produces finished goods.

5) Sales funnel - ensures the exit of the material flow from the logistics system. Once an order is placed, that order must be fulfilled and delivered to the end customer. This involves processing the order, selecting the requested inventory units from the warehouse shelves, packing them into a box, and shipping that box to the customer using a last-mile carrier. Optimizing this process ensures fast and accurate order picking, packing and delivery.

Several options for managing supply chains are used today. Among them, it is possible to show two options that are very different from each other.

The first option. It is called a "shifting system". This is how production is organized in this system. Material resources are delivered to the next link of the logistics chain, by the previous link based on the order of the central (higher) management body of the production enterprise. In this case, material resources are moved from the previous link of the technological chain of production to the next link. In this option, a pre-delivery time is defined for each delivery operation. Each delivered material resource constitutes a stock of unfinished production for the next stage. In this case, the stock of unfinished production will increase. An increase in the stock of unfinished production is a negative situation for the enterprise. The scheme of delivery in this method is depicted in Figure 1.

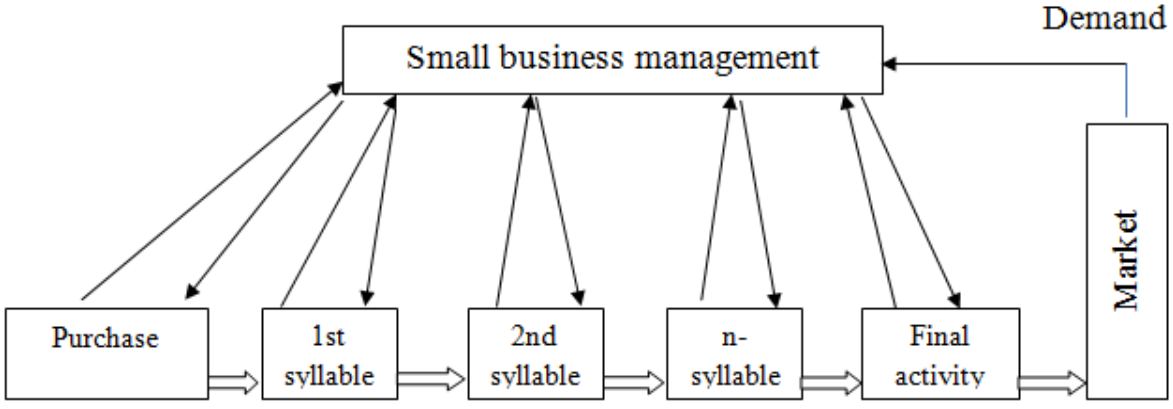


**Figure 1. Shifting system of supply chains.**

Arrows pointing down represent the tasks assigned to each department and workshop by the management of the enterprise, and arrows pointing up represent the status of the tasks.

Horizontal arrows represent the delivery of material resources from the previous link to the next link.

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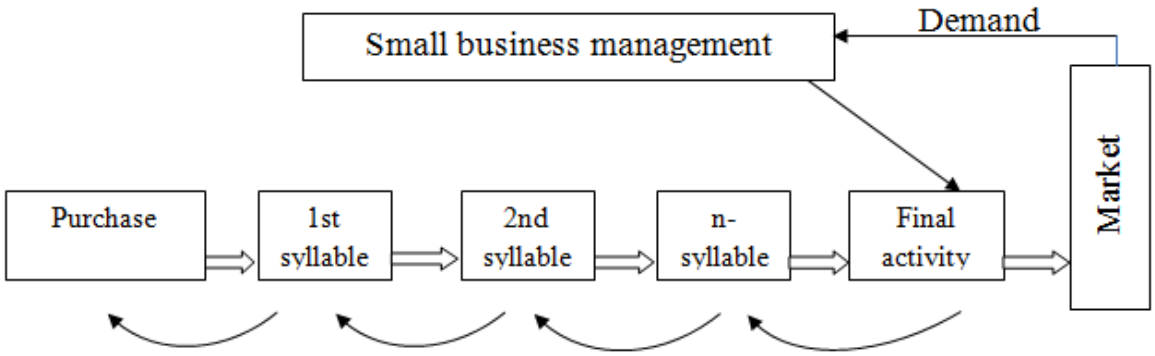
This model of material flow management is typical of enterprises and firms whose production is organized in traditional ways.

The second option of material flow management is called "pull system". In this system, the production process and its logistics are organized in such a way that raw materials, parts, components, semi-finished products are delivered to the next link of the logistics chain based on the order from the previous ones, in the required quantity and in the required period. In this method, the time of delivery of material resources from the previous link to the next link is not fixed, that is, the delivery schedule does not apply.

Ordering by the next link to the previous link is carried out when the stock level reaches a critical point. The pulling method is based on the fact that each subsequent link requires a material resource from the previous link when it is ready to perform a technological operation. In this case, the central management body does not interfere in making decisions on the supply of material resources and other work of various production shops and departments of the enterprise, and does not set current production tasks for them.

The production program (volume, time, quantity) of each link in the logistics chain is determined based on the order of the next link. In this case, the central or highest management body gives the task to the last link of the technological chain of production. The last link, that is, the assembly shop, sends the order for the required number of details, parts, semi-finished products and assembly equipment to the previous technological link or link. gives to gins and so on. That is, the next link in the logistics chain pulls or leads the previous link as a driving force. This process is shown in Figure 2.




**2-rasm. Ta’minot zanjirlarining tortuvchi tizimi.**

The arc-shaped arrows represent the order of the next link, the downward arrow represents the production task, and the horizontal arrows represent the delivery of material resources from the previous link to the next link.

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