

WINNING  
BUSINESS  
MODEL

GLOBAL  
SUPPLY CHAIN GROUP

Australia's Companies  
on top  
= INNOVATION

PROFIT

Transactional  
Optimization  
Profitability



# FROM SUPPLY CHAINS TO DIGITAL SUPPLY NETWORKS

## HOW GLOBAL COLLABORATION IS TRANSFORMING THE VERY ESSENCE OF COMMERCE ON EARTH



# THE 5-STAR BUSINESS NETWORK

## GLOBAL COLLABORATION A 5-STAR BUSINESS NETWORK

**T**he company was on a cliff-hanger and many people were barely hanging on to their sanity. The board was worried because profits were plummeting, delivery deadlines were being missed, bottlenecks and resentment were skyrocketing, and things were out of control. On top of it, the work-in-progress inventory was growing like a fetus that was just growing faster than its mother's womb could handle.

At one point, the CEO thought what else could he do besides getting out there, and carrying messages from one department to another, or using his own vehicle to transport whatever was left out by logistics, or even asking his acquaintances to store bits of inventories in their redundant storage places scattered across Europe. But luckily, before any of this irrational thinking took over, someone offered his company a helping hand.

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That was back in 1980. Even now, only 20 percent of businesses truly grasp the concept that could save them from being in situations similar to above, and, move beyond the boundaries of logistics and procurement, as well as corporate silos to occupy the winning space within their industries.

There is perhaps no better way to find out what the concept is than talking to its founding father himself, and his partner who are among the global thought leaders in this constantly evolving field.

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Dr. Wolfgang Partsch was among a group of four Booz Allen & Hamilton consultants untangling the aforementioned CEO's problems. The Switzerland-based company was ahead of its time in terms of its core technology, yet that was also how things went downhill. Customers from more locations were clamouring for more and faster material, putting pressure on the business to expand haphazardly.

Companies such as this one were, back then, competing mainly on product's technical superiority. "However, as a result of growing business model complexity, they soon found themselves mired in the unprofitable clusters with poor customer services as well as rising costs." Dr. Partsch describes the situation with a slight flinching of the eyebrows, as if he can still experience the pain conveyed to him by the Swiss CEO all over again.

Executives within the company were already experts in materials management, inventory targeting, logistics and physical distribution – yet the problems were becoming unsurmountable and intractable. As the team went through its diagnostic, they took into account the current capabilities in logistics, materials management, and physical distribution management. But, they were cognisant that these capabilities were only part of the bigger picture as it appeared in Dr. Partsch and his team's minds.

The missing piece of the puzzle was a seamless approach of integrated processes from purchasing basic materials to shipping finished products,

which called for the ability to exchange information seamlessly and in real time. Certainly, this would have to prevent the distraught executives from running around handing memos, and, telling their teams what to do in a constant fire-fighting mode.



Due to an extraordinary twist of events, the project Dr. Partsch and his team were working on became the birthplace of this new concept. It not only cured the CEO's torment, successfully established the company's pan-Europe operations, but also lent itself to the first application of Supply Chain Management (SCM) on earth. That is the concept – SCM - something still misused or misunderstood by many.

Joining hands, head and heart with Dr. Partsch to spread the right supply chain know-how and its application is Vivek Sood. Seeing Dr. Partsch was also an alumni from Booz Allen & Hamilton, Sood approached the Munich-based expert and together with

some other partners, they formed the world's first supply chain strategy consulting firm in 2000.

"There was lot of complementarities in our activities where he was doing in Europe and what we were doing in Asia Pacific and Australia. With the genius of SCM's founding father, we couldn't possibly go wrong in helping people realise when a twist in their backbone is causing insurmountable pain," says Sood.

# The birth of SCM

## ABOUT DR. WOLFGANG PARTSCH



Dr. Wolfgang Partsch was born in Vienna but spent most of his time in Munich. He came from a natural sciences background with a PhD in Physics and also studied Industrial Dynamics from Jay Forrester.

Most of the original thinking, methodologies and terminology of Supply Chain Management (SCM) were developed by Dr. Partsch and his team in the 1980s. There is a saying in the European supply chain circles – “if Wolfgang does not know it – then it is not worth knowing.” A maven in the world of Malcolm Gladwell’s *The Tipping Point*, Wolfgang is constantly thinking about the technologies, the economics and the emerging trends in Global Supply Chains. He is now the only active member in the original team of SCM pioneers.

Dr. Partsch is a co-author of the seminal text on SCM – *Supercharging Supply Chains*. He has written numerous highly regarded articles, papers and reports on supply chain management and presented key note addresses in several global supply chain management conferences.

T

he story of how the terminology Supply Chain Management came about is not as well-known as the phrase’s universal usage in business. Let us rewind time again.

The group of four consultants at Booz Allen & Hamilton, in which Dr. Partsch was the youngest, had been sitting on the brink of inventing something for a while. They all recognised the problems with the then state of materials movement, and, they also had some ideas on how things should be done. As if that bubble of conceptualisation was hanging over their heads, waiting to be burst by a trigger.

Coming from a natural science background, Dr. Partsch brought to the table his scientific clout, aptly encapsulated in his German accent as: “When something happens, let’s say an earthquake, I can measure it hundreds of miles away, where it was, what was the reason, how strong that was.” Of course he was not trying to convert his client projects into a science experiment, but rather, he borrowed the idea for its relevance to the issue at hand.

As commonsensical as it may seem to us now, at the time, the idea was still novel: the repercussions of an event does not stay within where it is bound. “If something happens in sales, it will have an impact in purchasing and vice versa.”

Closely tied to that train of thought was the idea of seeing the entire hosts of separate business processes as a human body. Dr. Partsch’s knowledge of Industrial Dynamics came from Jay Forrester, the creator of system dynamics.

This input led the 4-people group to build on the view that just as different human organs interact

## ABOUT VIVEK SOOD



Born and raised in North India, Vivek Sood started out as a cadet in the merchant navy. After rising to the rank Master Mariner, Sood completed the MBA course with Distinction at the Australian Graduate School of Management, a Master of Laws (London) and a course for Chartered Financial Analyst.

He had been a management consultant at Booz Allen & Hamilton before co-founding Global Supply Chain Group (GSCG). At the time, there was no other company in the world which was doing strategy work at the top tier level and focused entirely on supply chains. Sood has been living in Sydney, Australia for over 21 years.

With over 400 successful projects in more than 80 countries on 5 continents, Sood has helped clients ranging from Fortune 500 companies to some of best known brands on earth.

Sood has published three widely acclaimed books on green supply chains, the 5-star business network and outsourcing. He also runs workshops, trainings, writes blogs and delivers speeches on supply chains.

with one another, there are “a lot of interactions along these processes from purchasing through production, through logistics, through sales, through planning etc.”

By this point, they knew they needed to come up with an overarching concept that governed all the dynamics inside a company. Then the project came along. They could see the well-meaning executives struggling within their individual silos where every department on its own was working optimally, and yet somehow the company, as a whole, performed dismally.

On that fateful day, the group was driving through a snow storm to visit the office of the Swiss client, a company that was subsequently acquired by the German industrial giant Siemens. It was when they had to take out the snow chains to plough through the snow that the term supply chain came to their minds, and to life.

Little did they know beforehand that being stuck in the snow could lead to one of the biggest Eureka moments of the modern industrial commerce. Dr. Partsch recalls: “One of us said why don’t we use chain as the missing link, so let us call our concept Supply – chain – management.”

Details of that client project along with the use of the term SCM, and its conceptual underpinnings, were later published in German Business Week magazine in 1982. The group of SCM pioneers described the methodology that covered all operational units of a company – considered almost an apostasy in the then “division of labour” driven management paradigm.

This was also the world’s first usage of the concept of supply chain management in print as we know it today. “We have come a long way since then,” reminisces Dr. Partsch.

SCM indeed did not simply emerge to be a fashionable jargon. From 1980 onwards, Dr. Partsch has been devoted to developing the art of SCM, engaging in over 500 successful projects. Some of them were very high-impact and bear the hallmarks of

SCM as an evolution itself. When asked “If SCM was such a powerful invention, why aren’t we seeing any symbols such as ® or ™ next to the word SCM?”

Simply, Dr. Partsch and his team members did not patent the term SCM. Instead, they disseminated the knowledge for free. The quest of Dr. Partsch and his team was not to capitalise on a name, but to help businesses capitalise on the concept’s application. “If we got one cent every time the word SCM is used, I would probably be the second richest man on earth,” jokes Dr. Partsch.



Figure 1: How SCM first appeared in print (German Business Week)

## NOTABLE PROJECTS OF DR. PARTSCH

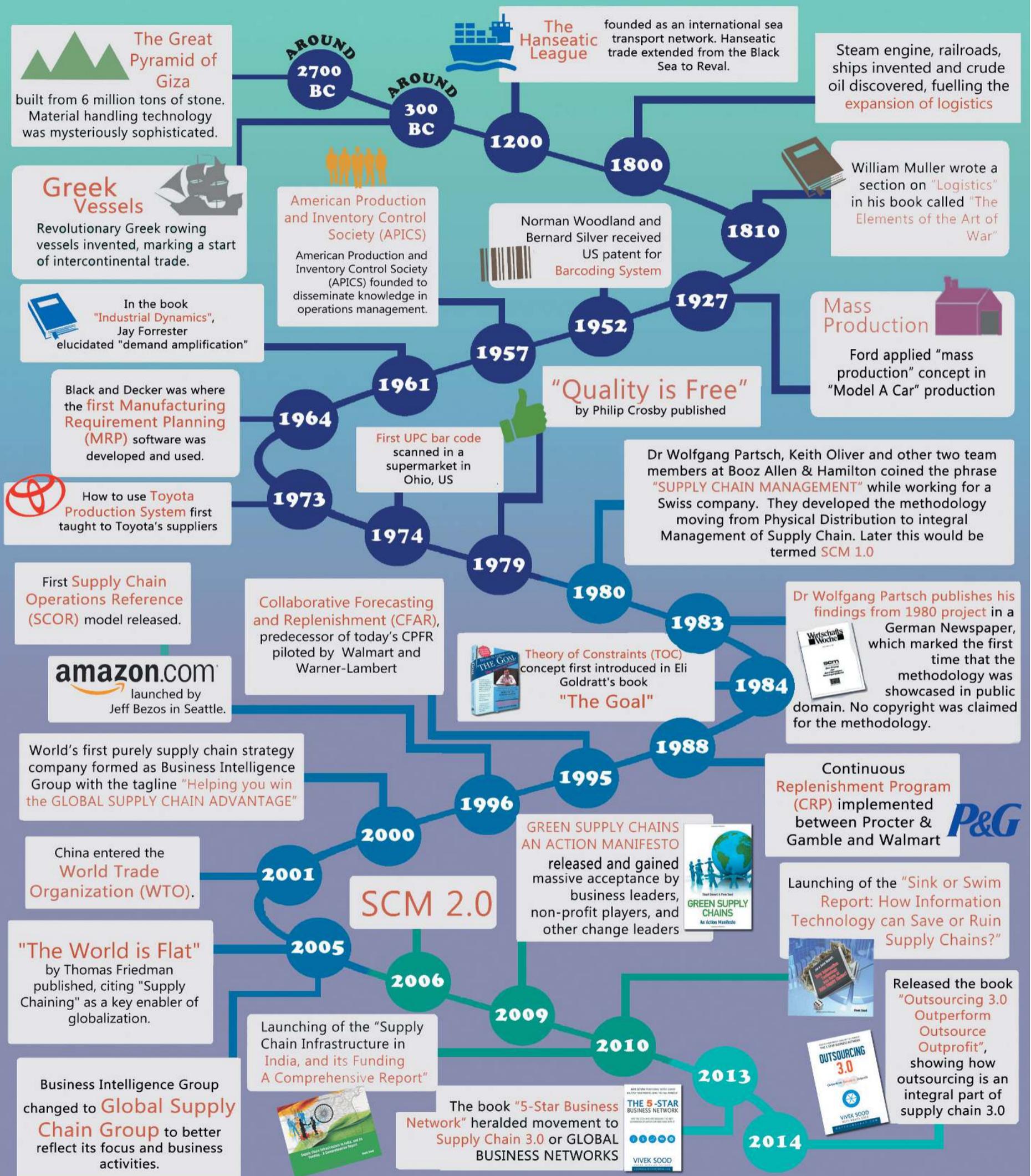
Austrian Industry AG (voestalpine Group), a steel-based technology and capital goods corporation, opened for privatisation in the late 1980s. Dr. Partsch led a three-year supply chain project to improve their operations and reduce working capital by around \$US 500 million. After the project, Dr. Partsch earned an accolade from the CFO of this conglomerate, who acknowledged it as the most successful project in his whole career, coming from the holistic vision of SCM.

Another substantial project was building a complete outsourcing-based supply chain strategy for the energy drink company Red Bull, which was merely a marketing platform at the time. The company was able to re-invent itself from the initial assessment by a market research firm as a sure failure. Red Bull’s co-creator Dietrich Mateschitz, who recognised his lack of supply chain knowledge, enlisted the help of Dr. Partsch. Adding to the challenge was the company’s wish to keep manufacturing within Austria, even though it would have been much cheaper to outsource it to local units. Dr. Partsch was finally able to help create the supply network from purchasing to production, logistics and retained control for a small team at the Austrian headquarters.

Another project was with Kellogg’s, the cereal company. Dr. Partsch led the team that created a supply chain strategy all over Europe, resulting in a profit improvement of about 90 million British Pounds per year. Apart from the positive bottom-line impact, there was also a boost for the whole information management system, partly thanks to a big IT project implementation. Moreover, Dr. Partsch and his team helped the company close two factories and standardise a single package size from previously 15 different sizes.

# STORY OF SUPPLY CHAIN

## From Antiquity to Post-Modern Commerce



# Why the majority of the companies are still struggling?

“At the moment less than 20% of the industrial companies have utilised the art of SCM to a degree where they can really benefit adequately. The remainder, more than 80%, are still struggling. They are just beginning, or have no real clue how to do it, or are still sitting on the fence and watching what happens,” says Dr. Partsch.

The very first reason is at the conceptual level, where misconceptions about SCM have been so deeply ingrained in people’s minds that their bottom lines are being hurt. At the same time, the SCM experts also show their empathy for those who have only a vague idea of SCM.

In many cases, CEOs come from areas such as finance, sales or marketing, and have a very thorough grounding in their respective field of expertise. However, they tend not to have the operational know-how which allows them to understand what exactly an end-to-end SCM is. With that lack of understanding or ignorance, they then fall back on the ‘default’ construct that supply chain is same as procurement or logistics, since these are the most visible activities in the SCM context.

Having heard countless stories of companies being “cheated” by those claiming to fix supply chain problems, especially the IT providers or logistics outsourcers, Sood fervently expresses his frustration: “Unfortunately lots of logistics companies push this concept, and they will blur the boundaries to an extent where the two terminologies - logistics and SCM - become interchangeable.” Supply Chain IT companies have garnered a patchy track record over the past 15 years.

Nonetheless, the consulting industry must be doing something right to be growing 15 – 25% per year consistently for the last 30-40 years. As a trusted management consultant who has helped some of the biggest brands on earth like Mercedes Engines, and, global industrial leaders such as Orica, Sood believes credibility is something that a consultant must earn before any signature is placed on paper.

“If you don’t enjoy your work, it is difficult to stay in this profession just for money. I thought I would work as a top-tier consultant for a few years - sort of a finishing school for MBAs. But I enjoyed the diversity of the challenges so much that I am still doing this after more than 17 years.”

**“At the moment less than 20% of the industrial companies have utilised the art of SCM to a degree where they can really benefit adequately”**

Dr Partsch asks critical questions that get to the core of many executive-level headache nowadays. “Do employees really understand what the real effective boundaries of their company’s supply chain are, and what role they play within it?” – “Is there a dodge of responsibilities because of unclear, yet tacit, routines?” – “Are competitors quietly chipping away your profits because people in your company are busy arguing with each other?”

A misconception of SCM can lead to a never-ending blame war between the logistics, sales, marketing, finance and other departments.

Since people often mistake supply chain as logistics only, it is of little surprise that the logistics people carry the heaviest burden of criticism even if the failure actually lies elsewhere in the supply chain processes.

Dr. Partsch also points out a common misleading notion that SCM is a cost reduction tool.

It is more about customer service improvement - a combination of methodologies and art with a very close connection to overall costs. "When you do your processes perfectly by having transparency and managing the processes holistically, the costs will come down automatically," he emphasises.



Moreover, there are three problems at the operational level which often result in SCM failures. SCM is not used as an end-to-end improvement tool, and silos are the key focus for management. Sood comments: "Top management may have an overall feel, but when you talk to a manufacturing manager, he does not care very much about purchasing, planning or sales, he is looking only at his factory."

Dr. Partsch warns of another issue potentially arising from the way people work – in silos, in closed cubicles. He places his hand over a computer screen and exclaims: "That's what people want others to see. Nothing. Or maybe just a glimpse of it." The point Dr. Partsch is trying to convey is that a lack of overall transparency and visibility can kill productivity.

Companies are still struggling with scattered systems and islands of information. Questions such as "Where could I find this information?",

"Why is this data entered three times?", "Who is responsible for updating these figures?" often hinder a smooth working process. Thus, IT integration has become a pressing need to move data along supply chain networks.

The story of Procter & Gamble and Wal-Mart in the States serves as a model that companies should aspire to.

They implemented real time information management so that any sales in Wal-Mart stores was sent to the logistics and supply chain people in Procter & Gamble, who could see how fast their products were moving and where. Such real time

information and maximum transparency made it possible for the supplier to manage their own inventories, while the retailer focused on customer service.

Finally, a chain breaks at the weakest link. Risk management and supply chain security, unfortunately, has not been as well established as it should. Dr Partsch cites an example: "If you remember the Toyota problems after the tsunami and the earthquakes in Japan, they had to shut down the factories, they had no reserve, and they had no alternatives on the market." This is a classic story of putting all your eggs in one basket. While many suppliers have learned to consider their clients as just one of the balls in their opaque lottery bowl, the attachment felt from the company's part is somewhat more "dysfunctional". Sood's eyes light up as he says: "But it doesn't have to be that way!"

# Supply Chain 3.0

**T**he fact that many businesses are stumbling their way towards profitability is because they are stuck at the lower stage of supply chain evolution. “We are at Supply Chain 3.0 now,” says Sood. Knowing the first reaction of people on hearing that term would be a sceptical squint or raised eyebrows, the two SCM experts leave little gap to utter “What is that?” and delve right into explanation.

**“This is an era of what I call 5-star business networks, where everything you do, whether it is product development, research and development or even marketing everything is done with the final customer in mind”**

The first generation of supply chain in the 80s saw everything within the walls of a company, from purchasing through shipment of products to the customer. The first contribution that SCM made, in Sood’s words, was: “Instead of doing your job in isolation and giving the result to somebody else, why don’t you actually work with that somebody else in a collaborative manner so that both of you can jointly come to a much better solution for the company?”

SCM took off in the mid-80s with the invention of personal computers and Apple IIe. These technological breakthroughs made it possible to collect information along the supply chain and send them to a central supply chain information pool. Before this advancement, only the rich companies could really afford SCM projects with some IT support.

In the 90s came the second generation of supply

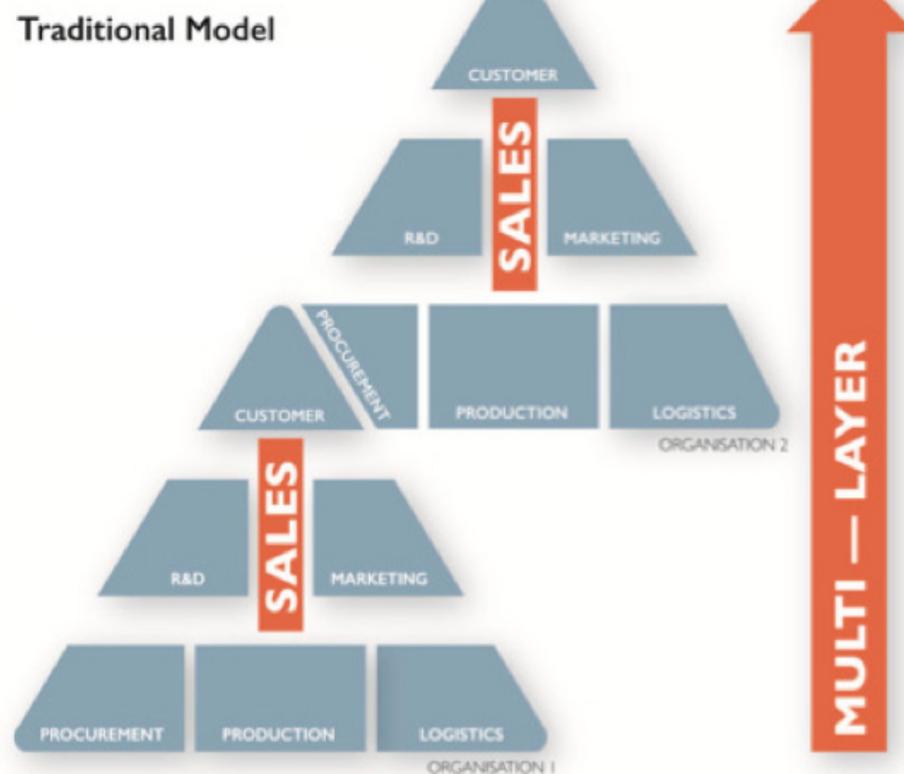


Figure 2: Traditional Business Model

chain. This second wave was about getting out of the four walls and going international. Immediately, people were talking about production in Korea, Taiwan, China, Europe and customers in North America. People started talking about collaboration with customers and with suppliers. Sood notes: “In that sense, the same concept was applied sporadically and somewhat successfully.”

This period also saw a progress of IT. Companies such as SAP started to make big moves, as well as supply chain management software companies such as Manugistics.

The third wave happened with the Internet boom, where the new medium started to have revolutionary impact on trade and businesses. We moved from international supply chains to global networks. “This is an era of what I call 5-star business networks, where everything you do, whether it is product development, research and development or even marketing everything is done with the final customer in mind and you work very closely with your final customers to create the products that are in demand in the market place,” says Sood.

The idea of supply chain 3.0 is closely linked to a super networked business model, which breaks from the linear manner that businesses used to relate to each other. In the old model, for instance, company A produces goods which are then procured by company B, who then produces services which are procured by company C and so on. We would end up having stacks, or multi-layers of companies that are related in a very hierarchical manner.

Why is this bad? Because it is inflexible, formulaic, innovation-stifling and puts the end-consumer almost out of context. With supply chain 3.0, R&D teams of two or more organisations work together, just as their marketing teams; while other departments cooperate to produce, store and move the products before finally selling them to the customer.

In his book *The 5-Star Business Network*, Sood also details the benefits of getting to the third generation of supply chain. "The end customers see products released very quickly, fine-tuned over a period of time. Then multiple generations of products are created in a very systematic manner to optimise the profitability and get the cash to cash cycle to an extent where companies can predict very accurately how much cash they will generate out of each generation of product."

Just try and imagine that, during the financial crisis of 2008, consumers who sometimes did not have money to pay the rent, would somehow scrounge together enough to purchase Apple's iPhones. Why were they doing it? Because they had fallen in love with the product, and with the company which had designed a product so much around their particular needs, that they would find creative ways of putting together money to go and buy that product.

At the same time, on the back end, Apple had worked out a very tightly knit supply chain which not only minimised the cost of producing iPhones but also helped the company invent new products in half the time of others.

Sood appears to ease people's mental denial (but we're not Apple) by adding: "I'm not saying everyone should have fanatical consumers like Apple to be successful. All I'm pointing out is that more intimately you meet your consumers' wants, more rewards you will reap for longer periods of time. You need your own 5-STAR Business Network to work with you in order to do this."

Adds Sood, when I wrote the book "The 5-STAR Business Network", our team did a 6 year longitudinal study of the top 1200 corporations around the world. It is interesting to note that 62 companies out of the entire starting sample of the top 1200 companies in the world scored 20 points out of 25, which is our cut-off for the Supply Chain 3.0. Also, interesting to note is that Apple – the darling of supply chain crowd – is only ranked #60 in the rankings. And, due to its low margins,

Amazon – just missed the cut. Figure 3, which is reproduced from the above book with permission, gives the top 35 of these 62 companies and shows the diversity of where excellence resides.

When asked about the rest of the 1200 companies, Sood refers to his blog, or book both of which have full detail of the study and data.

In a similar vein, Dr. Partsch stresses the fact that no matter how you measure, and how you analyse and determine the cut-offs, only less than 20% of companies have manifested advanced supply chain in any form; the rest range from "we tried", "we are little bit good" and "we missed the boat".

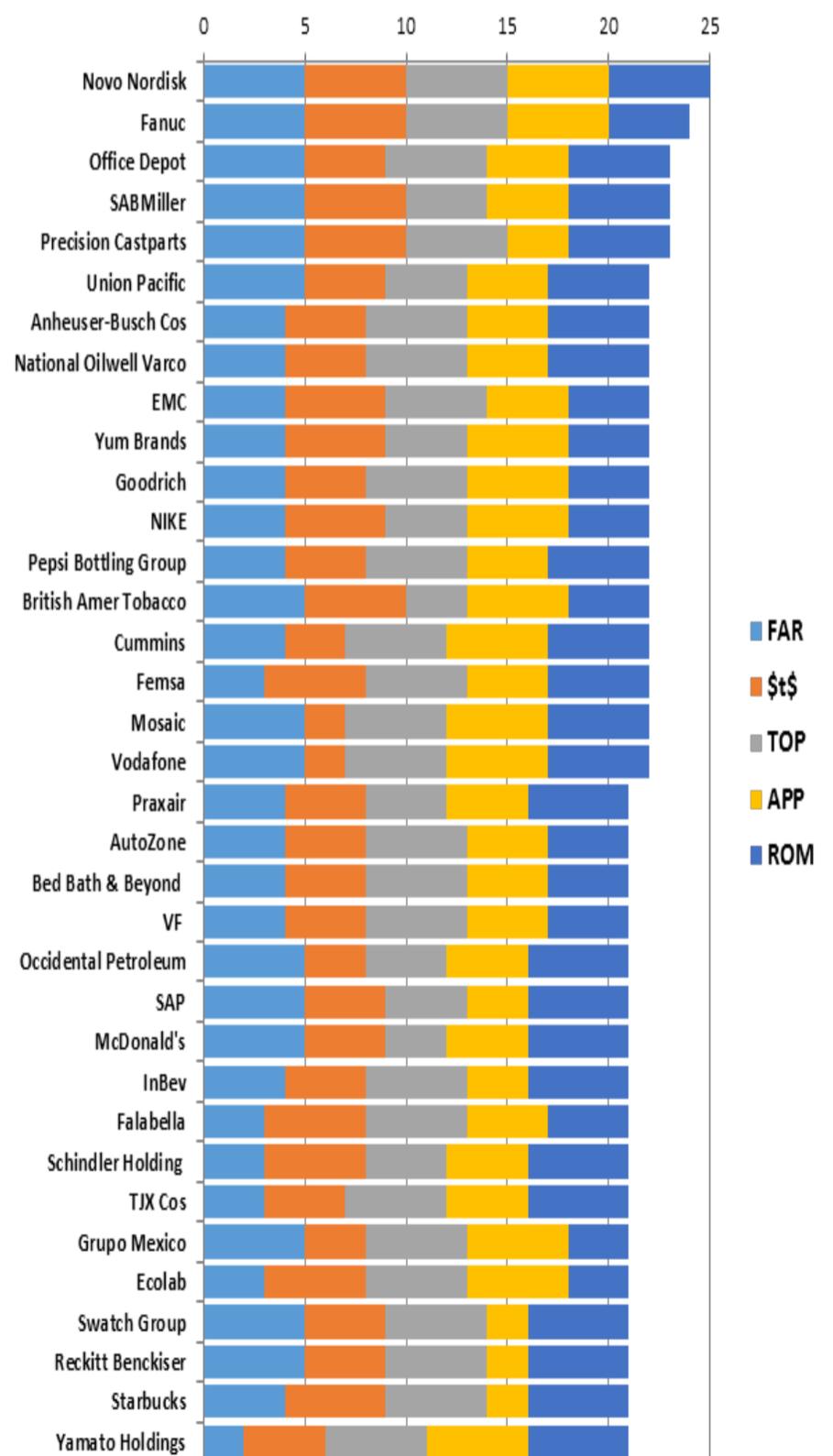


FIGURE 3: WINNERS OF GLOBAL BUSINESS MODEL GAME

# Moving up the chains

**W**ith the increasing complexity of these new supply chain networks, we need education, expertise, and we need technology to improve the processes. The founding father of SCM says the trio “people-process-technology” helps move companies forward, but cautions against putting “technology” at the forefront.

Back in the 90s, the SCM terminology was misused by many IT companies, who said software tools by themselves could solve the common supply chain problems. That is nowhere near the truth and Dr. Partsch quotes a common refrain which is a bit of cliché, but yet it is true “If you have only a hammer, every problem looks like a nail.”

“People, I would say, account for 40%, processes normally about 40%, and 20% is technology of the investments,” he adds.

Every company is unique, hence, they move, transform or evolve towards a higher of level of supply chain in different manners too. Devising a complete and detailed road map could easily be done by someone such as Dr. Partsch or

Vivek Sood. “I think it is not enough to just give people a map and tell them to climb to the peak by themselves. We want to and we always climb the mountain with them,” says Dr. Partsch.

Sood gazes towards the picture of a Sherpa alongside a climber on the Himalayan range and says: “We tend to work with executives with very strong capability sets, generally those who will be CEOs very soon. They do not need very large teams for very long periods of time.”

“People generally self-select the consultants that suit them. Large brand name consultants deploy larger teams for much longer time and tend to work with a different group of managers who need a lot of hand-holding.”

**“I think it is not enough to just give people a map and tell them to climb to the peak by themselves. We want to and we always climb the mountain with them”**

**SUPPLY  
CHAIN  
MANAGEMENT IS**



**LOGISTICS  
PROCUREMENT  
A COST REDUCTION TOOL**



**END-TO-END PROCESS FROM  
PURCHASING BASIC MATERIALS TO  
SHIPPING FINISHED**

**FACT  
CHECK**

# Supply chain as a leadership litmus test

**“The leadership of a CEO doubles the success probability of any business transformation”**

**M**anagement buy-in is a critical factor in successful supply chain transformation projects. As Peter Drucker said: “Only three things happen naturally in organisations: Friction, confusion, and underperformance. Everything else requires leadership”. It links to the human element out of the trio mentioned by Dr. Partsch earlier. He says: “If you don’t have support from the CEO or CFO nothing will happen.” Sood agrees: “The leadership of a CEO doubles the success probability of any business transformation.”

Therefore, the first role of a company leader is to break down silos, to get different departments to talk to each other. Just as how a music conductor makes sure a concerto is played harmoniously by all the musicians involved, a CEO leads a company towards growth by ensuring everyone in the organisation is not trampling on each other’s feet.

Sood cites a common issue in organisational structures, which is a disconnection between finance, sales and operations. A typical finance department has an annual planning cycle, which

## NOTABLE PROJECTS OF VIVEK SOOD

Sood’s company had a client in solar power energy, a \$200 million business with very sophisticated technology. Even though the client had spent nearly 15 years in perfecting the new technology, they had virtually no supply chain. Sood and his team created the whole supply chain from scratch, which involved scouring through all suppliers on earth to manufacture parts that had never been manufactured before. The prospects were bleak at many points, with suppliers refusing to engage with a low-key startup energy company at the time. Finally, out of 16 potential vendors, the team picked one and successfully created a multi-billion dollars’ worth of supply chain. That was after some strenuous economic and technical due diligence processes, where Sood and his team drove in the European mid-winter to assess manufacturing sites that could be 900 miles away. Nonetheless, the total project time was 18 months instead of 5 years as it would normally take other companies.

Another project was for a global fast-moving goods company with multiple plants, making more than 10,000 products, serving customers in more than 100 countries. Not all plants were 100% utilised and there were many supply chain complications. The stakes were massive as each plant could be employing up to 1,000 people and the entire local economy could be dependent on any given plant. Sood and his small team worked to restructure the entire global supply network by building a manufacturing footprint optimisation model, based on the knowledge of cost base, skill base, and competence base in each of the plants spread across 5 continents. Finally, they were able to close the redundant plants and increase the client’s profit significantly. None of the project aspects raised a public outrage as there were effective and responsible change management protocols in place.

involves budgeting. An operation department, on the other hand, usually has a monthly planning cycle, which involves sales and operations planning. As two departments often plan on two different time horizons, 90% of companies do not have the same monthly budgetary updates. "Sales and operations planning forms a key component of SCM but unfortunately, a lot of companies have made sales and operations planning very formulaic and extremely rigid. It's all form without substance," Sood comments.

How does this affect the end-customer? Internal bickering and resentment is never a good sign. Customers are not too naïve to figure out if a company has failed to launch new products as scheduled, or delayed shipping on more than one occasion.

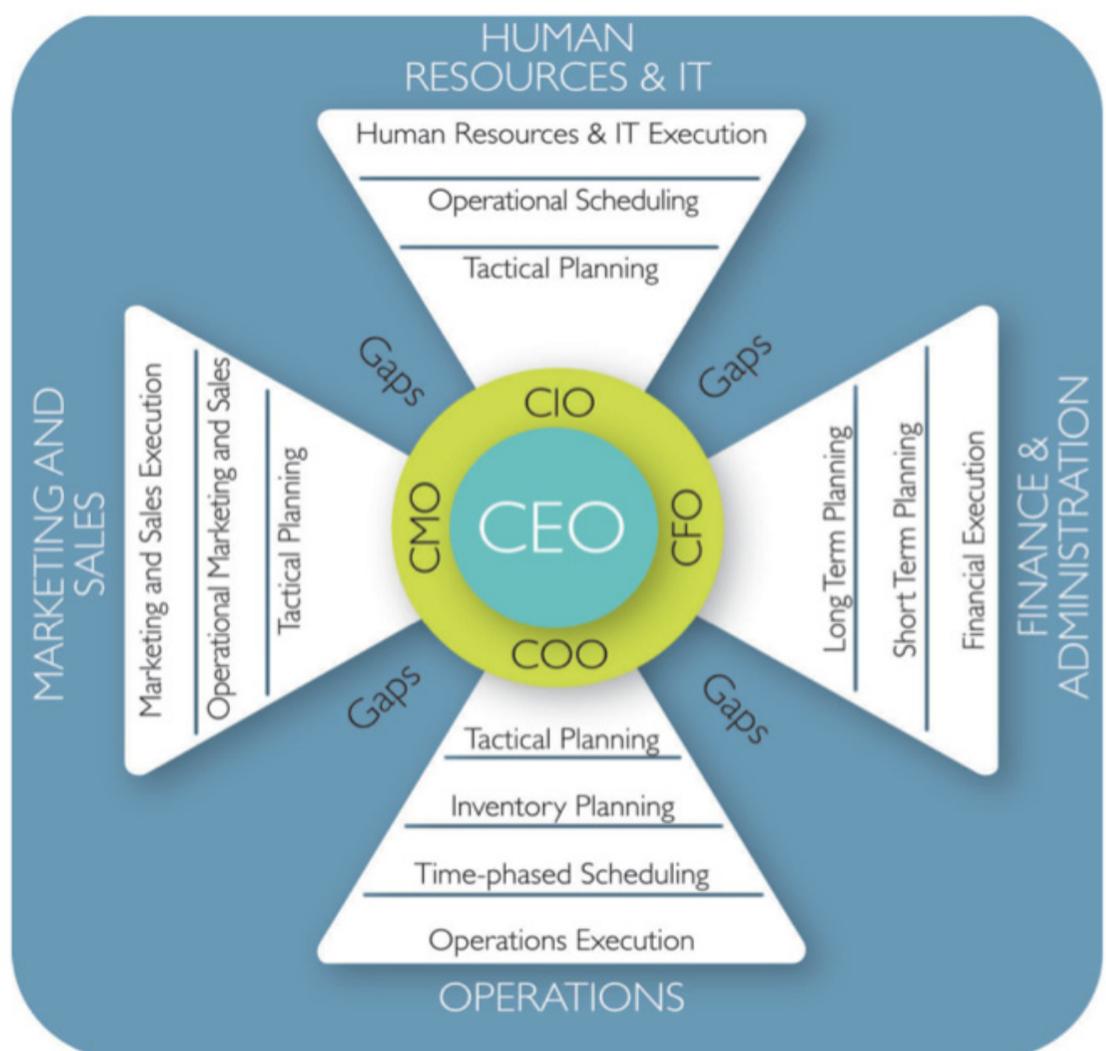
More than ever, the job of the CEO is to weave the team of all internal C-level people who are extremely competent into a cohesive team which works as one. "That is why SCM is a leadership function and cannot be delegated down," emphasises Dr Partsch.

An example of how a company can leverage the power of supply chain 3.0 with proper leadership is Zara. They have 18 fashion cycles a year whereas a typical fashion retailer only has two seasons. Zara is "beating hands down any retailer in the world by a factor of 900% productivity difference" in their planning cycle. "The owner of Zara is known to be the third richest man on earth and he is a man who literally grew in a one room flat next to the railway lines. How did he create this? By understanding what a good supply chain can do for his business and even in a country which is not really known for its innovation or for even being

very productive," says Sood.

The burning question at this point could be: "How do people know if they need to move up the supply chain ladder at all?" This should not be an exercise to find a needle in a haystack, or dig out whatever fault one can find in a company. Sood speaks in a half humorous, half serious voice: "If you take that approach, perhaps every college student would want to be a consultant when they graduate to pay off their debts." A more useful thing to do is to look for patterns of unhappy customers, or patterns of undesirable numbers on the earnings report.

**“Supply Chain Management is a leadership function and cannot be delegated down”**



**Figure 4: CEO as a conductor that orchestrates a supply chain transformation**

# EVOLUTION OF SUPPLY CHAIN MANAGEMENT

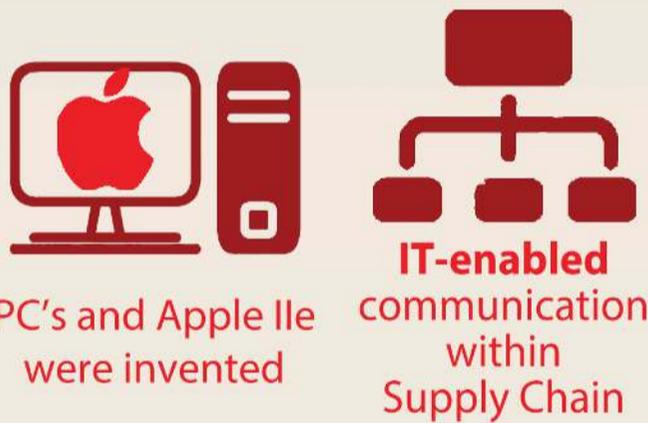
Before 1980



**SCM**  
**SUPPLY CHAIN** **1.0**  
**MANAGEMENT**  
invented



1980



Mid 1980's

**SCM** **2.0**  
**Suppliers & Customers**  
Collaboration with  
**PRODUCTION IN CHINA AND EUROPE**

1990's



Boom of the internet

**GLOBAL BUSINESS NETWORKS**

**SCM** **3.0**  
**CUSTOMERS** at the heart of supply chain  
**SUPER NETWORKED** business model

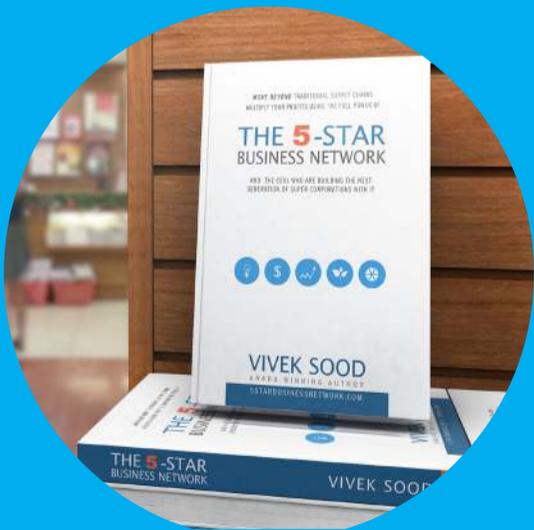
only 20% of companies are at this level.



**DR. WOLFGANG PARTSCH**



**VIVEK SOOD**



**THE 5-STAR BUSINESS NETWORK**

**“We are more and more in the battle of supply chain versus supply chain, and not companies versus companies. You need the best external advisers to win in this game. There may not be more than 10 people like us on the planet who can achieve rapid, beneficial, large-scale business transformations like we do.”**

Many executives may lie in their bed at night, hand on forehead, not knowing their company’s headache is due to a brain tumour. “While I admire these people for their dedication to the organisation they are working for, sometimes the deep underlying causes of these minor headaches slip past their mind,” says Sood. He believes SCM should not be foreign concept in the corporate world, 30 years on from the day it first appeared in print.

“We are more and more in the battle of supply chain versus supply chain, and not companies versus companies,” says Dr. Partsch. “You need the best external advisers to win in this game. There may not be more than 10 people like us on the planet who can achieve rapid, beneficial, large-scale business transformations like we do.” On being questioned on this he points to fact that while he plays golf as much as millions of others on earth – only a handful of people regularly make more than \$10 m per year from the game. “Anyone can talk a good game – look at the results to know the impact.”

The youngest in the original SCM pioneers sounds naturally like a Grimm Brothers’ tales narrator: “I may or may not live to see the next movement of SCM, or supply chain 4.0, but I trust that there are always people like my partner Sood who can help companies get there.”

MOVE BEYOND TRADITIONAL SUPPLY CHAINS

# THE 5-STAR BUSINESS NETWORK

# A BETTER METHOD

presents

## FOR BUSINESS TRANSFORMATION

### 1 Beware the Confusion: Not All Business Transformations Work

76% of business transformations create confusion, not beneficial results. Modern organisations now operate in complex eco-systems of business networks. Yet, strategists and transformation advisors continue to operate within frameworks of old school Industrial Organisations causing immense confusion and nearly 80.2% loss of potential profitability.



### 2 Learn The 5 STAR Method

**FIRE - AIM - READY INNOVATION**  
BECAUSE INNOVATION IS NO LONGER A SOLO SPORT

**\$EED - TO - STORE EFFICIENCY**  
BECAUSE CASH RULES

**T RANSACTION OPTIMISATION PROFITABILITY**  
TO CO-MULTIPLY YOUR PROFIT BY USING THE FULL POWER OF YOUR SUPPLIERS

**A DVANCED PRODUCT PHASING**  
BECAUSE LONG TERM MATTERS EQUALLY

**R ESULTS-FOCUSED OUTSOURCING AND MODULARISATION**  
TO OUTPERFORM, OUTSOURCE AND OUTPROFIT - LEARN WHEN TO DO IT AND HOW TO DO IT WELL

### 3 USE THE FULL POWER OF THE 5-STAR BUSINESS NETWORK

#### The 5-STAR Business Network allows you to:

**COLLABORATE EARLY AND OPTIMALLY:** Build a global network of reliable suppliers who work closely with you to achieve YOUR business objectives - because it suits them.

**THINK AND ACT STRATEGICALLY:** Move beyond cost reduction into rapid new-product-development and profit optimization for each and every customer on every transaction using the full power of your global business network.

**ENSURE CURRENT PROFITS AND FUTURE SUSTAINABILITY:** Develop new products faster and work with key suppliers to maximize profitability from the current generation of products, as well as develop a pipeline of next-G products.

### 4 OVERCOME THE SEVEN TRANSFORMATION FLAWS

- 1 CEO NOT LEADING FROM FRONT
- 4 GOING TOO SLOW
- 7 NO CUTTING EDGE EXTERNAL EXPERTISE

- 2 TOO MUCH COST FOCUS
- 5 OUTSOURCING TACTICALLY

- 3 COOKIE CUTTER SUPPLY CHAIN MODELS
- 6 LATE SUPPLIER AND CUSTOMER INPUTS

### 5 LEARN TO USE THE POWER OF [www.5STARBUSINESSNETWORK.com](http://www.5STARBUSINESSNETWORK.com)