

## **Governance and Supply Chain Management**

Governance enables a company to succeed in its short-term projects and to develop long-term projects. It is a process of supervision and control which applies to the company's strategy, objectives, and results, with regards to the company's economical and societal values.

The key actors of governance are the shareholders, the administrators, and the directors. In some cases, one person can have two or three of these functions.

Governance in a large company is different from governance in a small or midsized business or a middle-market company.

Theoretically, a large company should already have all the necessary skills to function well. The directors manage its governance—that is, the respect of the company's values and rules and its good international practices and risk management, etc. They provide all useful information to the administrators, who hold high-level counselling roles, and to the shareholders, who speak at assemblies, often offering a short-term perspective.

In an SME or a middle-market company, the company's capital represents personal investments on the part of the shareholders, who often control the company's activity on a daily basis.

SME and middle-market company administrators often play an essential role, bringing external skills to the company: economical, financial, technical, managerial, international, etc. Their autonomy within the board of executives is crucial in order to enrich the company with their diverse knowledge and views. The administrators in SME and middle-market companies are then true strategists, auditors, and counsellor

The skills of the administrators must be linked to the company's activity. In an SME and a middle-market company, an administrator specializing in lean supply chain management will provide his or her knowledge of production flow and associated flows (information flow, financial flow, etc.). Through analysis of the working capital and of the stocks, the administrator will make essential recommendations concerning the company's efficiency, investments, and financial needs.

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