

Aligned action Supply Chain Strategy



Successful skydiving teams execute precise movements, split-second timing, and complex coordination — all at a dizzying height and speed. A company's supply chain is similarly complex, requiring careful coordination of its many moving parts in alignment with the company's business model and competitive positioning.

Yet when major shifts take place — mergers and acquisitions, new market entry, or changes to product focus — companies often find that their business strategies and supply chain no longer align. Companies that don't react to alignment issues until major disruptions occur often experience negative impacts on supply chain operations, operating margins, and even market share. Companies that recognize and proactively address alignment issues potentially avoid such disruptions and gain competitive advantage.



Companies can create supply chain resiliency and nimbleness by proactively addressing supply chain strategy alignment issues.

Companies need to align supply chain capabilities and operating models with their business strategies.

How we can help

Deloitte's Supply Chain Strategy team helps senior executives align supply chain capabilities and operating models with their business strategies. We take an integrated view of the supply chain, unlocking hidden value in the connection points between functions and value chain partners. This approach incorporates process, organization, technology, and performance measurement to help executives understand the trade-offs between cost and flexibility in response to margin pressures they may be facing. We also explore ways to address those trade-offs to achieve the desired balance between cost and service levels across the supply chain. Our services include:

- **Vision alignment** – Quickly assessing, evaluating, quantifying, and executing on critical operating model and structural changes needed to enable the broader business strategy.
- **Segmentation and market offering alignment** – Using segmentation, supported by activity-based cost-to-serve analytics, to align supply chain offerings with customer values and increase both margin and customer service levels.
- **Risk and resiliency** – Identifying where important supply chain vulnerabilities lie and identifying strategies to address risk exposure.
- **Mergers and acquisitions** – Defining a common operating model so companies can leverage synergies and reduce costs.
- **Operating model redesign** – Aligning a company's broader operating model and its supply chain strategy for improved efficiency across the value chain.
- **Analytics and performance management** – Using real-time data analytics, visualization software, and other resources to help understand cost to serve and facilitate informed supply chain decision-making.
- **Global footprint strategy and network design** – Aligning supply chain, supplier base, and customer footprints to meet current requirements and position for growth.

Potential bottom-line benefits

- Significant top-line growth
- Improved gross margin, operating income, and asset efficiency
- New profit sources in emerging markets
- Risks prioritized based on intensity, vulnerability, and node criticality
- Supply chain becomes a competitive advantage and growth enabler

Learn more

Supply chain resiliency begins with an effective Supply Chain Strategy. To learn more about how Deloitte can help, visit www.deloitte.com/us/SCstrategy.

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Ways to get more value now

- **Establish true north.** Establish a clearly defined and commonly understood vision to focus resources and guide future decision-making and trade-offs.
- **Avoid incrementalism.** Significant and sustainable supply chain improvement requires transformational rather than incremental change. Transformation requires careful orchestration of supply chain strategy, process improvement, operating model alignment, and technology enablement. Don't be afraid to think big or look outside your industry for leading practices.
- **Don't allow technology to drive strategy.** First understand which capabilities are needed to support the strategy and drive value. Desired capabilities will drive business requirements that, in turn, can be used to help identify, evaluate, and select appropriate technology solutions.
- **Connect/integrate the supply chain with the broader organization.** Be a broker of information and decision-making between sales, marketing, finance, and third parties. Extend visibility and connectivity to value chain partners.
- **Be a champion for innovation.** Every part of the organization must think about ways to innovate in multi-faceted ways. Look outside your own industry and consider implications of disruptive technologies.
- **Proactively infuse new talent into your organization.** The skills and capabilities needed to manage the complexity of tomorrow's supply chain requires greater analytical and financial skills as well as experience operating in global environments and collaborating across organizational boundaries.

The big idea

Developing differentiated supply chain capabilities aligned with business strategy and competitive positioning can help to most efficiently compete and win in the marketplace.