

Asia Pacific Logistics Federation



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***Innovation through working
with the right connections...***

***Innovation Through Network
Engagement***



Our biggest concern

?

What is It



We live in a networked world

Our business is in effect part of a system of connections and relationships across a whole value chain of suppliers, clients, staff, educational bodies, research institutions, government, competitors, business, industry and community agencies just to name a few



No Single Business Can Solve Complex External Environmental Problems

THE CHALLENGES

- There is no pre-determined solution
- Emergent thinking
- Adopt a mindset of living in a networked world

THE METHOD

- Sharing knowledge and experience
- Learning from each other
- Continuous feedback



The New Business Model

- Network creation – preferred attachment
- Building relationships of trust
- Business as a conversation
- Niche products and services
- Discovering the hidden value in and between connections in a system



Network Development

Is there a commercial and innovative advantage in working together on problems and solutions using this approach?



Emergent Solutions

- Changing relationships
 - New initiatives
 - New Information
- Identifying untapped resources and capabilities outside the business
- Goals and strategies being revised in light of ongoing discussion and analysis in a cycle of continuous improvement



What Supply Chain Management Is Not

- ❑ It is not another name for logistics.
- ❑ It is not another name for purchasing.
- ❑ It is not another name for operations.
- ❑ It is not a combination of logistics, purchasing and operations.



Logistics Management

... is that part of Supply Chain Management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customers' requirements.

Council of Supply Chain Management Professionals (2010)



The 1990s and 2000s: An Era of Terminology Explosion & Confusion

- Supply Chain is **not** the only term
- We have endured:
 - ◆ Demand Chain
 - ◆ Supply-Demand Chain
 - ◆ Value Chain
 - ◆ Value-added Networks
- Each instance claimed to be breakthrough thinking
- The Culprits (most well meaning but some self serving)
 - ◆ Consultants who try to differentiate their offering based on what they call it instead of how well they help clients do it
 - ◆ Academics who want to appear current by using new terminology
 - ◆ Software Vendors



How Could This Happen??

Unfortunately,

common sense is not common.



Supply Chain Management Is As Good As Any Name: WHY??

- ❑ A supply chain is a network of companies.
- ❑ Every company in the network gains its revenue based on demand at the points of consumption.
- ❑ Thus, every organization in the network is a supplier to the end points of consumption and for this reason, supply chain management is as good a name as any other.
- ❑ The network can focus on demand without changing the name to demand chain.
- ❑ The network can focus on value co-creation without changing the name to value chain or value-adding network.
- ❑ It is time to pick a name a get on with implementation.



Supply Chain Management

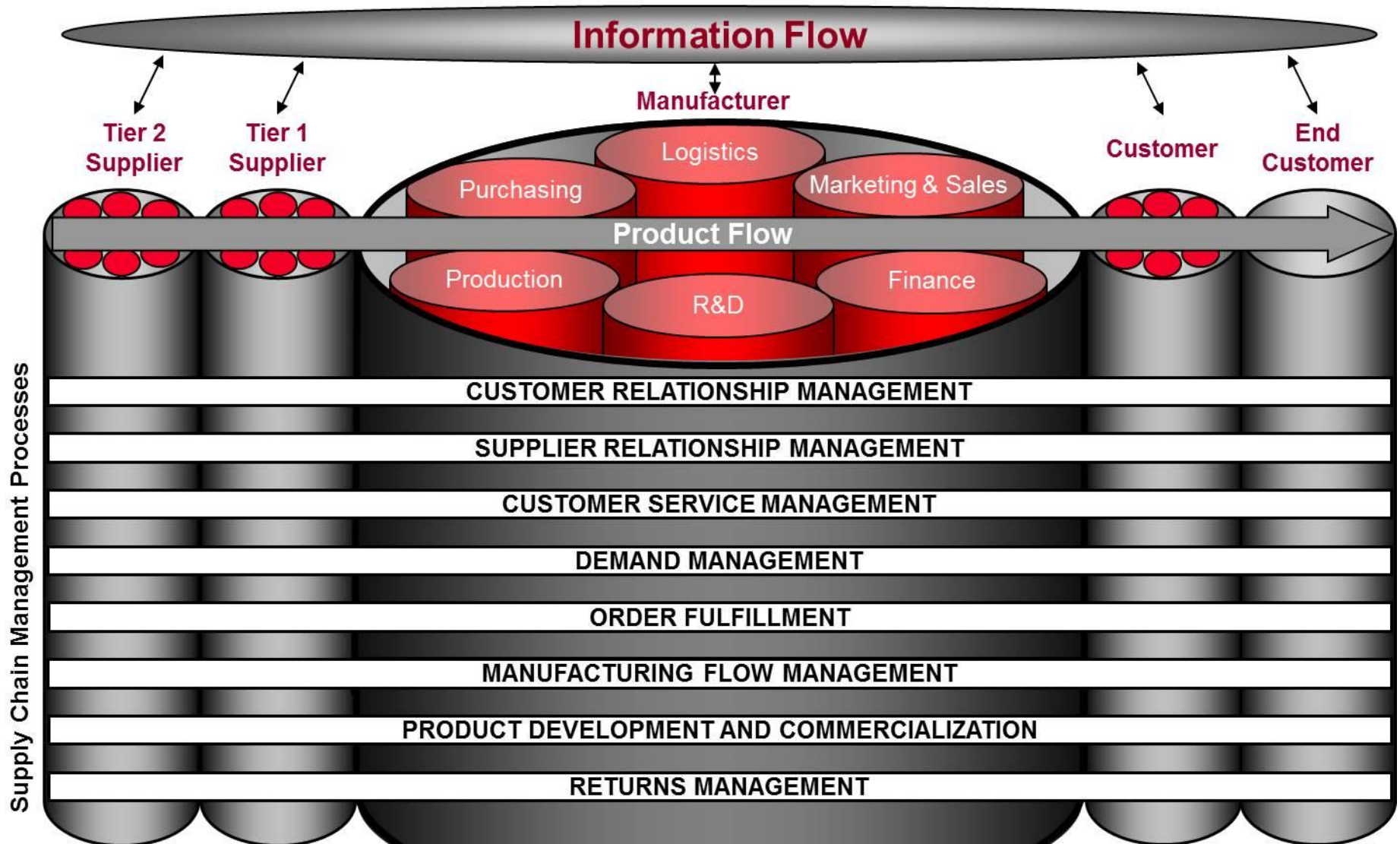
**... is the management of relationships
in the network of organizations,
from end customers through original suppliers,
using key cross-functional business processes
to create value for customers
and other stakeholders.**

The Global Supply Chain Forum



Supply Chain Management

Integrating and Managing Business Processes Across the Supply Chain



Source: Douglas M. Lambert, Editor, *Supply Chain Management: Processes, Partnerships, Performance*, Fourth Edition, Ponte Vedra Beach, FL:

The SCM Processes - Briefly

- ❑ The **Customer Relationship Management** process provides the structure for how relationships with customers will be developed and maintained.
- ❑ The **Supplier Relationship Management** process provides the structure for how relationships with suppliers will be developed and maintained.
- ❑ **Customer Service Management** is the process that deals with the administration developed by customer teams as part of the CRM process.
- ❑ **Demand Management** is the process that balances the customers' requirements with the capabilities of the supply chain.

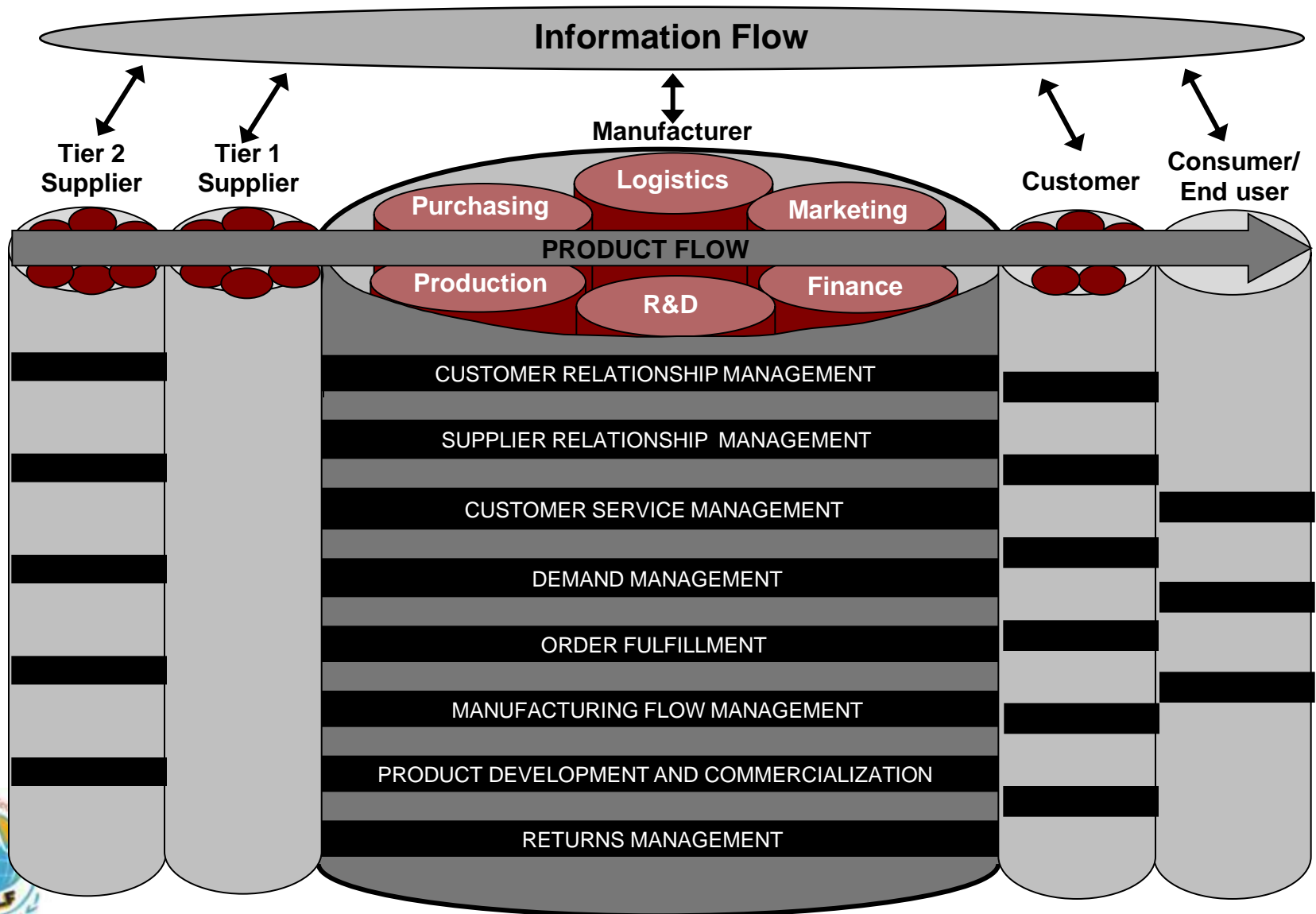


The SCM Processes - Briefly

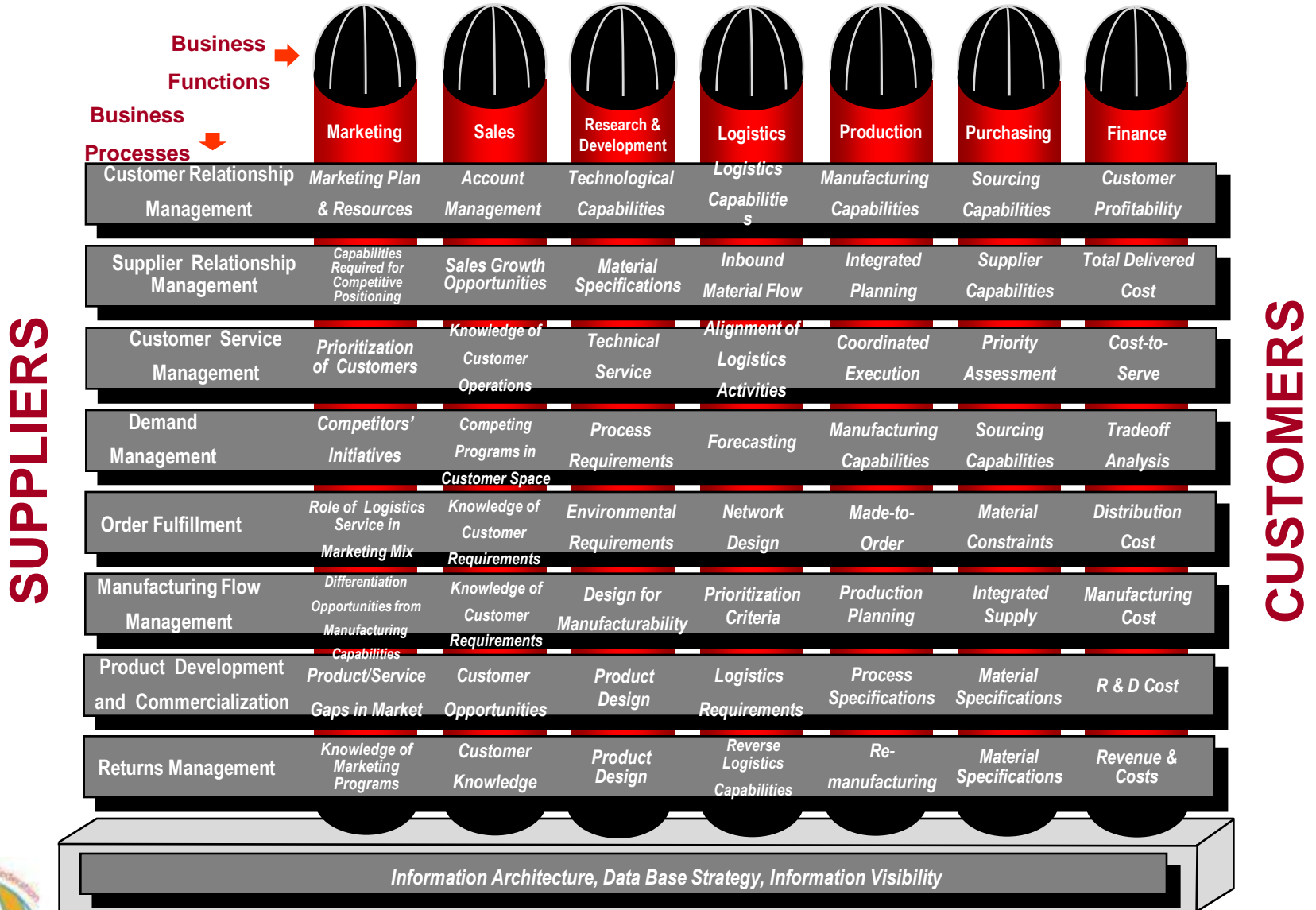
- The **Order Fulfillment** process includes all activities necessary to design a network and enable a firm to meet customer requests while maximizing the total profitability.
- The **Manufacturing Flow Management** process includes all activities necessary to obtain, implement and manage manufacturing flexibility in the supply chain and to move products through plants.
- The **Product Development and Commercialization** process provides the structure for developing and bringing to market products jointly with customers and suppliers.
- **Returns Management** is the process by which activities associated with returns, reverse logistics, gatekeeping and avoidance are managed within the firm and across key members of the supply chain.



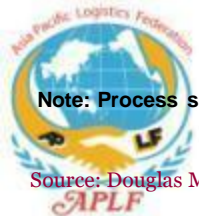
Processes Need to Be Standardized to Avoid Disconnects



Functional Involvement in the Supply Chain Management Processes



Note: Process sponsorship and ownership must be established to drive the attainment of the supply chain vision and eliminate the functional barriers that artificially separate the process flows.

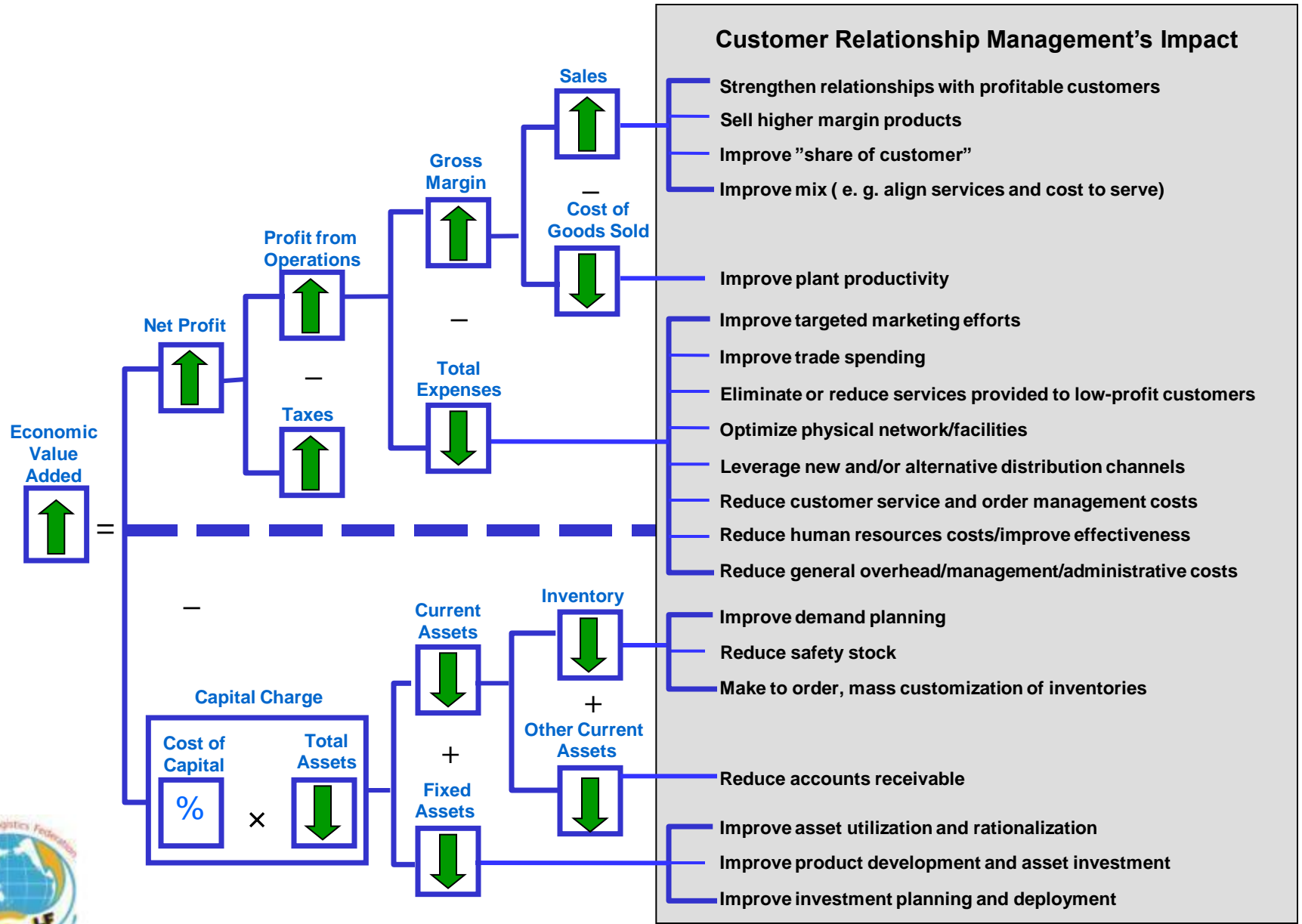


It Is Critical to Measure the Financial Impact of the CRM and SRM Processes

- ❑ The development of customer profitability reports enables the CRM process teams to track performance over time.
- ❑ More profitable customers will be allocated more resources.
- ❑ Similarly, wholesalers and retailers should use profitability reports to evaluate suppliers, but manufacturers should use total cost reports to evaluate suppliers.
- ❑ The performance of each process should be measured in terms of its impact on (EVA[®]) Economic Value Added.



How Customer Relationship Management Affects Economic Value Added (EVA®)

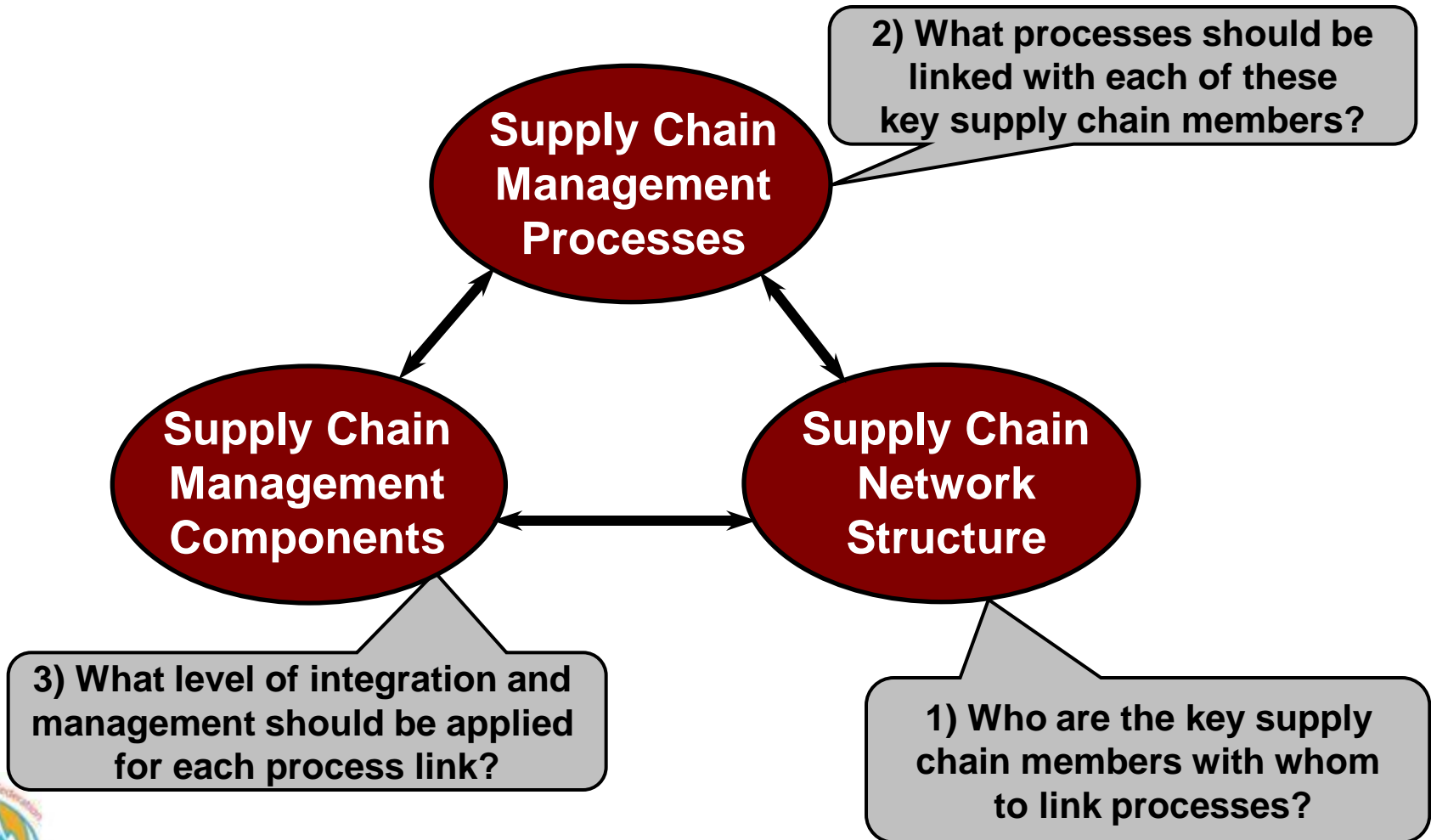


Building High-Performance Supply Chain Relationships

- ❑ Supply chain management is all about relationship management.
- ❑ Partnerships can take multiple forms.
- ❑ Not all buyer-seller relationships should be partnerships.
- ❑ Partnerships require significant investment, so the goal is to fit the type of relationship to the business situation.
- ❑ The partnership model assists with determining the right level of partnership between two organizations.



Supply Chain Management: Elements and Key Decisions



Conclusions

- Supply chain management is not just another name for logistics, nor a combination of logistics, purchasing and operations.

- It is a way of doing business that is:
 - ◆ Process-oriented
 - ◆ Cross-functional
 - ◆ Cross-firm

- A partnership model helps firms manage the most important business relationships with customers and suppliers.



Questions?

