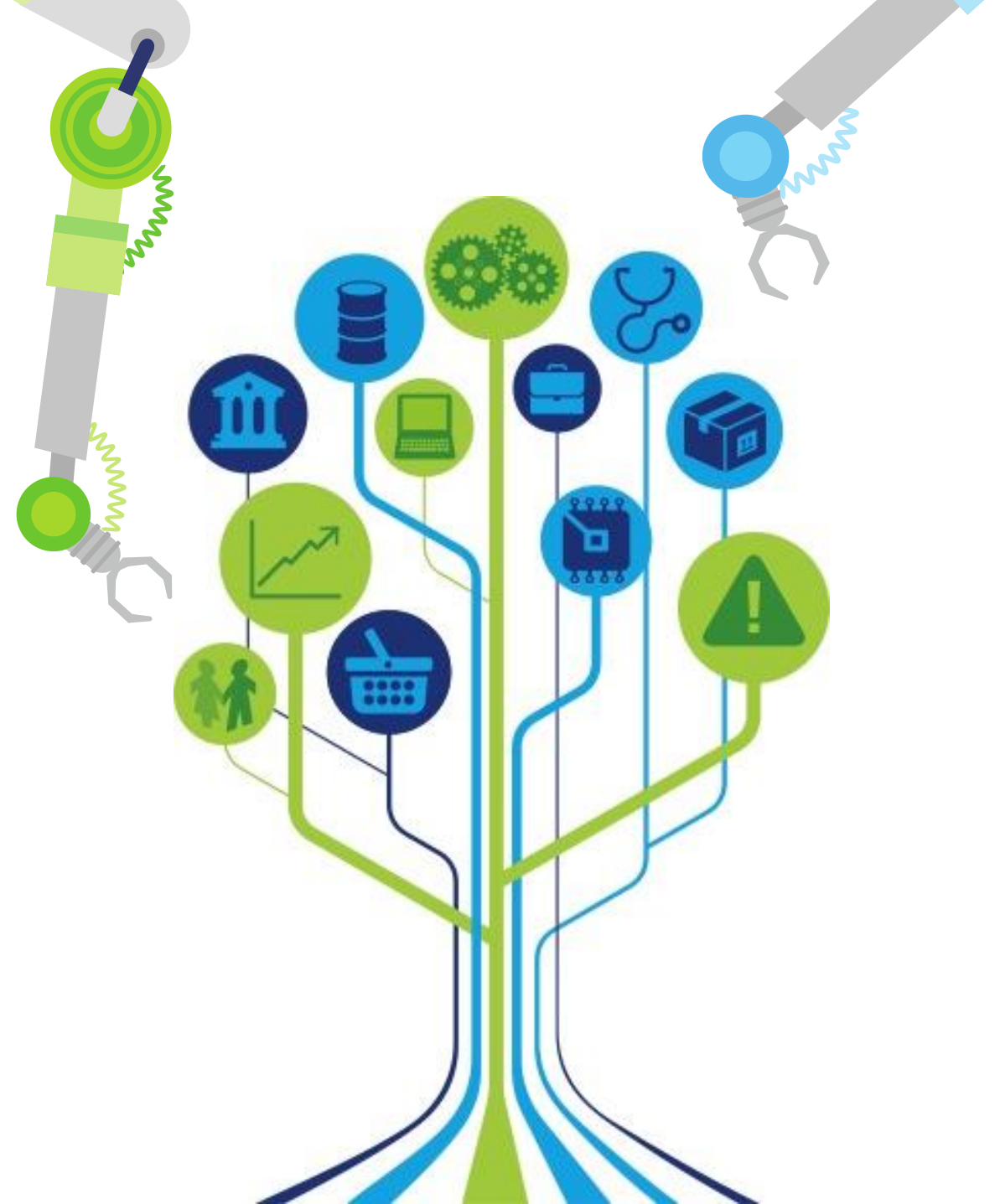


# Deloitte.

## Supply Chain Trends 2014

5 trends making today's leaders



# Supply Chain Trends 2014

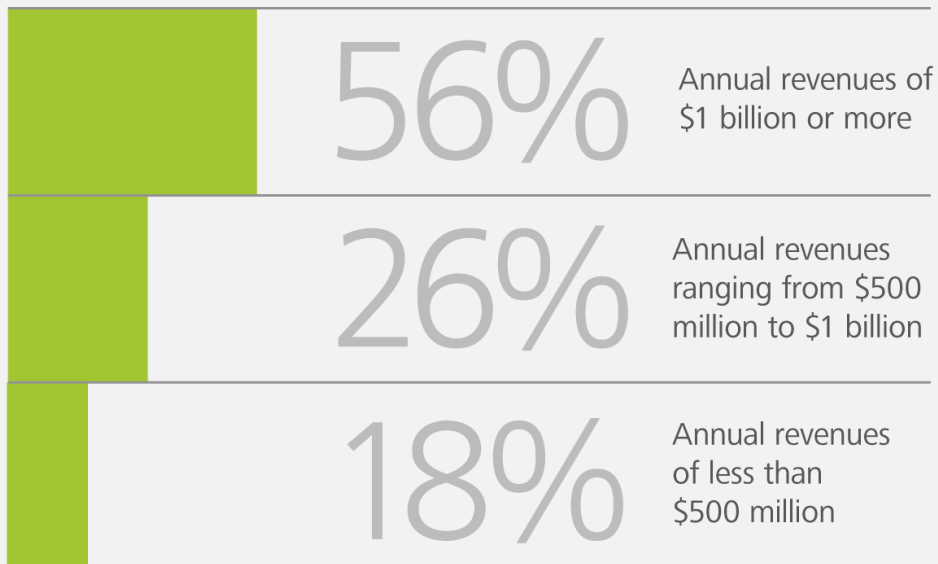
## Methodology

Deloitte launched a worldwide survey (« The 2014 Global Supply Chain Survey ») with manufacturing and retail companies to identify Supply Chain trends 2014/2015

### Survey Panel

**Volume:** 421 executives from manufacturing and retail companies with a minimum of \$100 million in annual revenue

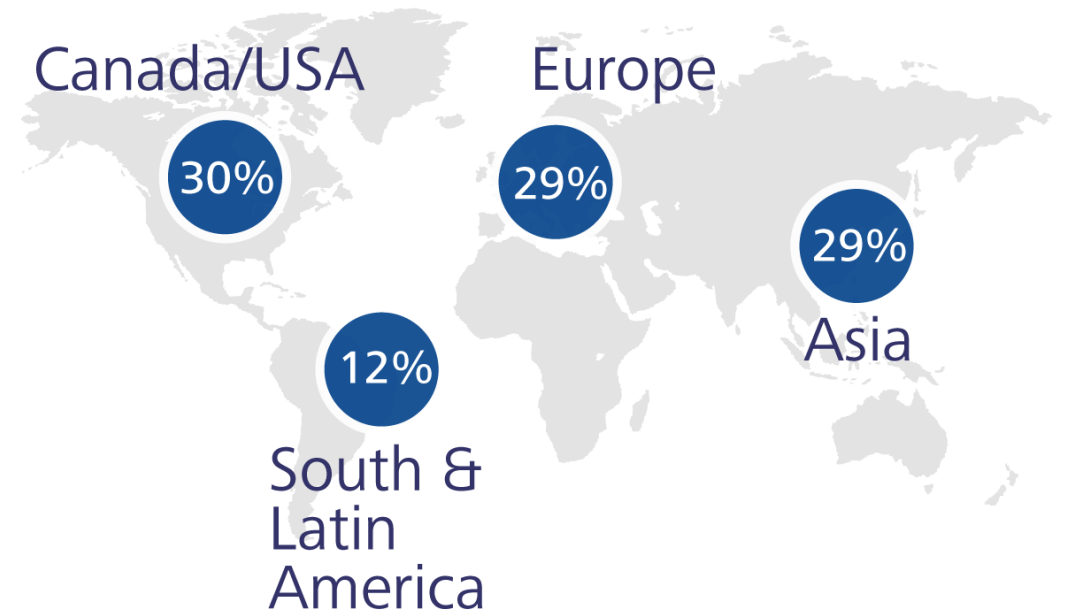
### Company sizes:



### Affected sectors:



### Headquarter locations:



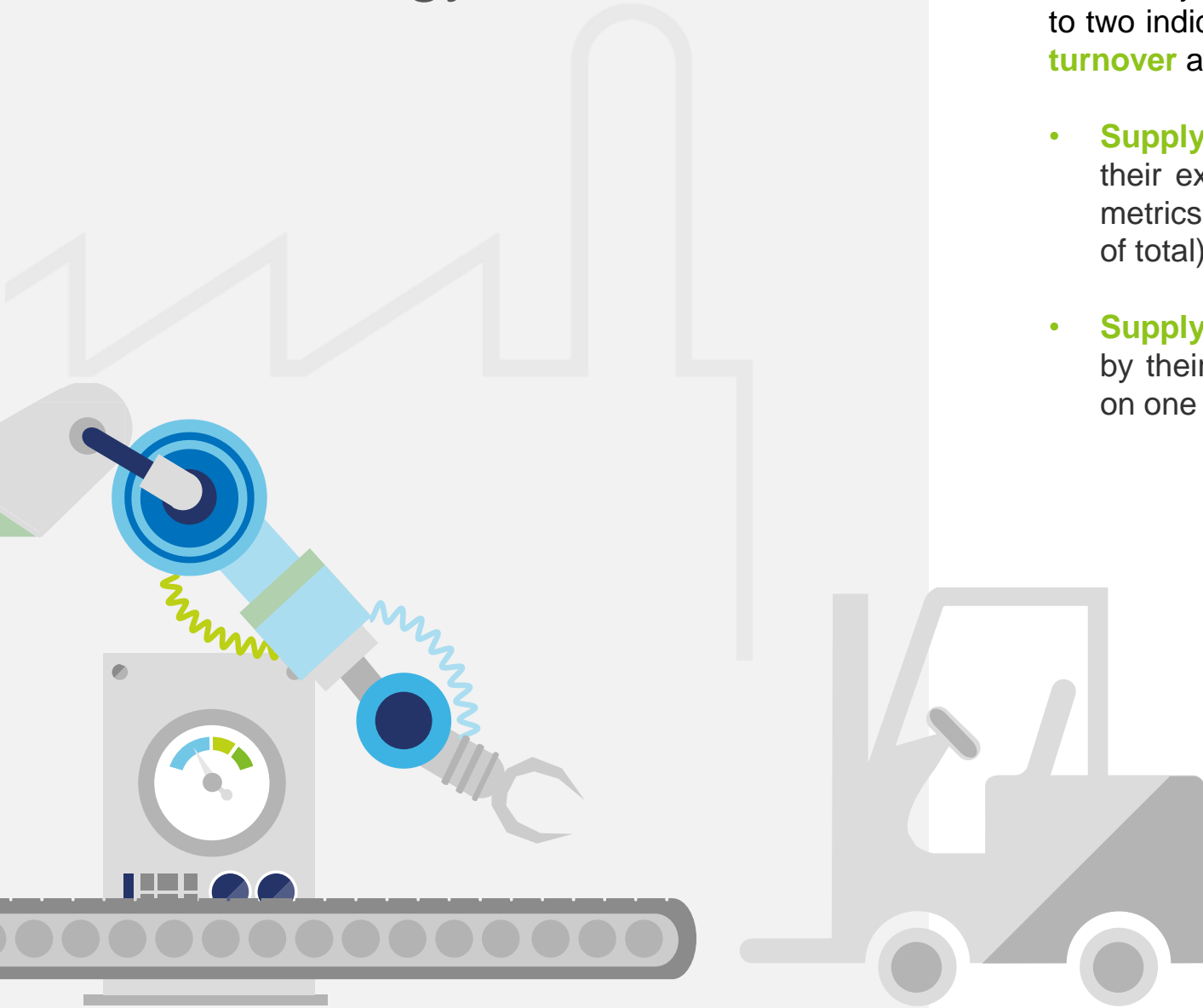
# Supply Chain Trends 2014

## Methodology

### Study's Assumption:

This study compares two different types of companies according to two indicators revealing a performant supply chain: **inventory turnover** and **OTIF** (On Time In Full)

- **Supply Chain Leader** companies (**SC Leaders**) are rated by their executives as « significantly above average » on both metrics compared to other companies in their industry (12% of total)
- **Supply Chain Follower** companies (**SC Followers**) are rated by their executives as less than significantly above average on one or both metrics (88% of total)



# Supply Chain Trends 2014

## Introduction

### 5 Key Success Factors

We demonstrated in this study that SC Leaders, with better financial performance, distinguish themselves on 5 trends

#### Talents

More **strategic responsibilities** for Supply Chain, supported by new talents recruitment

#### Supply Chain Segmentation

There is no one “right” Supply Chain strategy, **SC Leaders differentiate their Supply Chain**

#### Supply Chain Integrating Role


SC Leaders recognize and strengthen the **central role** of Supply Chain as a cross-functional integrator

#### Agile and Resilient Supply Chain

Cost reduction strategy made Supply Chains weaker, they have to become **more agile and resilient**

#### Imperitive Innovation

SC Leaders fuel **long-term, sustainable growth** by building **innovation capabilities**



### Is having a performant Supply Chain really differentiating?

We have shown in our analysis that:

- **79% of SC Leaders have revenue growth that is significantly above average** compared to 8% of SC Followers
- **69% have an EBIT significantly above average** compared to 9% for SC Followers

# Supply Chain Trends 2014

## Talents 1/2

### More strategic responsibilities for Supply Chain, supported by new talent recruitment

Having the supply chain function represented by a senior executive generates better performance

- Capability to **align Supply Chain management priorities** with corporate global strategy
- Ability to **positively arbitrate resource deployment**
- Ability to **become an influential vector** for corporate strategy

5 TRENDS

1

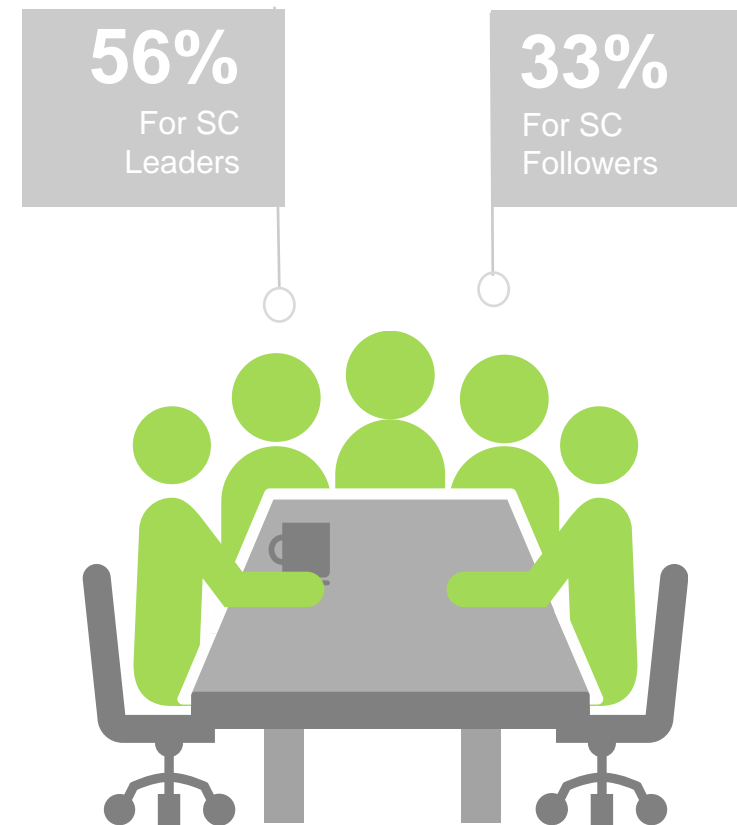
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Proportion of companies where the Supply Chain function is represented by a senior executive



# Supply Chain Trends 2014

## Talents 2/2

5 TRENDS

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### More strategic responsibilities for Supply Chain, supported by new talent recruitment

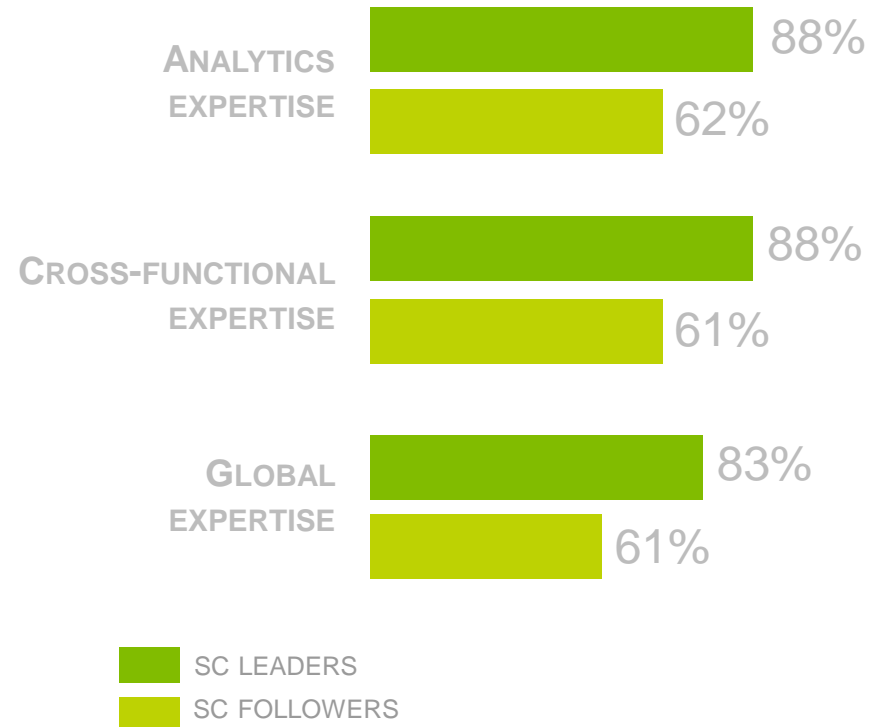
3 areas of expertise summarize the gap between SC Leaders and Followers:

 **Cross-functional experience:** wealth of career paths allows transversal understanding of companies' needs

 **Global experience:** revenue growth is supported by new market research thanks to a global Supply Chain

 **Analytics expertise:** « Big Data » age requires strong analytics expertise to be able to highlight important information and weak signals

### Types of skills/experience sought by Supply Chain



# Supply Chain Trends 2014

## Supply Chain segmentation

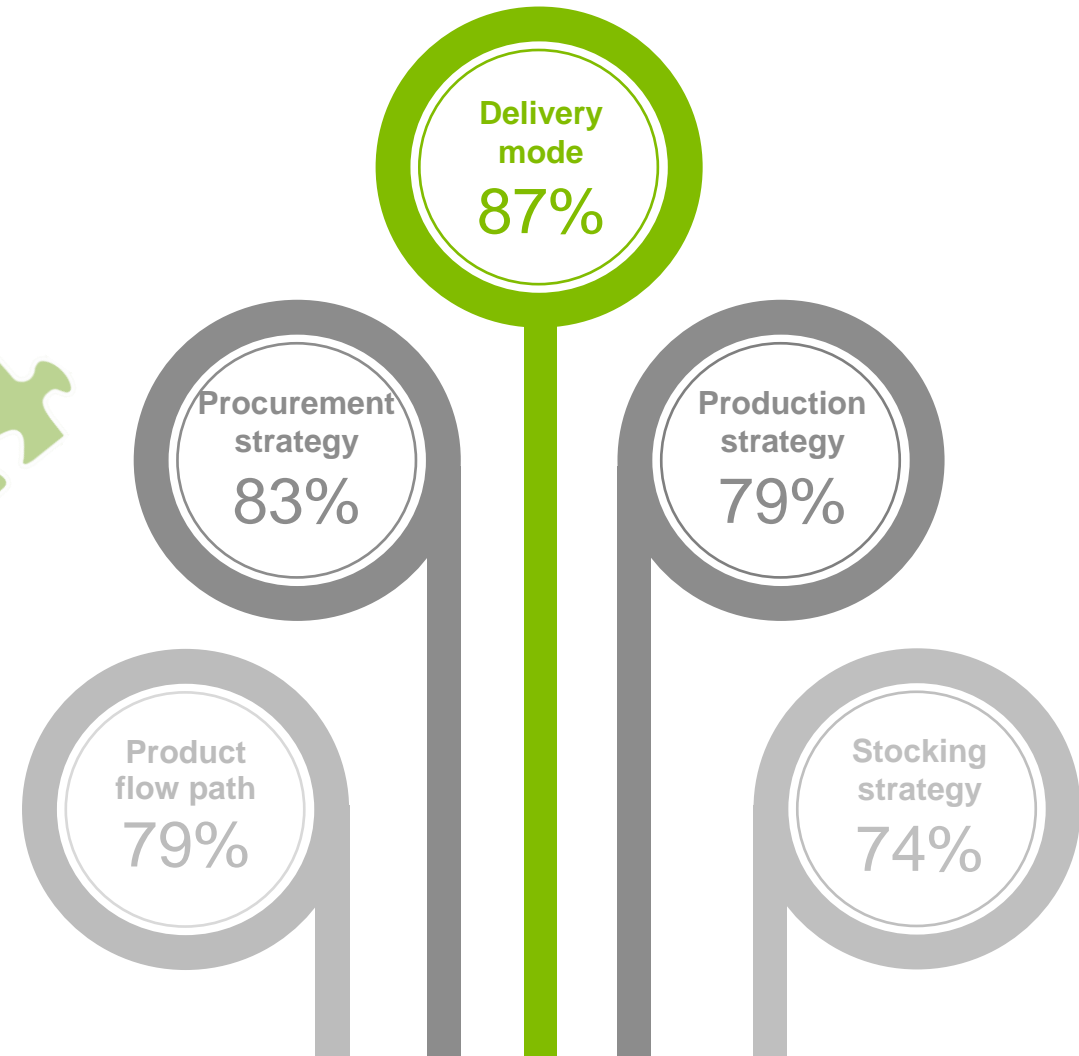
5 TRENDS

There is no one “right” Supply Chain strategy, SC Leaders differentiate their Supply Chain according to products, clients and channels

SC Leaders have a segmented Supply Chain to maximize benefits vs flexibility trade-off, insuring the expected service level

They create differentiation with a strong operational segmentation: delivery modes, production strategy, procurement strategy, ...

SC Leaders' methods of service level differentiation



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# Supply Chain Trends 2014

## Supply Chain integrating role 1/4

**SC Leaders recognize and strengthen their central role as a cross-functional integrator bringing their broad view of Supply Chain**

**Main part of SC Leaders owns each of these 6 departments**

To compare, **only 3 areas** are owned by a majority of **SC Followers**

5 TRENDS

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# Supply Chain Trends 2014

## Supply Chain integrating role 2/4

**SC Leaders recognize and strengthen their central role as a cross-functional integrator bringing their broad view of Supply Chain**

In addition to these 6 functions, SC Leaders have a **strong collaboration with their company's internal functions**

SC Leaders integrate extensively with Corporate Strategy, Finance and Marketing, mainly through collaborative processes such as S&OP – Sales and Operations Planning – which is a decision-making process to enable a consensus between functions

5 TRENDS

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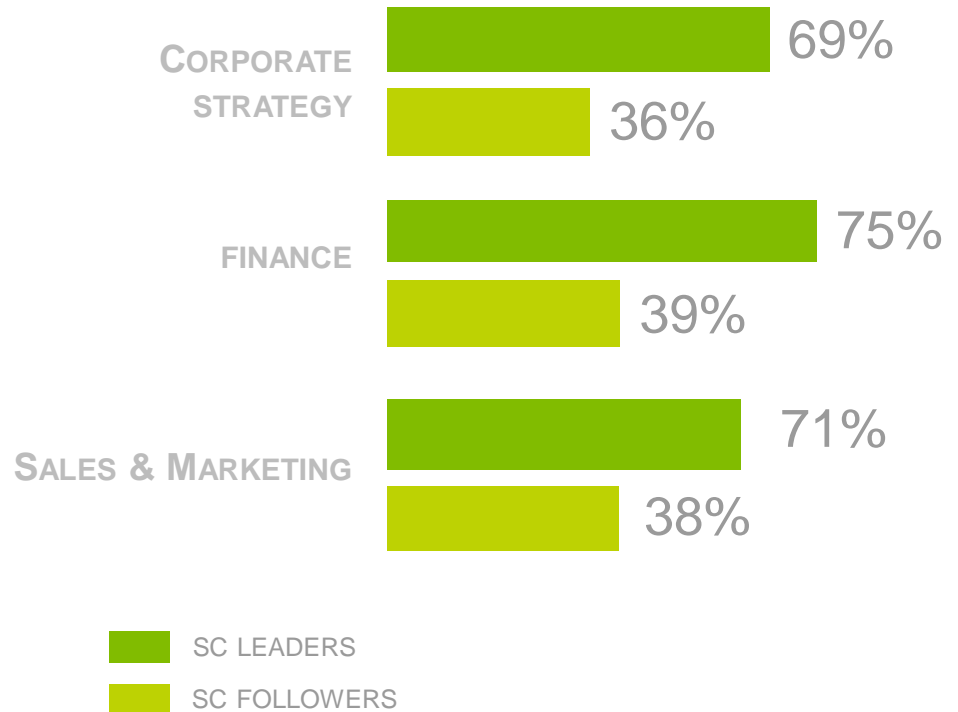
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### Cross-functional integration

Percent integrating « extensively »



# Supply Chain Trends 2014

## Supply Chain integrating role 3/4

The term « Supply Chain » is more and more replaced by « Value Chain », reflecting Supply Chain need to bring down boundaries between Clients and Suppliers

Our study shows that integration has to be deployed from suppliers to clients, to increase visibility and collaboration and to optimize operations across the value chain

We can identify 3 different integrations:

- **Integration along the value chain**, mainly through sharing of forecasts
- **Integration focused on clients**, product development oriented
- **Integration focused on suppliers**, increasing visibility on global production capacity

5 TRENDS

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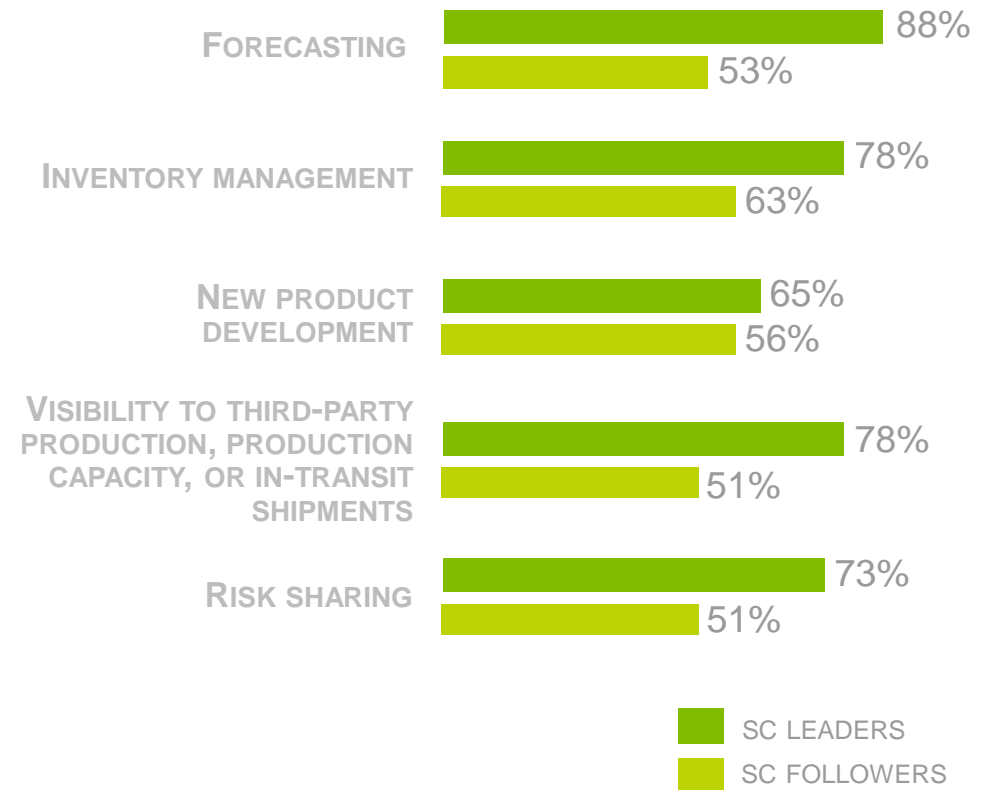
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### Supply Chain coordination with suppliers



# Supply Chain Trends 2014

## Supply Chain integrating role 4/4

5 TRENDS

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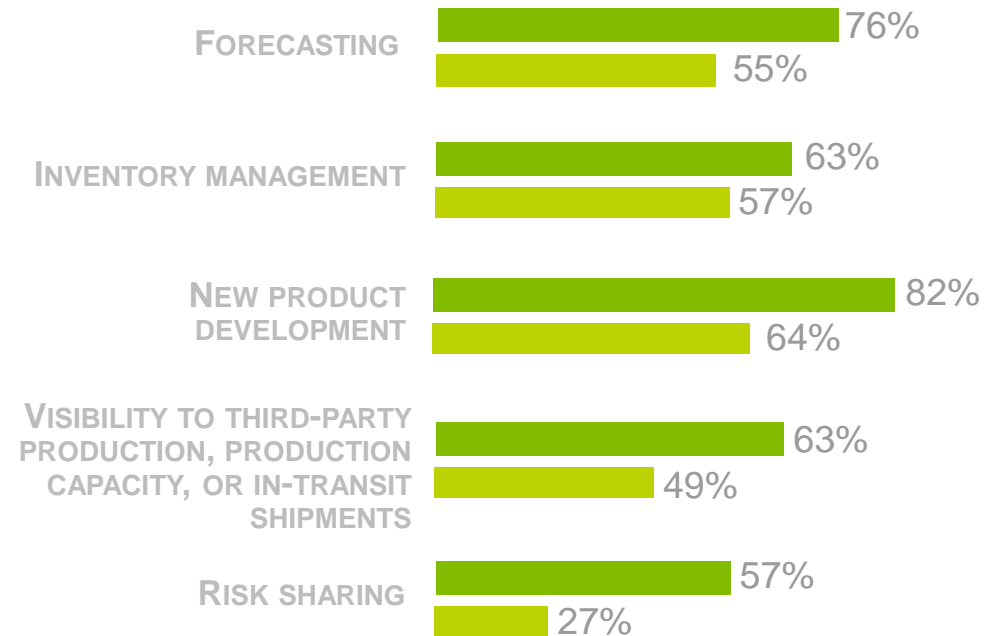
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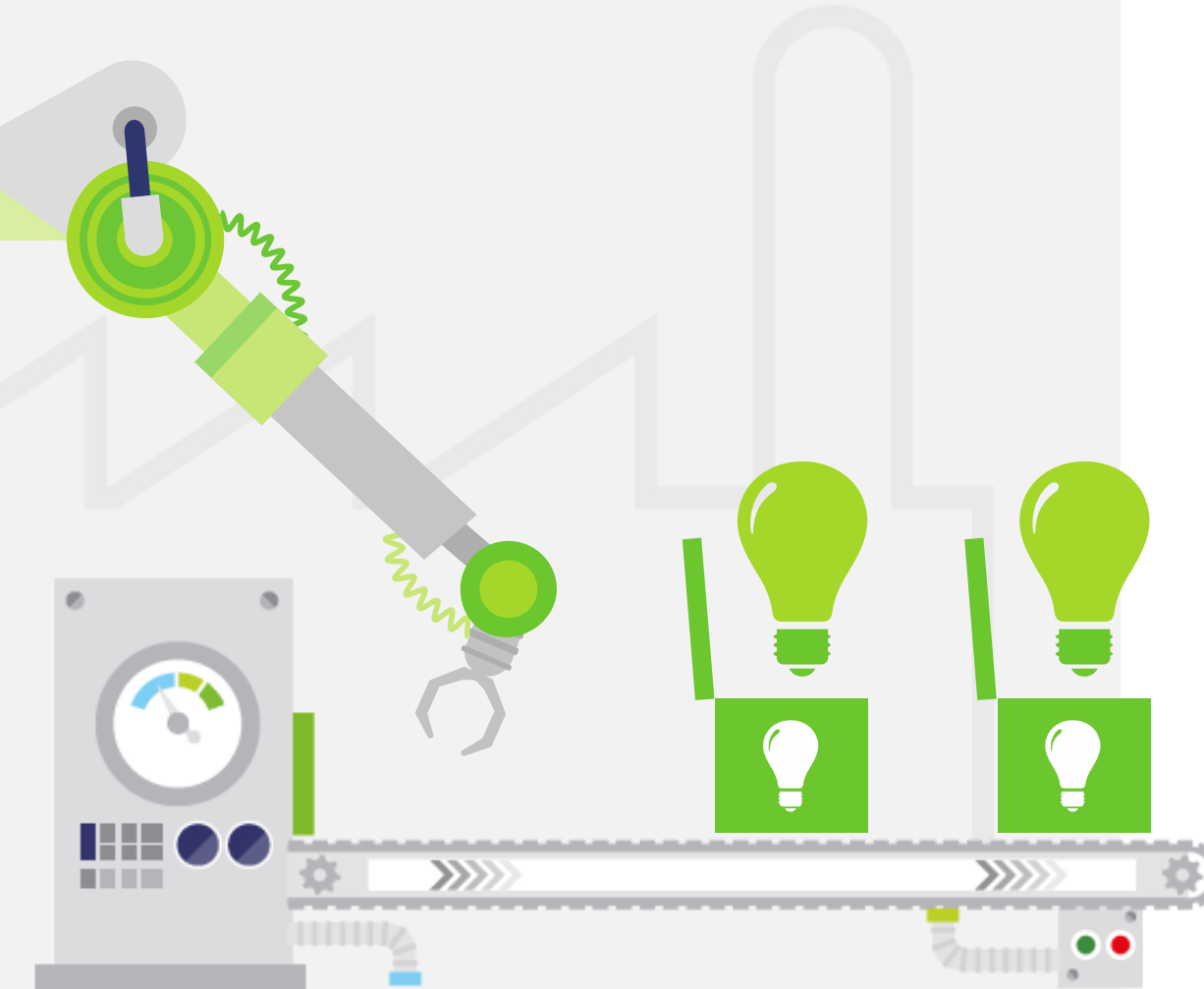
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### Supply Chain coordination with customers



■ SC LEADERS  
■ SC FOLLOWERS



# Supply Chain Trends 2014

## Agile and Resilient Supply Chain

**Cost reduction strategy made Supply Chains weaker, they have to become more agile and resilient**

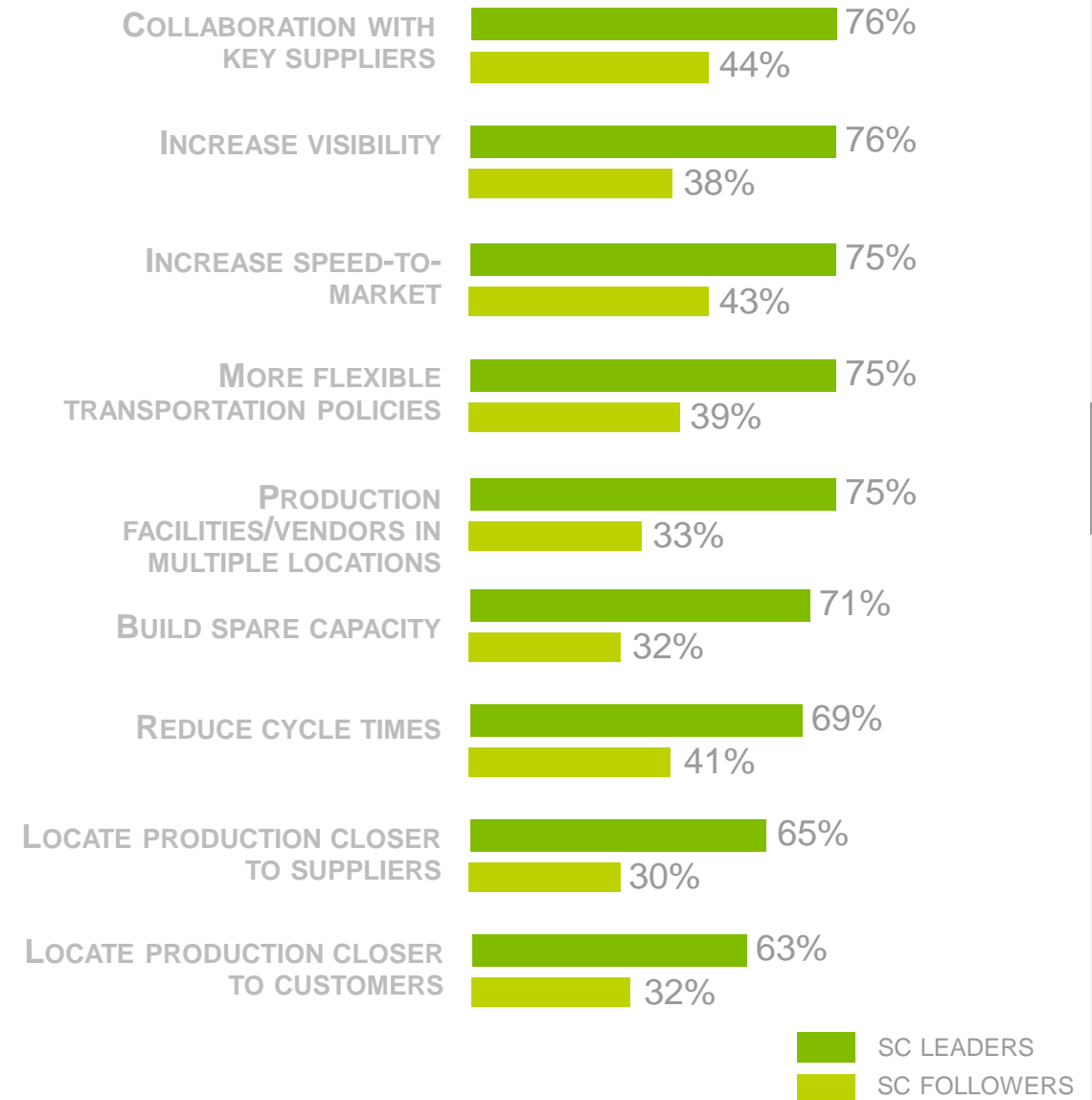
Supply Chain top-performing companies are roughly twice as likely as other organizations to take steps to increase the flexibility and resilience of their Supply Chain

**SC Leaders** are now looking for the **best trade-off** between « **Just in Time** » and « **Just in Case** »

Our study shows that SC Leaders are taking steps to increase resilience of their Supply Chain

These steps usually focus on collaborating better with key suppliers, increasing speed to market, and implementing more flexible transportation policies

### Steps used by SC Leaders to increase Supply Chain resilience



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# Supply Chain Trends 2014

## Imperative Innovation 1/2

### SC Leaders fuel long-term, sustainable growth by building innovation capabilities

Nearly 40% of the companies listed in the Fortune 500 in 1999 were no longer there 10 years later.

SC Leaders recognize the imperative to **fuel growth through innovation** and are putting it at the **top of their agenda**

### Innovation should not be confused with invention

Discussions of innovation **often center on new products**, those innovations tend to be **the easiest to imitate**

**Business model innovations** have the greater impact

5 TRENDS

1

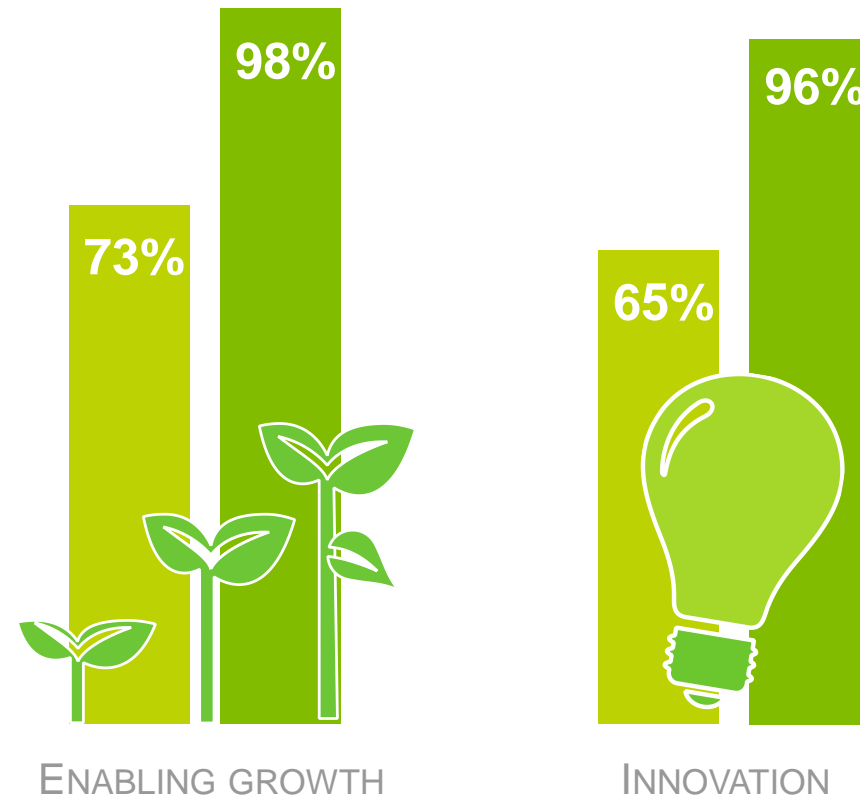
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Supply Chain objectives identified as extremely or very important



■ SC LEADERS  
■ SC FOLLOWERS

# Supply Chain Trends 2014

## Imperitive Innovation 2/2

**SC Leaders fuel long-term, sustainable growth by building innovation capabilities**

### Technology as foundation for innovation

- **Advanced analytics, such as Supply Chain optimization and visualization software** to enable companies to vary their strategies to distinct segments
- **Asset intelligence technologies** such as RFID tags and chips, to enable improved tracking of products and shipments, providing real-time information
- **3D printing** is transforming existing business models. New Supply Chain trends emergence will be facilitated by this breakthrough

5 TRENDS

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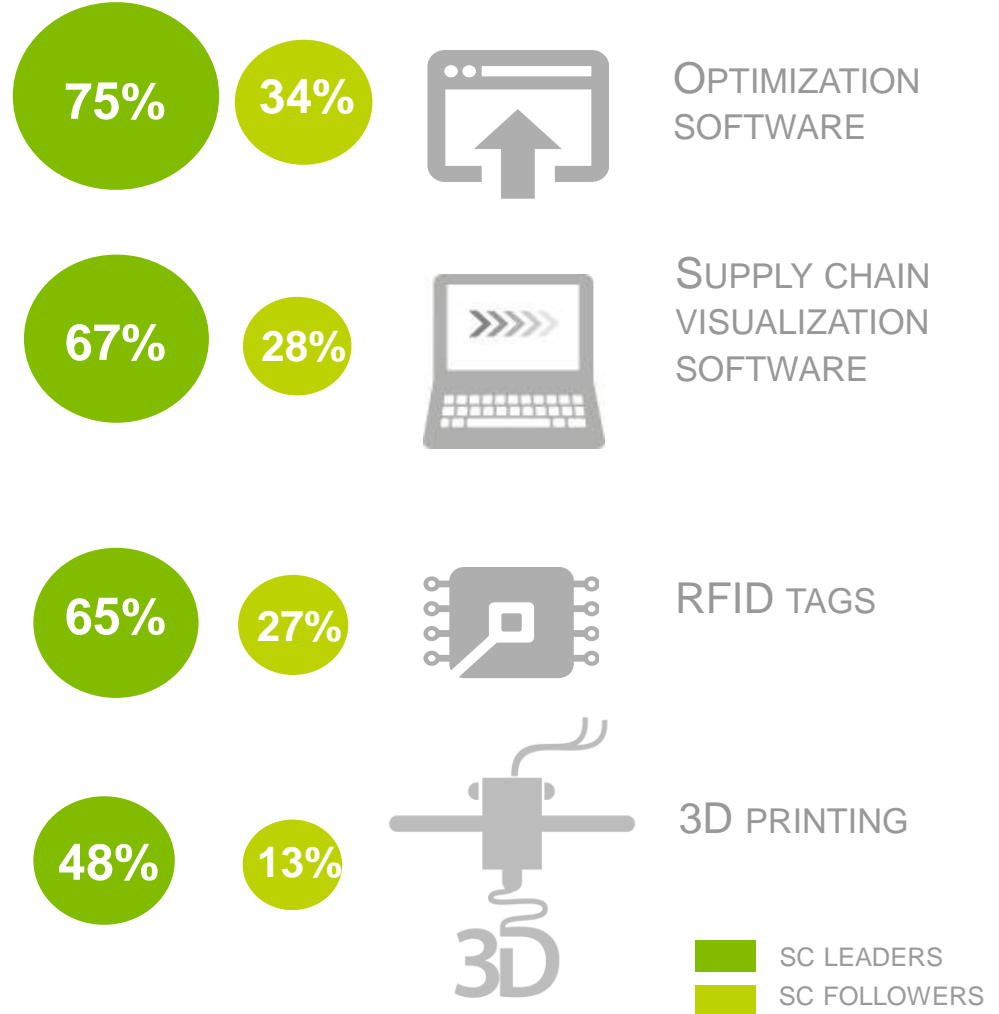
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Extensive use of following tools:



# Supply Chain Trends 2014

## Lessons Learned 1/2

A leader today can be a follower tomorrow without a disciplined strategy and approach to building sustainable innovation capabilities. Analyzing the key differences between SC Followers and Leaders, we can synthesize the key differences into a handful of actionable take-aways



### Secure the basics

- Redefine your supply chain boundaries with end-to-end span of control and connectivity
- Empower strong, senior leadership with cross-functional credibility and a vision for a more strategic partnership with the business
- Develop integrated stewardship metrics and analytics that highlight financial trade-offs and options



### Connect the organization

- Recalibrate your supply chain strategies and capabilities with the overarching corporate strategy
- Be a broker of information and decision-making between all company's functions (S&OP, IBP...) and with clients and suppliers
- Extend visibility and connectivity to value chain partners, reducing costs and risks across the value chain (visualization tools are an effective way to manage the complexity of data)

# Supply Chain Trends 2014

## Lessons Learned 2/2

A leader today can be a follower tomorrow without a disciplined strategy and approach to building sustainable innovation capabilities. Analyzing the key differences between SC Followers and Leaders, we can synthesize the key differences into a handful of actionable take-aways



### Be a champion for innovation

- Think beyond supply chain – innovation is not a functional responsibility; every part of the organization must think about ways to innovate in multi-faceted ways and anyone can initiate it
- Begin piloting potential disruptive technology applications to keep pace with technology improvements
- Build innovation capabilities through experience and discipline. Take actions in bold innovations that provide invaluable lessons learned for future innovations



### Develop talents

- Increase visibility and create « brand appeal » for the supply chain as a strategic function spearheading major transformation
- Outline cross-functional career paths and create targeted job rotations to develop broad functional and business acumen
- Recruit talent that will be required to be successful in the future. Qualitative skills like problem solving, logical structuring, communication, and persuasion will be more critical for Supply Chain



# Experts



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Strategy



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Genoud**

Director Consulting  
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