



**GLOBAL SUPPLY CHAIN GROUP**

Winning Global Supply Chain Advantage

# Winning Supply Chains

CEO Discussion Document

December 2004

*Note:*

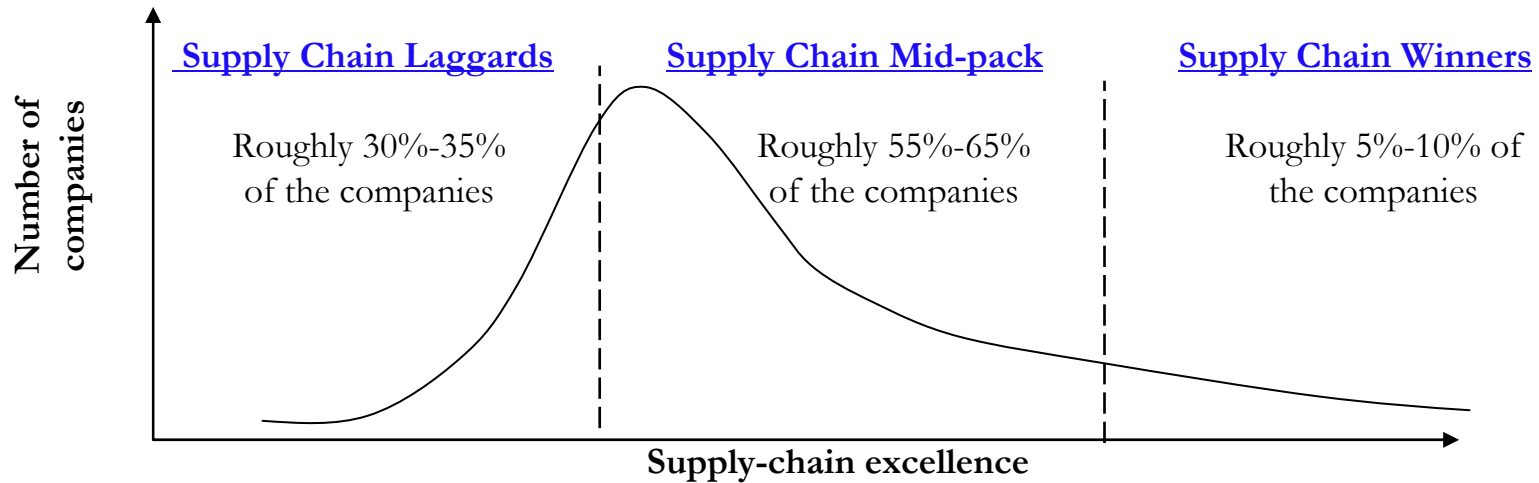
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# Winning Supply Chains

## SUPPLY CHAINS

*The market leaders in many industries have already set a very high bar with their investments in creating winning supply chains*



	<b>SUPPLY CHAIN LAGGARDS</b>	<b>SUPPLY CHAIN MID-PACK</b>	<b>SUPPLY CHAIN WINNERS</b>
Characteristics	<ul style="list-style-type: none"> <li>• What is supply chain?</li> <li>• Wheeling and dealing focus</li> </ul>	<ul style="list-style-type: none"> <li>• Pockets of supply chain excellence</li> <li>• Over-investment in software</li> <li>• No cohesive supply chain strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Cautious investment in supply chain infrastructure</li> <li>• Continual improvement – challenge the status quo</li> </ul>
Results	<ul style="list-style-type: none"> <li>• Continual struggle to meet ROE/performance targets</li> <li>• Caught in downward spiral</li> </ul>	<ul style="list-style-type: none"> <li>• Hit and miss performance – dictated by market conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Consistently superior performance</li> <li>• Positive reinforcement loop – supply chain and marketing support each other</li> </ul>
Examples	<ul style="list-style-type: none"> <li>• K-MART (USA)</li> <li>• Levis</li> <li>• Gateway Computers</li> </ul>	<ul style="list-style-type: none"> <li>• Nike</li> <li>• Coles-Myer</li> <li>• Compaq - HP</li> </ul>	<ul style="list-style-type: none"> <li>• Dell</li> <li>• Wal-Mart</li> <li>• Woolworths (Australia)</li> </ul>



# Winning Supply Chains

*Recognising that winners take away most of the market potential, many more companies are now looking to transform their supply chains from mediocre to winners*



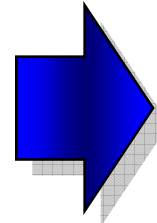
## Mediocre Supply Chain

Characteristics:

- Supply chain management (“SCM”) viewed as freight and warehousing
- No involvement of SCM on setting corporate strategy and targets
- ‘Outsource your pain and forget it forever’
- Truck driver mentality

Results:

- Supply chain costs either very high or not fully known
- Freight and warehousing contractors act in their own best interest due to lack of control
- Frequent stakeholders complaints – true service levels are low or not known



## Winning Supply Chain

Characteristics:

- Holistic view of end-to-end SCM makes improvement opportunities visible
- SCM viewed as key partner in setting and achieving business targets and strategies
- Outsource strategically and manage carefully
- Investment manager mentality

Results:

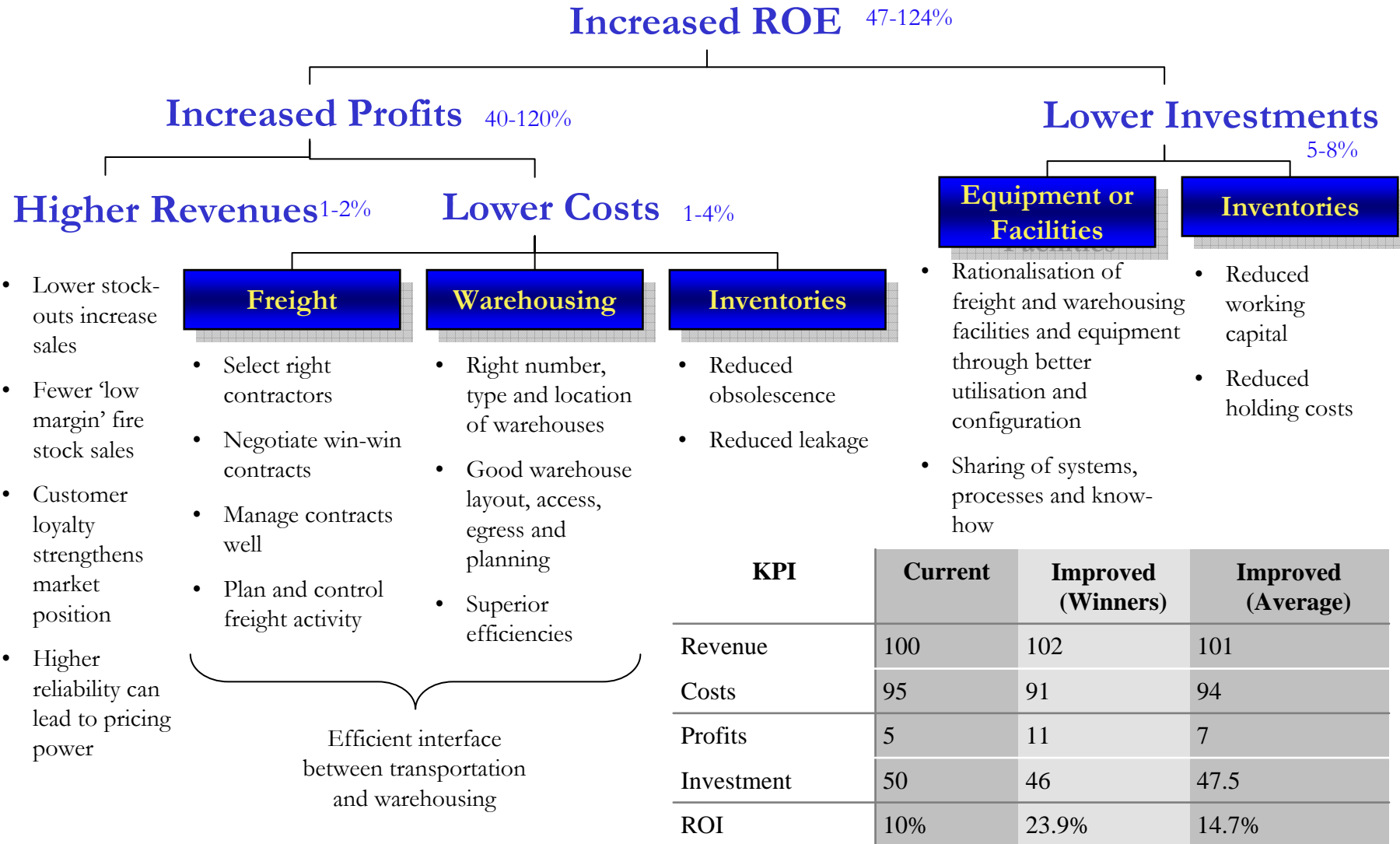
- Tightly controlled supply-chain costs within a narrow band
- Contractors are selected according to a strict process and managed carefully
- High service levels – fully acknowledged by all parties

# Winning Supply Chains

The potential rewards for achieving supply-chain transformation are significant

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CONCEPTUAL

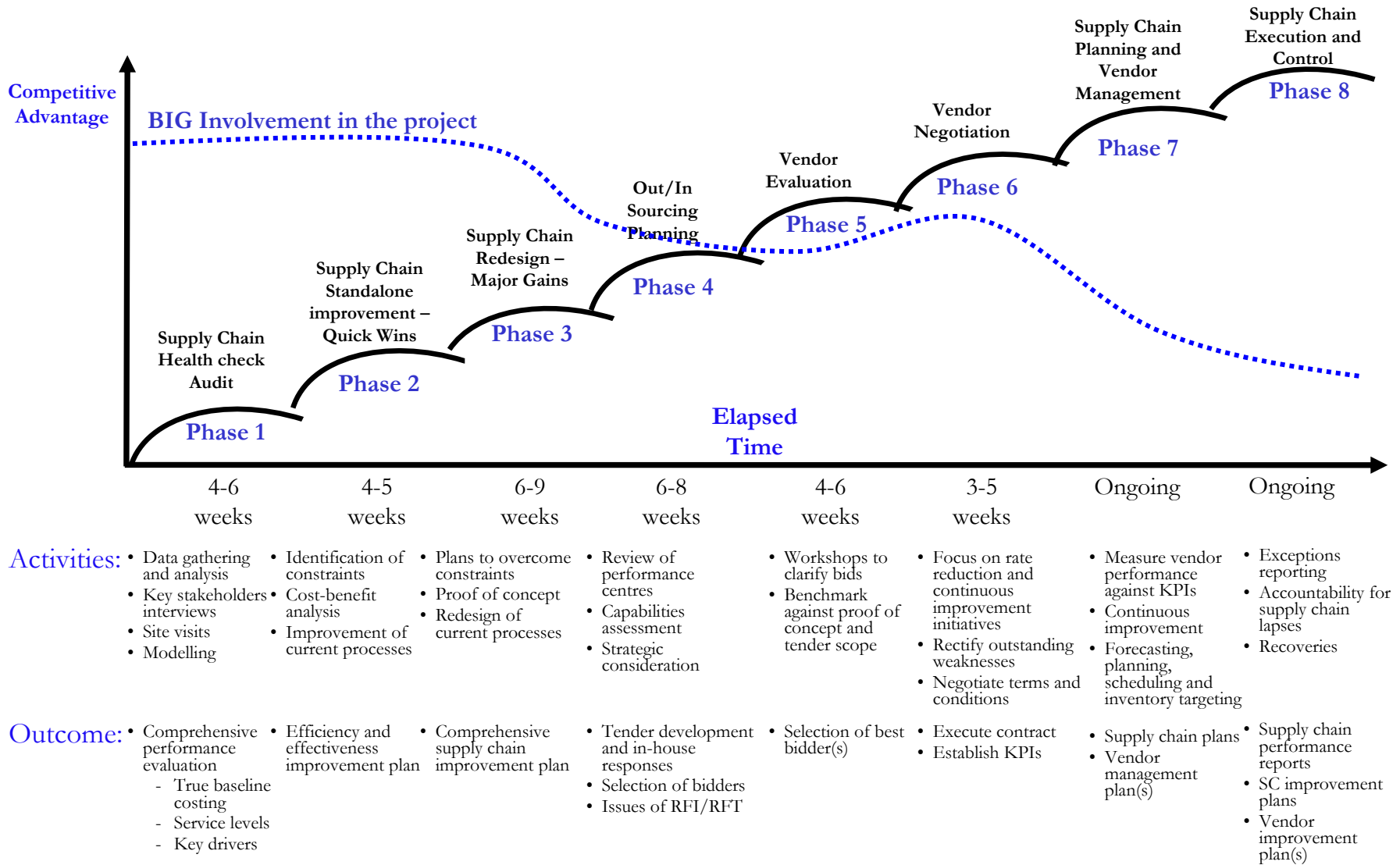
# Winning Supply Chains

## METHODOLOGY

*Global Supply Chain Group's consulting process for winning supply chains incorporates deep supply chain knowledge and implementation rigour*

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# Winning Supply Chains

## OUR CAPABILITIES

*In addition, Global Supply Chain Group's consulting has the combination of resources, know-how and tools to accomplish winning supply chain transformations*

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### Resources

- Specialised in all aspects of supply chain
  - Shipping
  - Trucking
  - Warehousing
- From all angles
  - Strategy
  - Systems
  - Planning
  - Execution
- Combined supply-chain experience of more than 50 years
- Balanced mix of hands – on operational experience and high level consulting experience



### Know-how

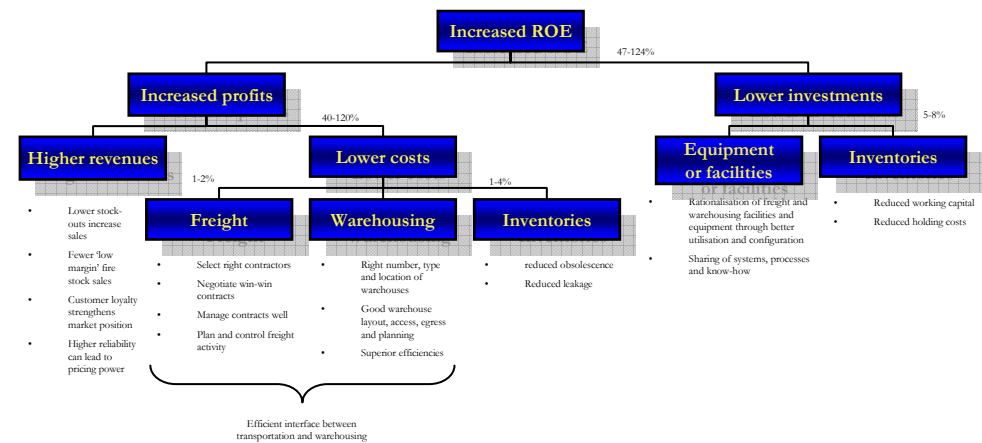
- Distribution optimisation
- Freight optimisation
- Inventory targeting and reduction
- Supply chain improvements
- Supply chain redesign
- Supply chain systems



### Tools

- Templates
- Methodologies
- Models
- RFPs
- Assessment technologies
- Benchmarking
- Software

**= Results**



*We have played a significant role in generating large savings from major supply chain programs*



## Project Overview

### *Background*

- Supply chain was result of several acquisitions over 4 decades, with no well articulated strategy, structure or processes
- Total Supply Chain costs were nearly 60% above the industry norm
- Severe resource crunch in supply chain team due to waves of retrenchment in the past

### *Challenges*

- Identify short term cost saving initiatives to pay for the long term project
- Complete network modelling to formulate a comprehensive supply chain strategy for the next 5-10 years
- Achieve cost savings of 10-15% in the overall supply chain costs while maintaining the current excellent service levels

### *Results*

- Identified short term cost savings opportunities of more than USD1.5 M
- Currently completing the network modeling and supply chain strategy

## Our Role

### *Short Term Cost savings*

- Identified executional and systemic constraints leading to sub-optimal supply chain performance
- Quantified savings and formulated project plans for each of the initiatives

### *Network Modeling*

- Built models of the current state and future states supply chains to evaluate several feasible scenarios of distribution network
- Evaluated the costs and benefits of each future state scenario to identify the optimum supply chain network

### *Program Management*

- Developed a comprehensive supply chain improvement program incorporating the recommendations
- Assisting in implementing the supply chain improvement program

# Winning Supply Chains

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How can we help your company  
achieve a winning supply chain?