Supply chain management is a key strategic factor for increasing organizational effectiveness and for better realization of competitiveness by achieving a stronger competitive advantage. This happens in every industry, including capsules industry. The condition therefore has led every company to arrange its competitive and supply chain strategy to strategic fit condition.

The objectives of this study were to analyze the implementation of supply chain strategy which may support the competitive advantage of PT. Capsugel Indonesia, to analyze the inventory management in PT. Capsugel Indonesia as a driver of supply chain performance which must be accommodated with supply chain strategy and competitive strategy of the company, and to give a strategic implication to improve inventory management system for a better performance of supply chain and competitive advantages of PT. Capsugel Indonesia. The tools for the analysis that had been used in this study were Supply Chain Selection Model with Product Driven Approach (Huang et al., 2002), Economic Order Quantity (EOQ) Model, and Safety Inventory Model with Level of Service Approach.

Based on the Supply Chain Selection Model with Product Driven Approach, PT. Capsugel Indonesia should use the lean supply chain strategy. This was pushed by the nature of hard capsules gelatine as a functional product. The identification of factors that affect the competitive advantage has shown that PT. Capsugel Indonesia has a value advantage so they can sell their product at a higher level price. Supply chain strategy which is implemented in Capsugel focuses on cost minimization in all process without having an effect to the quality of the product to maintain the value advantage of the product.

Based on the EOQ analysis, inventory management that has been done in Capsugel is inefficient. The EOQ method can degrade the ordering and depository cost from Rp. 277.797.700,- to Rp 138.686.656,-. Based on the safety inventory analysis, the safety stock can be degraded from 15.440 kg to 9.707 kg. It is saved Rp 63.349.650,- from the depository cost. The policy to change the purchasing management of gelatine and to reduce the safety stock level of gelatine will give positive impact to form an efficiency which is accorded to lean supply chain strategy and competitive strategy of the company because the reduction of cost made a better productivity advantage without having an effect to the value advantage that belong to PT. Capsugel Indonesia.