



# Supply Chain Management is a Leadership Responsibility

Distinctive approaches to innovation, collaboration, and talent

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**Deloitte Consulting LLP**

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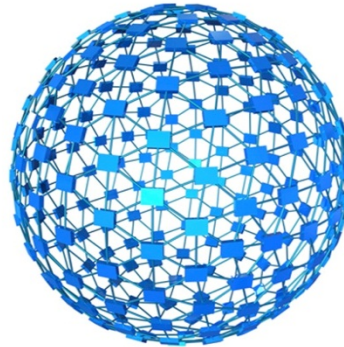
# The Treacherous Global Landscape

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**Intensifying Competition  
and Rising Customer  
Expectations**



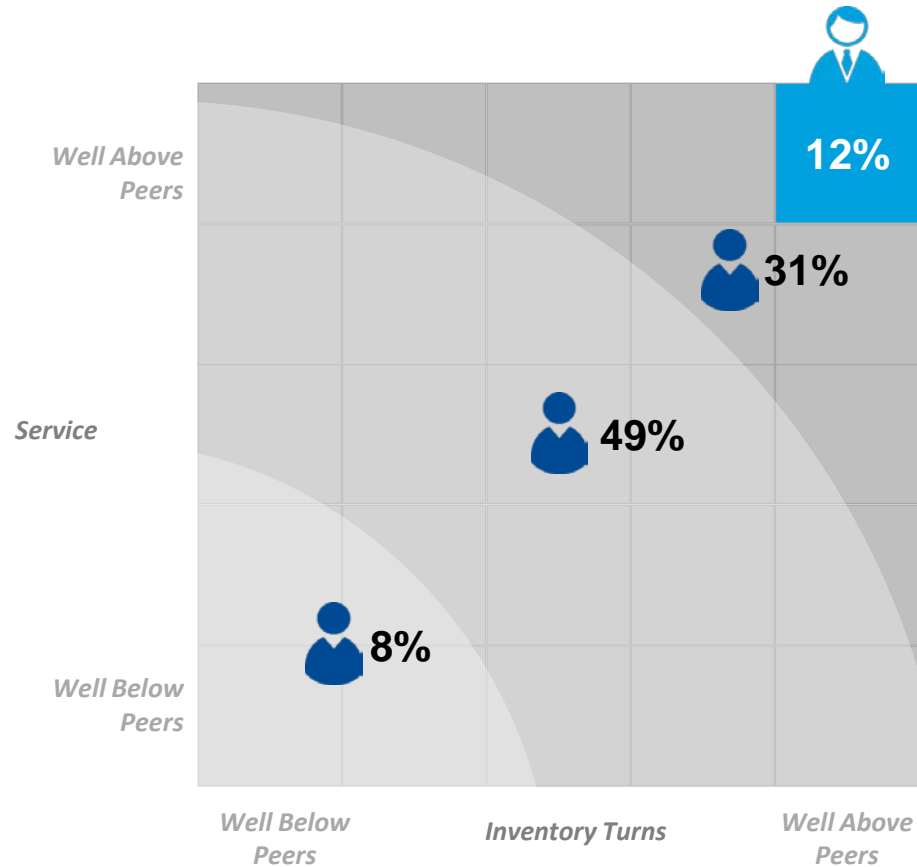
**Increased Global  
Complexity**



**Changing Regulatory  
Requirements**



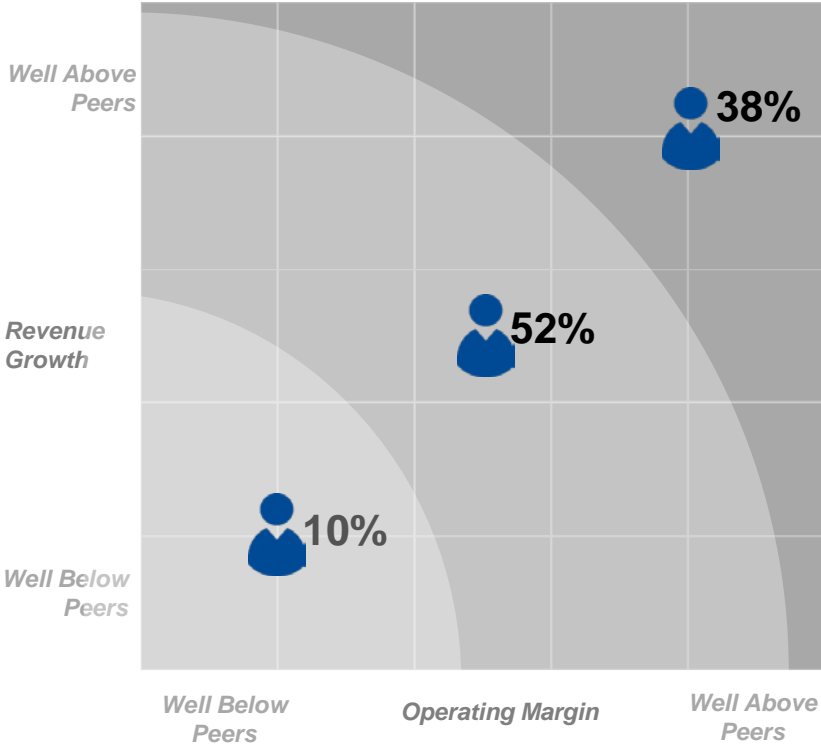
# Breaking the Efficient Frontier



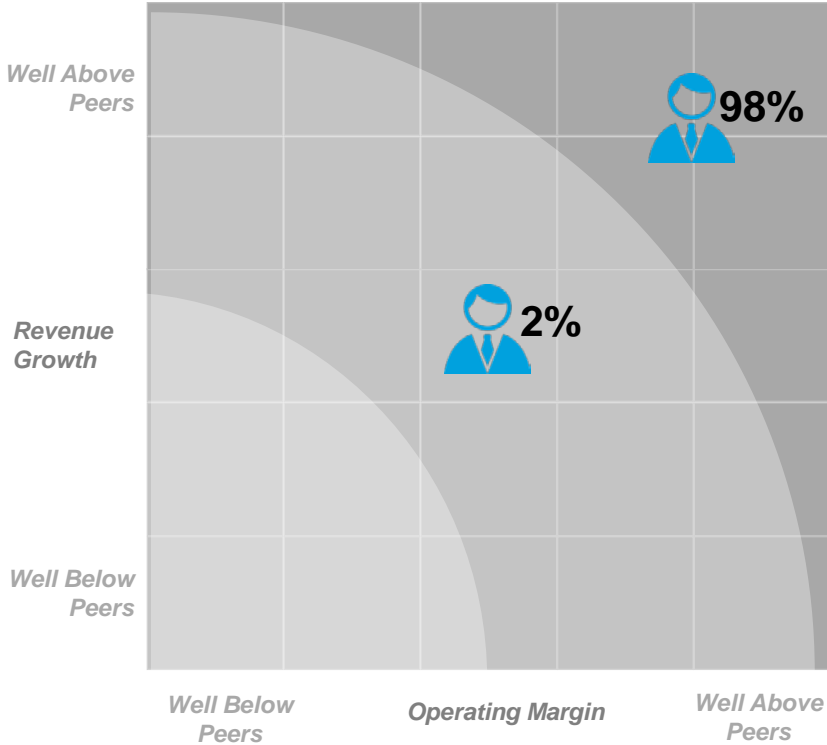
 **Leaders**       **Followers**

# Supply Chain Excellence = Financial Excellence

 **Supply Chain Followers**



 **Supply Chain Leaders**



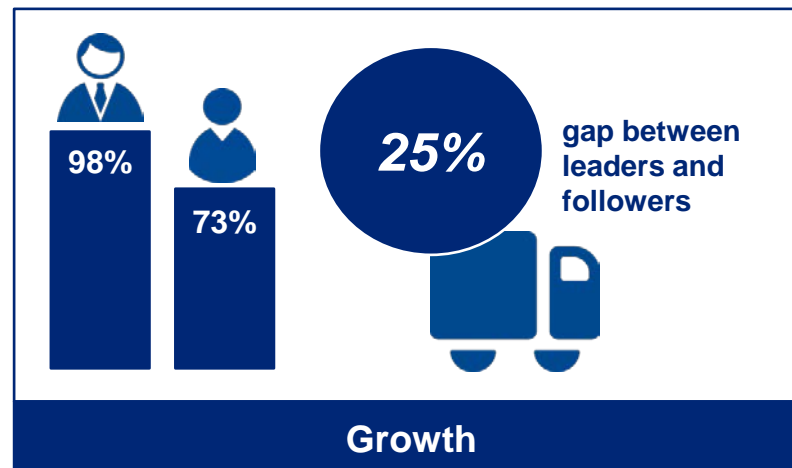
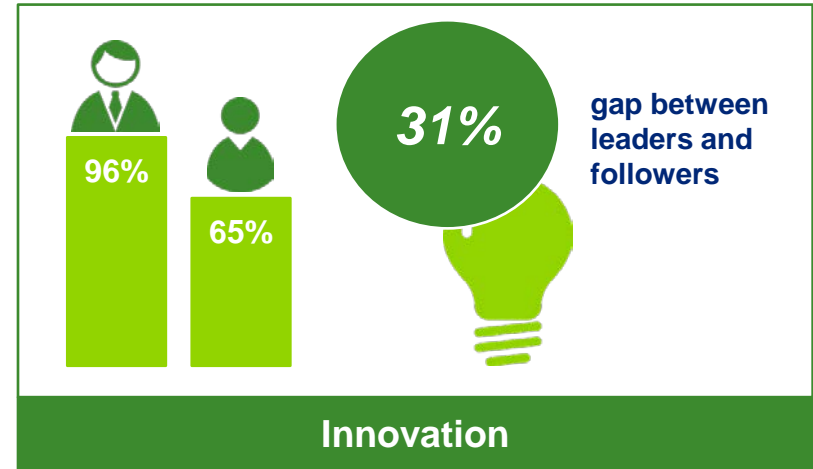
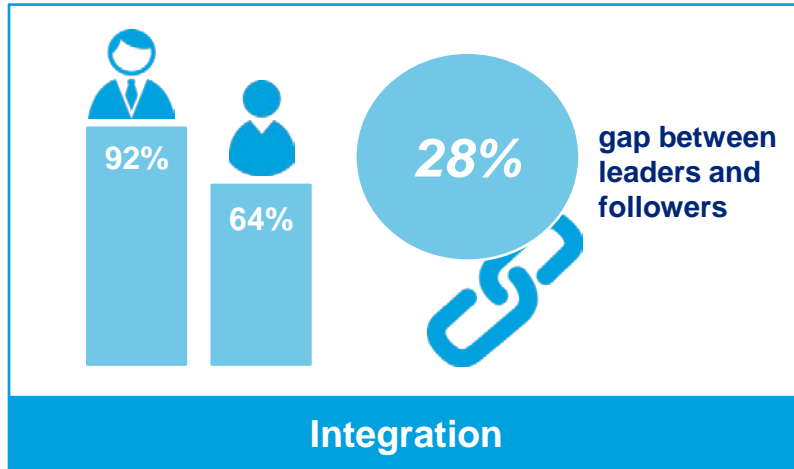
# **Top Supply Chain Objectives**

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- 1. Reduce cost**
- 2. Minimize inventory**
- 3. Meet established service levels**
- 4. Reliable product quality**
- 5. Reliable supply of raw materials**
- 6. Flexibility**
- 7. Integration**
- 8. Innovation**
- 9. Growth**

# Supply chain leaders are more likely to concentrate on integrating, innovating and growing

## Supply Chain Objectives



# Pillars of a Sustainable Competitive Advantage



# Supply Chain as a Strategic Function



Senior Leadership

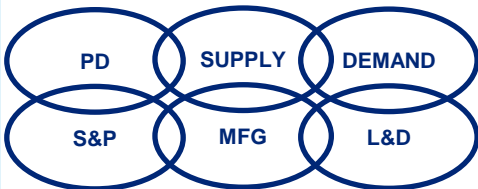
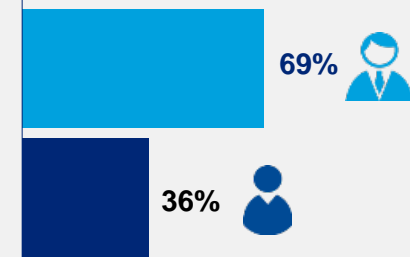
More often headed by EVP/SVP



Strategic Alignment

More likely to align with corporate strategy

Corporate strategy



End-to-End Span of Control



Most followers owned 3 or less



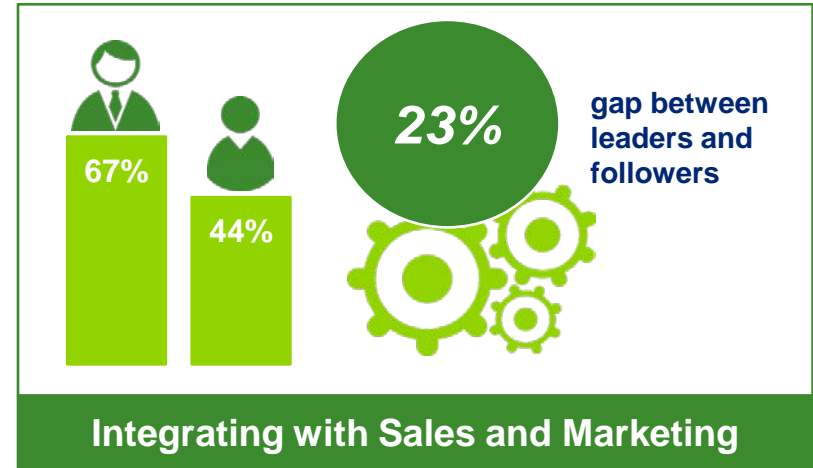
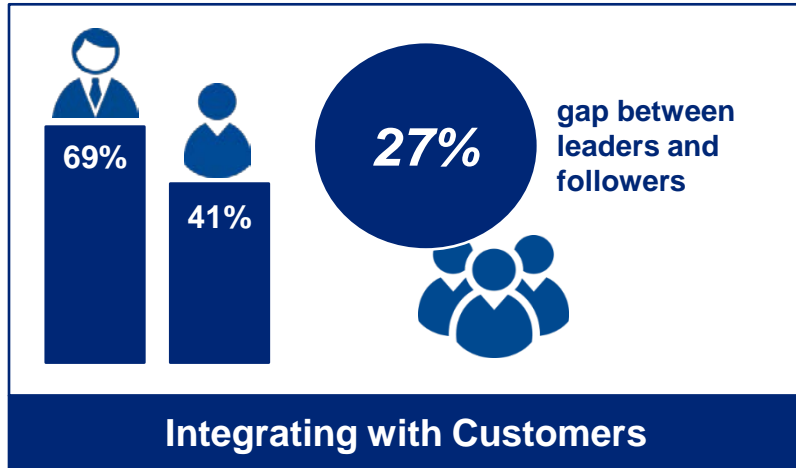
Roughly half of leaders owned all 6





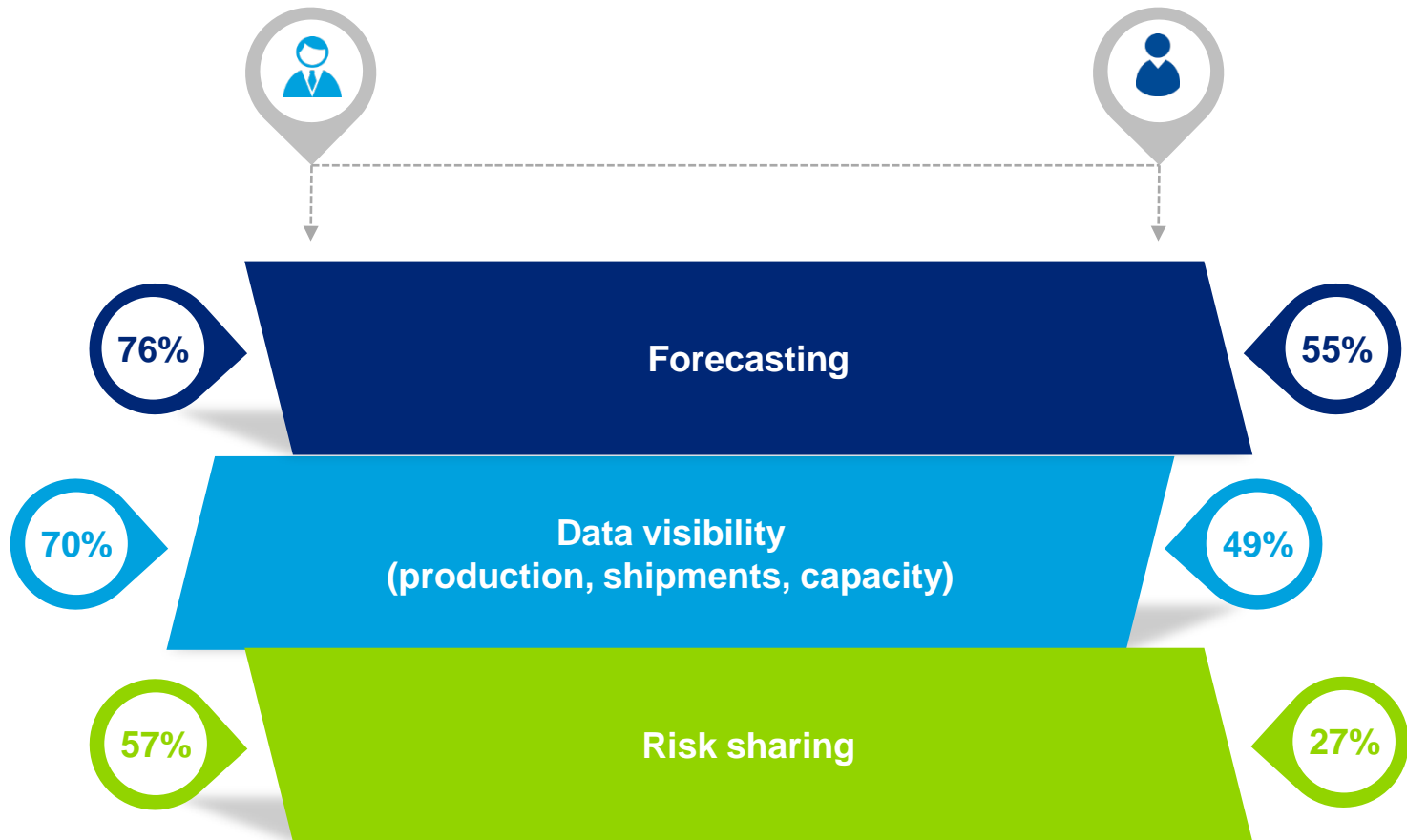
# Supply chain leaders are more likely to concentrate on integration

## Supply Chain Challenges



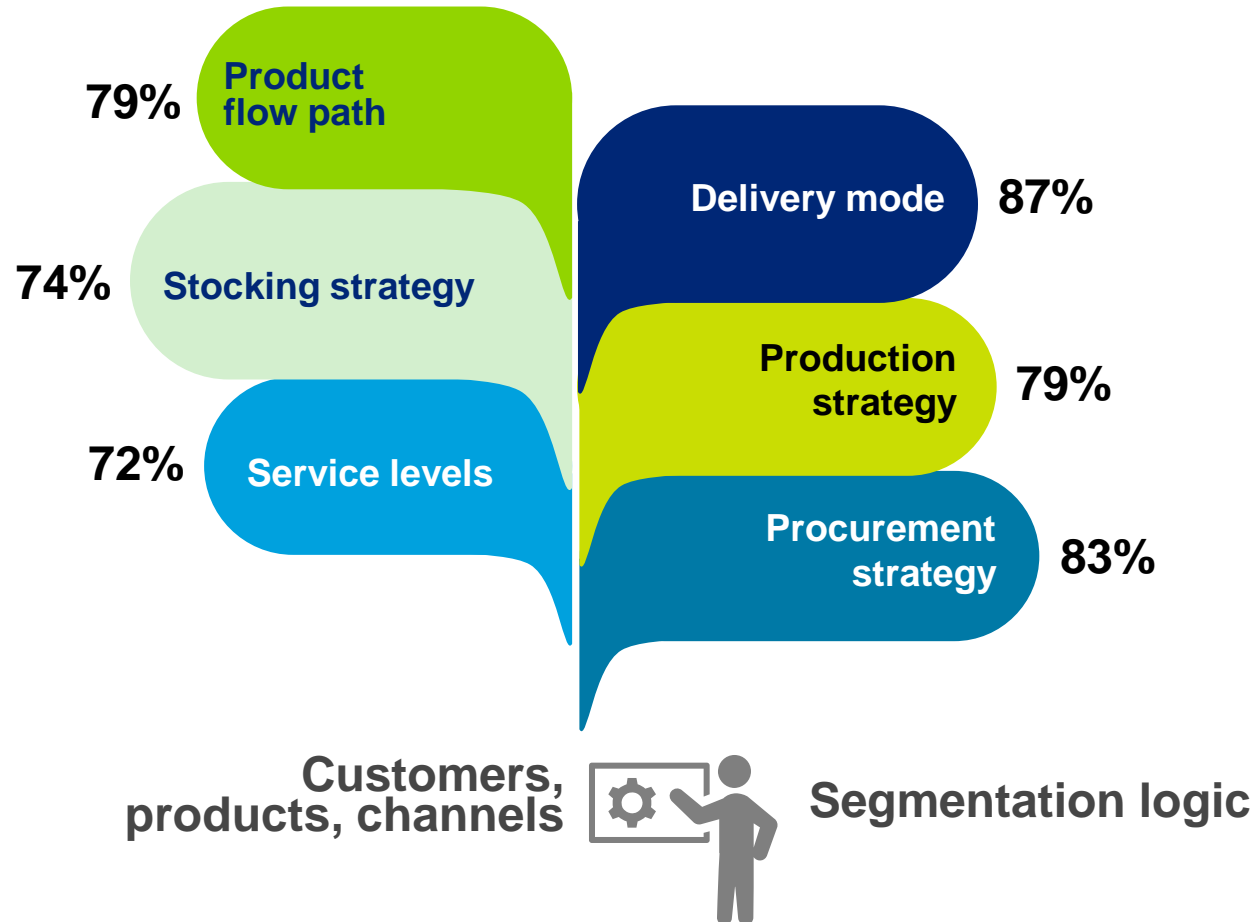
# Directly Integrating with Customers

## Methods of Integration



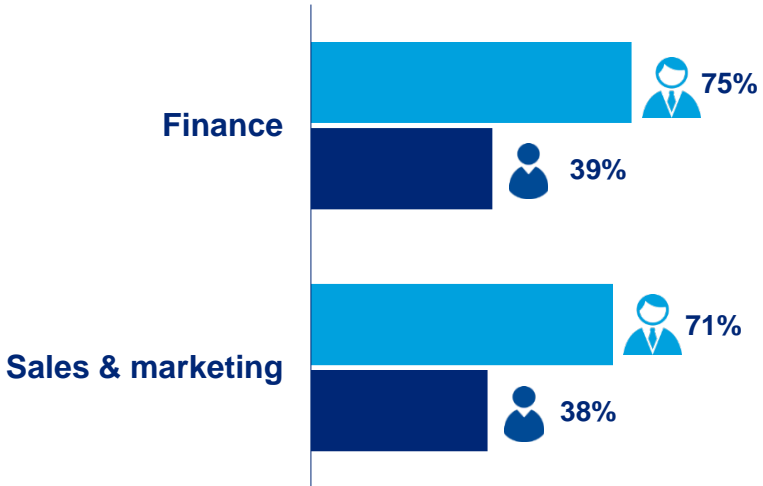
# Indirectly Integrating with Customers

## Methods of Service Level Differentiation (SC Leaders)

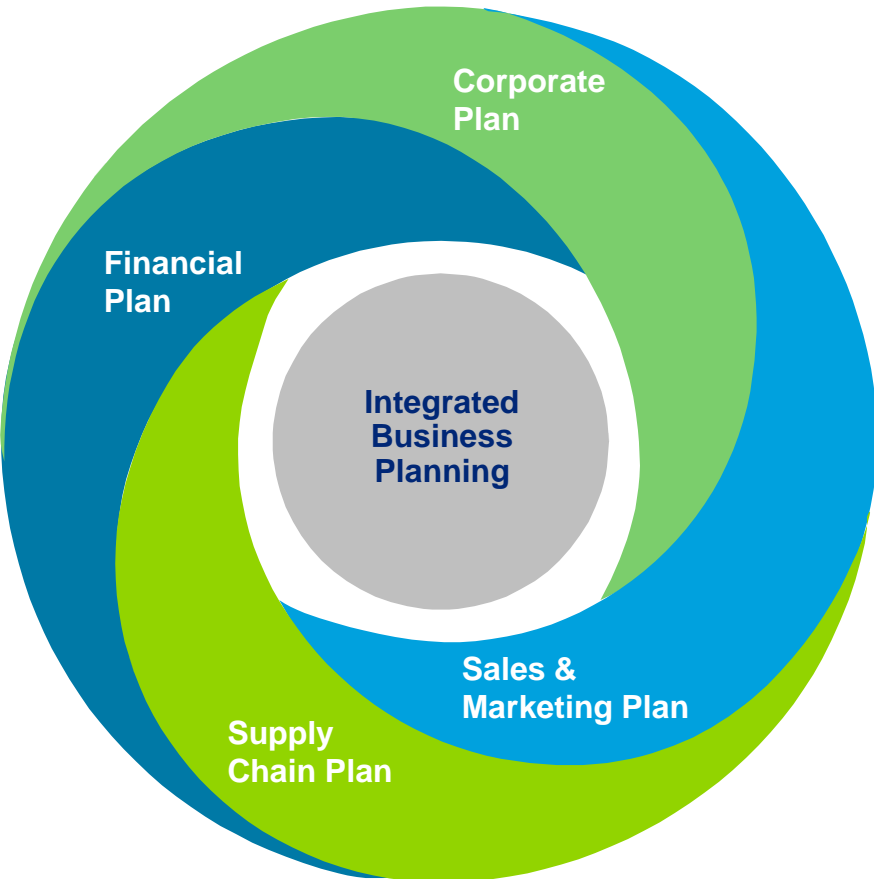


# Integrating with other functions to develop more profitable and integrated business plans

## Cross-Functional Integration

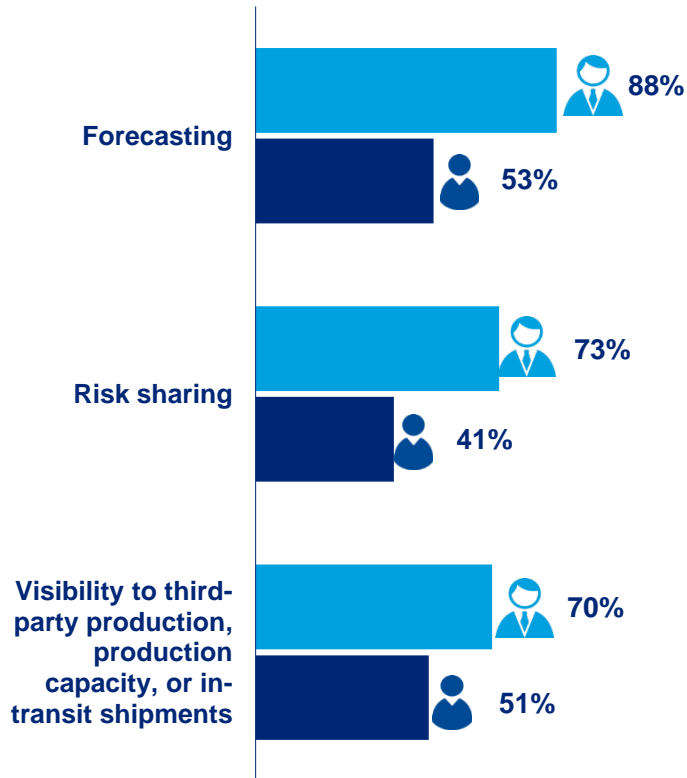


## Integrated Business Planning

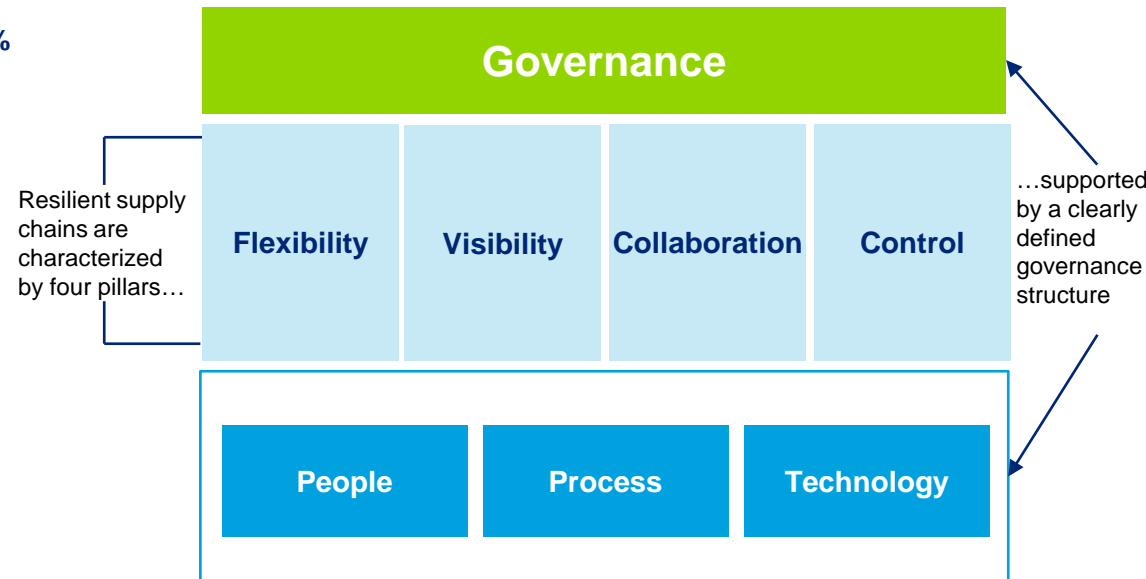


# Reliance on third-party suppliers as a virtual extension of a supply chain

## Coordination with Third-Party Providers



## Resilient supply chain framework



# Pillars of a Sustainable Competitive Advantage

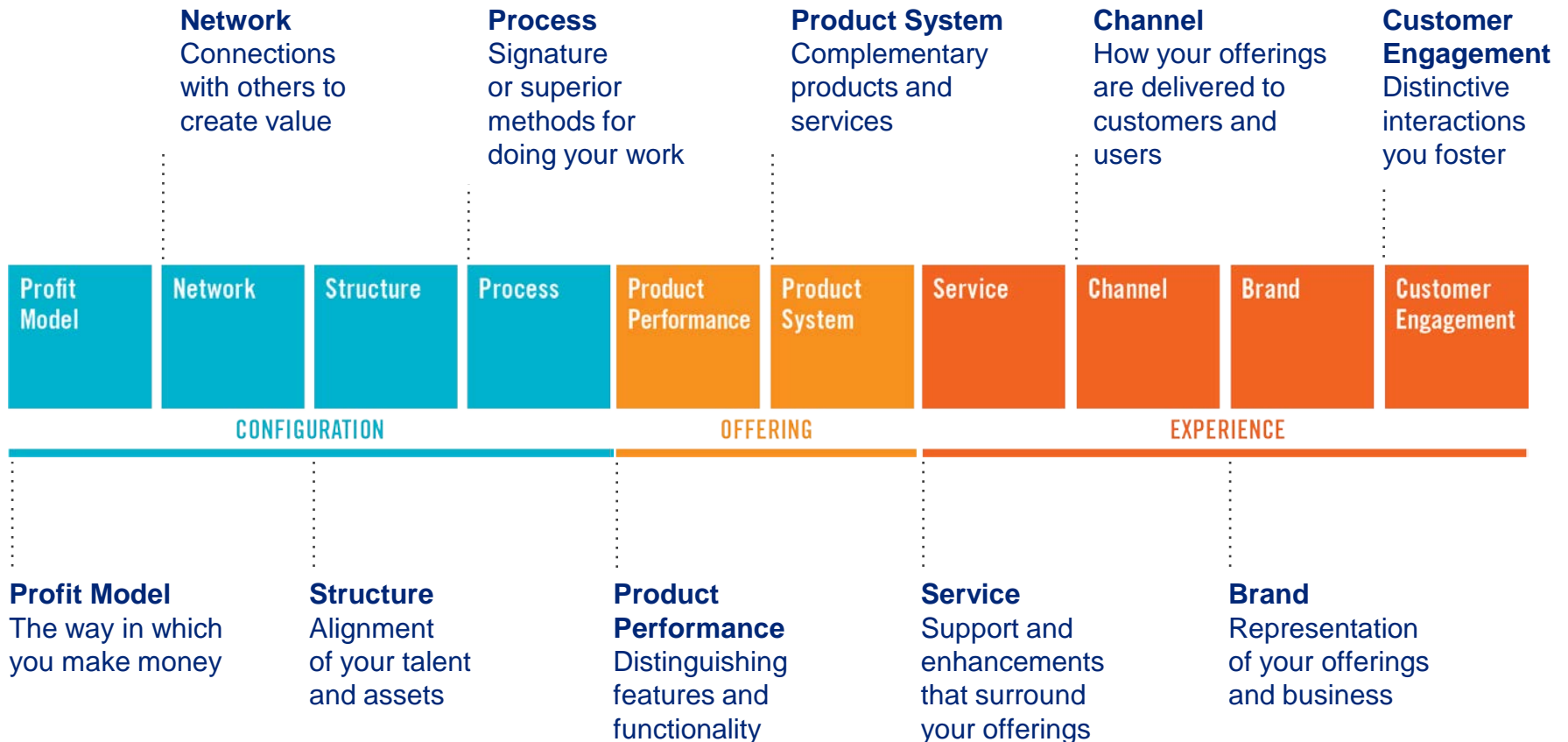


# Evolution of the bookstore: 1994



# Innovation is not invention

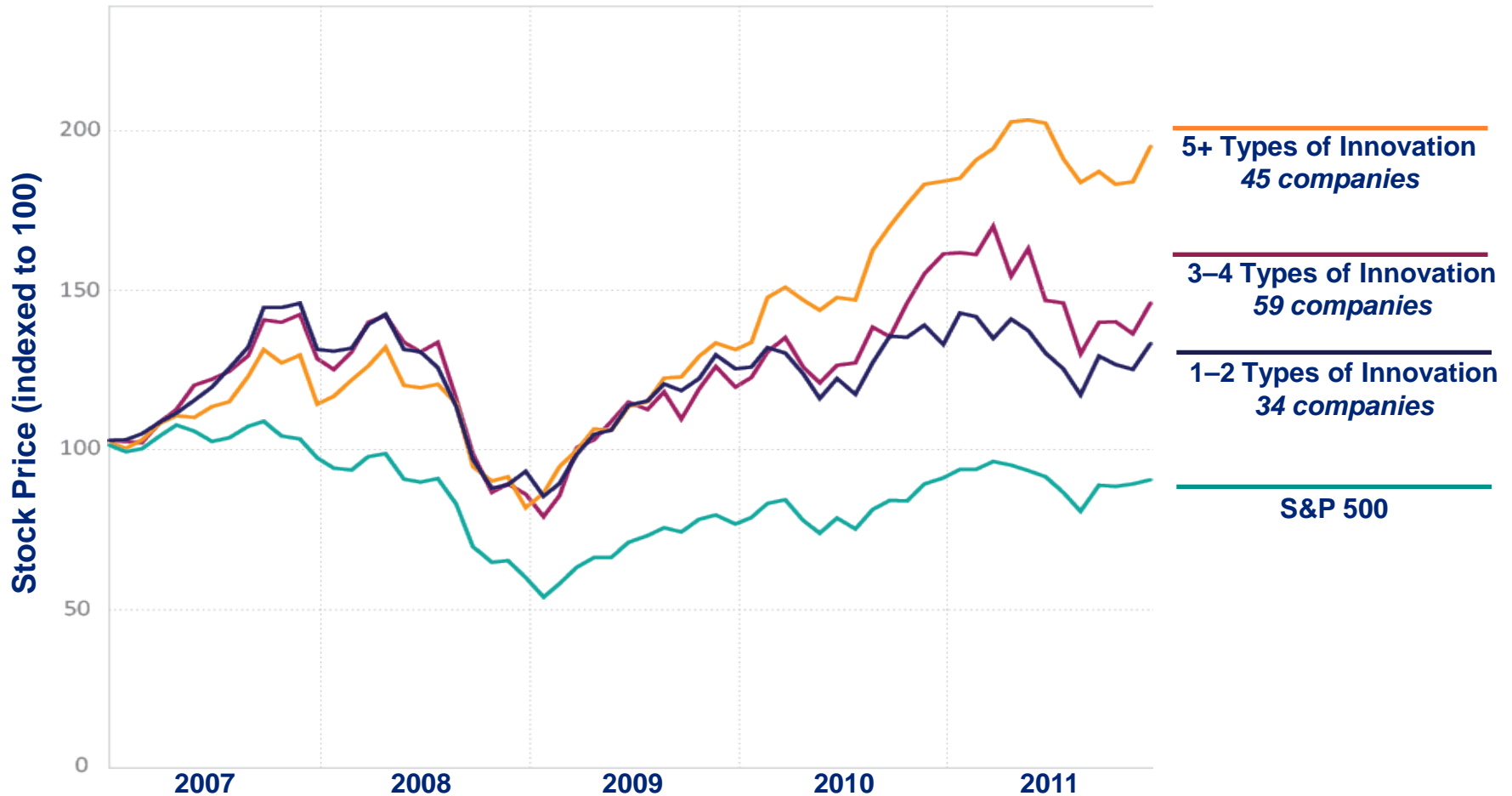
## TEN TYPES OF INNOVATION





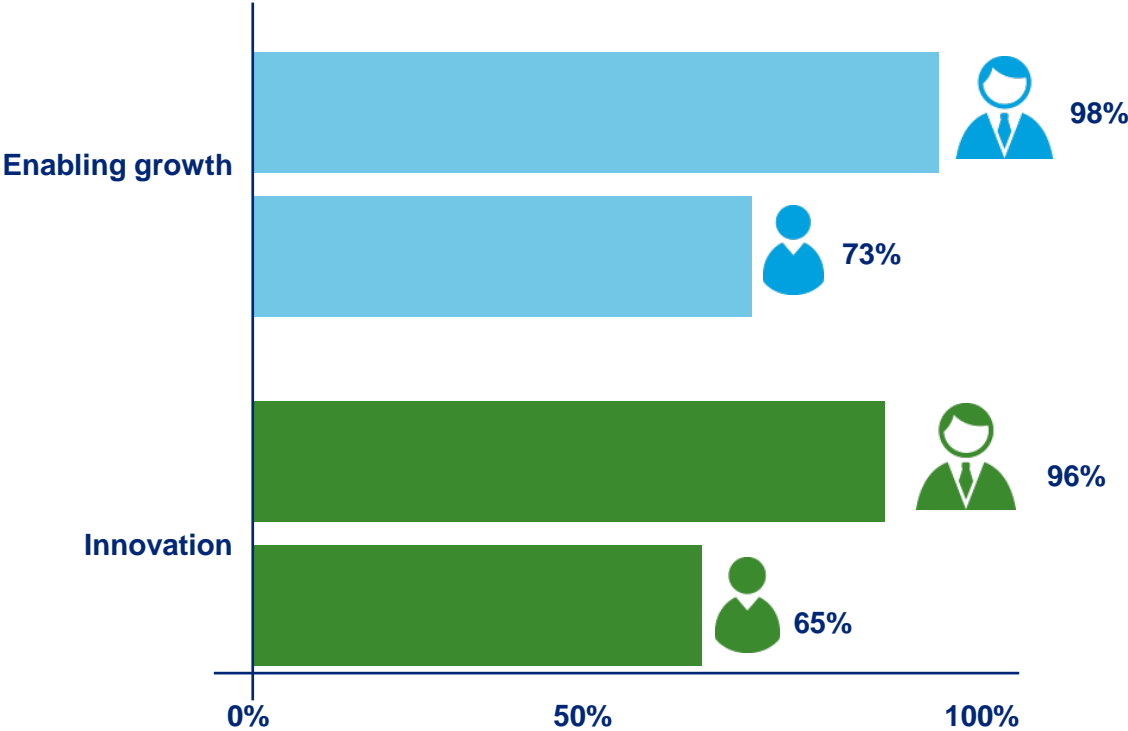
# More Innovation Types = Superior Financial Returns

5-Year Indexed Stock Price Returns of the Top Innovators vs. S&P 500



# Supply Chain Leaders have a mandate to fuel growth through innovation

Supply chain objectives identified as extremely or very important



 Leaders  Followers

# Potentially disruptive technologies offer platform for innovation

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## Emerging Technologies in Supply Chain



**3D Printing**

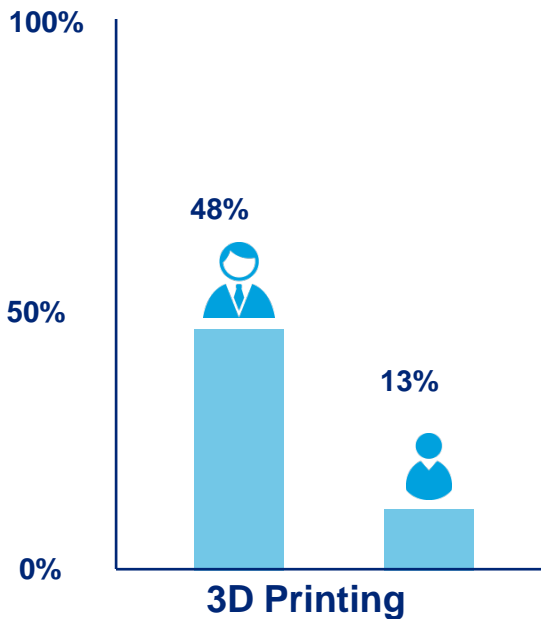


**Advanced Analytics**

# How will 3D Printing impact your industry?

## Extensive Use of 3D Printing

Percentage Responding "Use Extensively"



Product Innovation

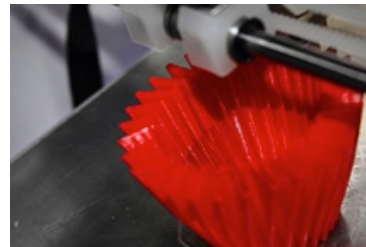
### Product Evolution



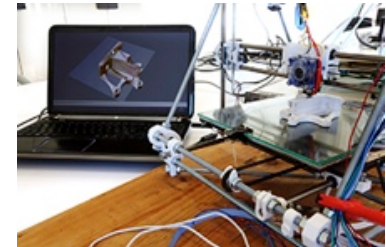
### Business Model Evolution



### Stasis



### Supply Chain Evolution



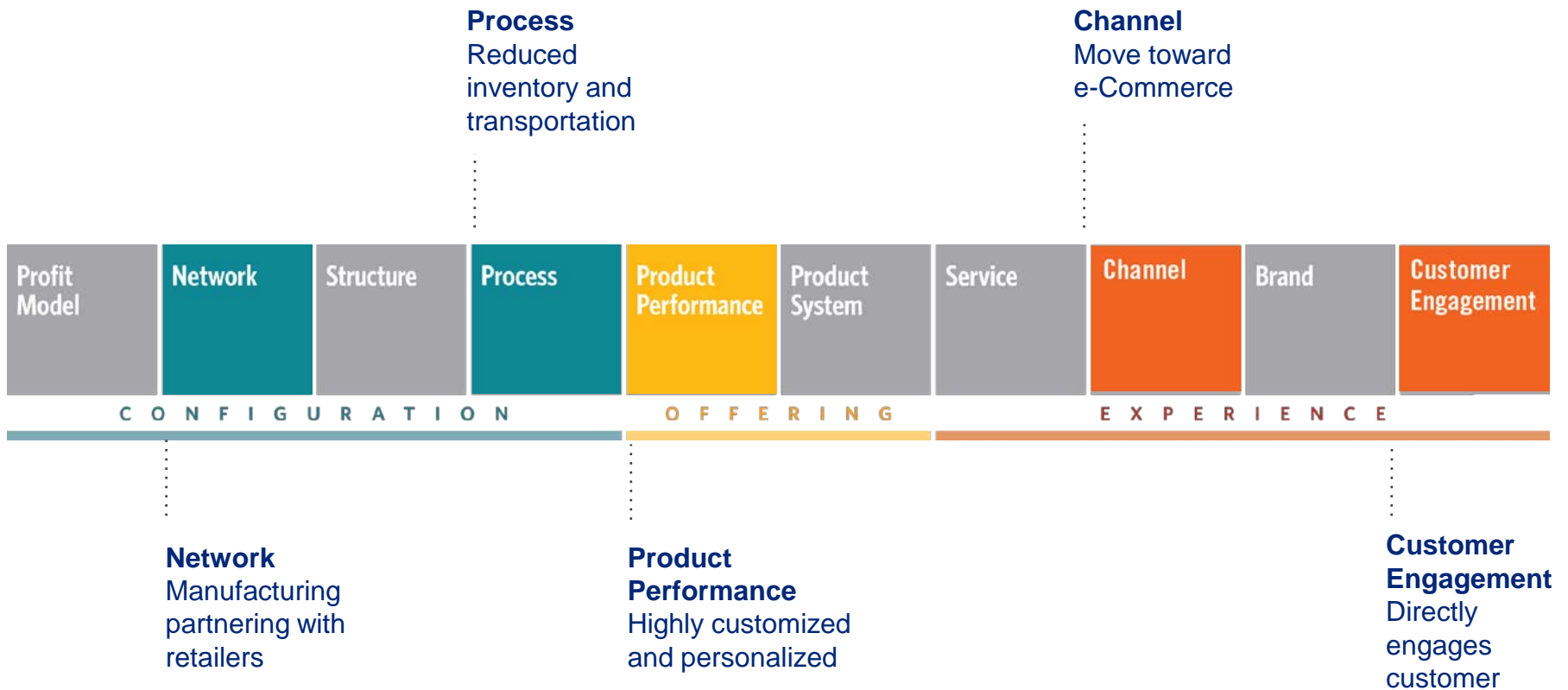
## Supply Chain Innovation

"[3D Printing] is growing rapidly in ways that promise to replace the almost 100-year-old mass-production model that defined the industrial revolution."

- Greg Emerson, The Street, October 14, 2010

# 3D Printing a catalyst for transformative innovation

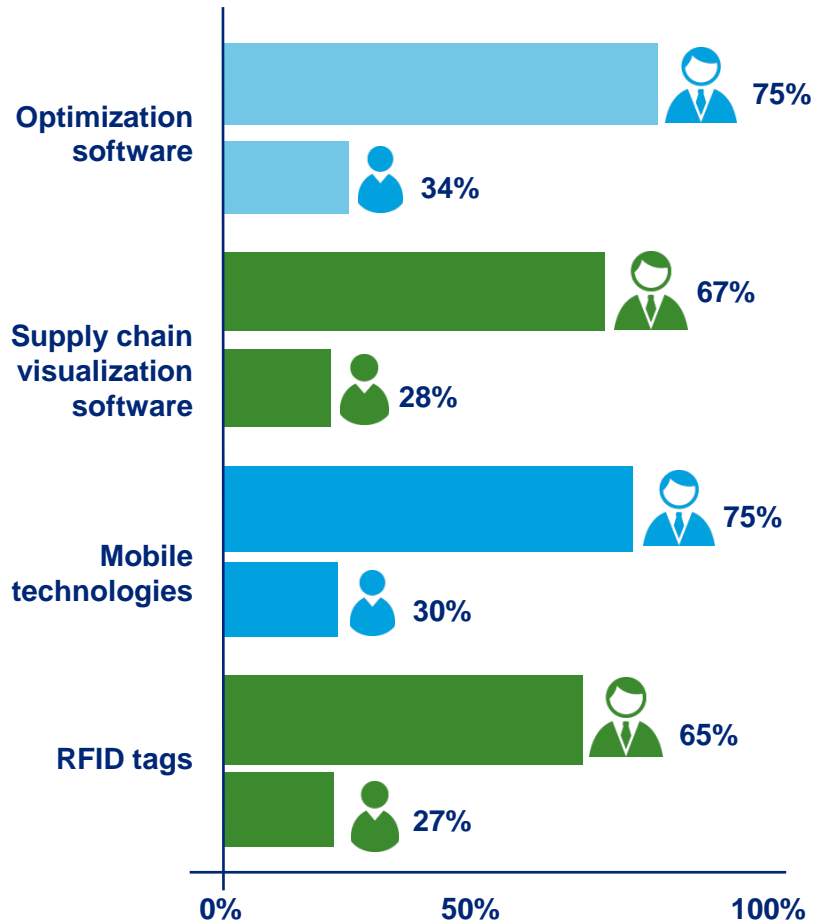
## TEN TYPES OF INNOVATION



# Analytics as a tool for innovation and integration

## Extensive Use of Analytics

Percentage Responding "Use Extensively"



## Analytics Applications

### Operational

Dynamic Re-routing



### Tactical

Source Switching



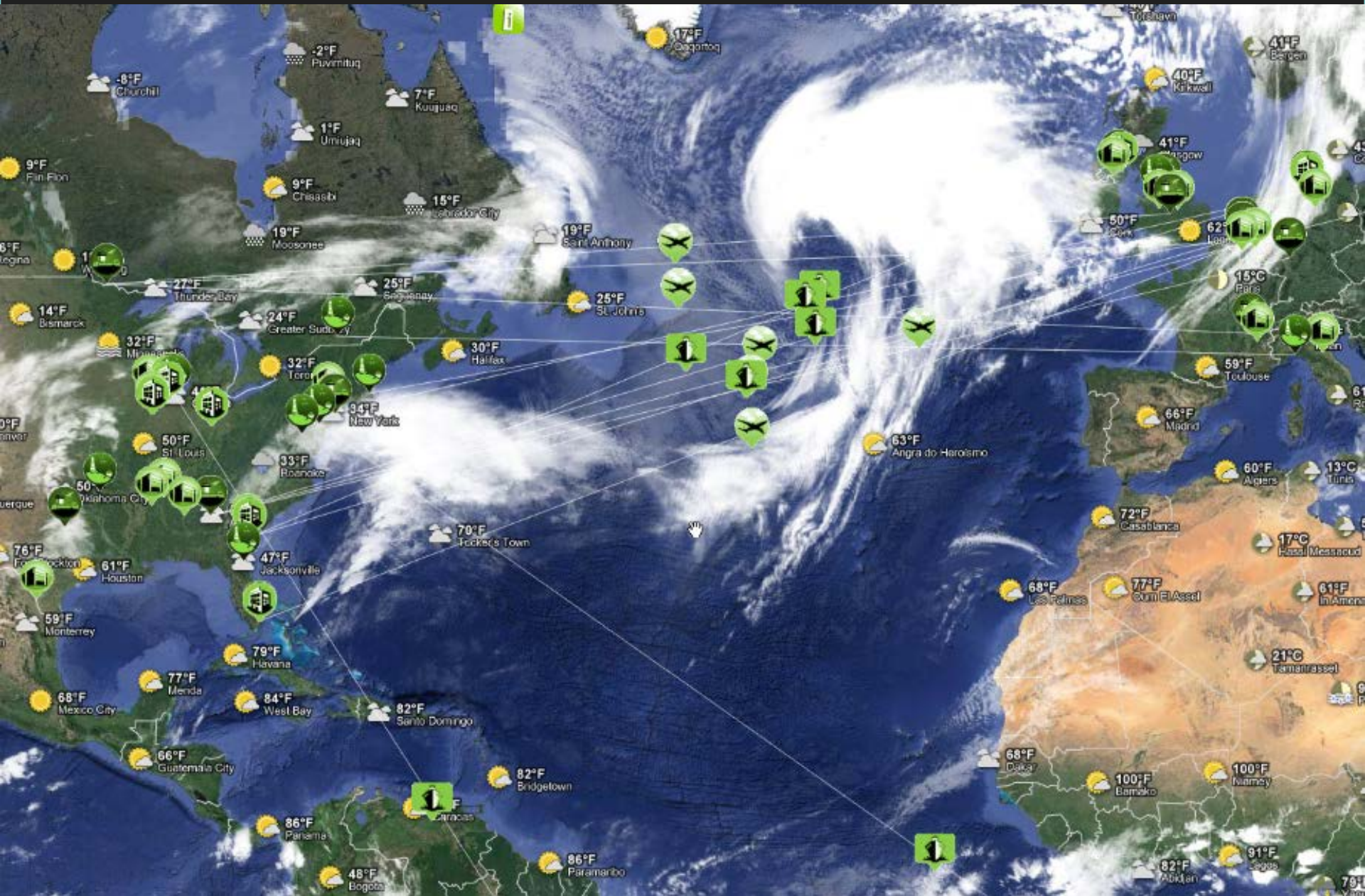
### Strategic

Product Complexity Reduction





# Operational Analytics – Dynamic Re-Routing





# Operational Analytics – Dynamic Re-Routing





# Tactical Analytics – Source Switching

**LANE OPTIONS**

US via ZA to RU <b>\$212.94</b>	US via US to RU <b>\$235.69</b>	NZ via BR to RU <b>\$330.74</b>	NZ via US to RU <b>\$197.80</b>
NZ via ZA			

Suppliers    Entry Points    Facing DCs

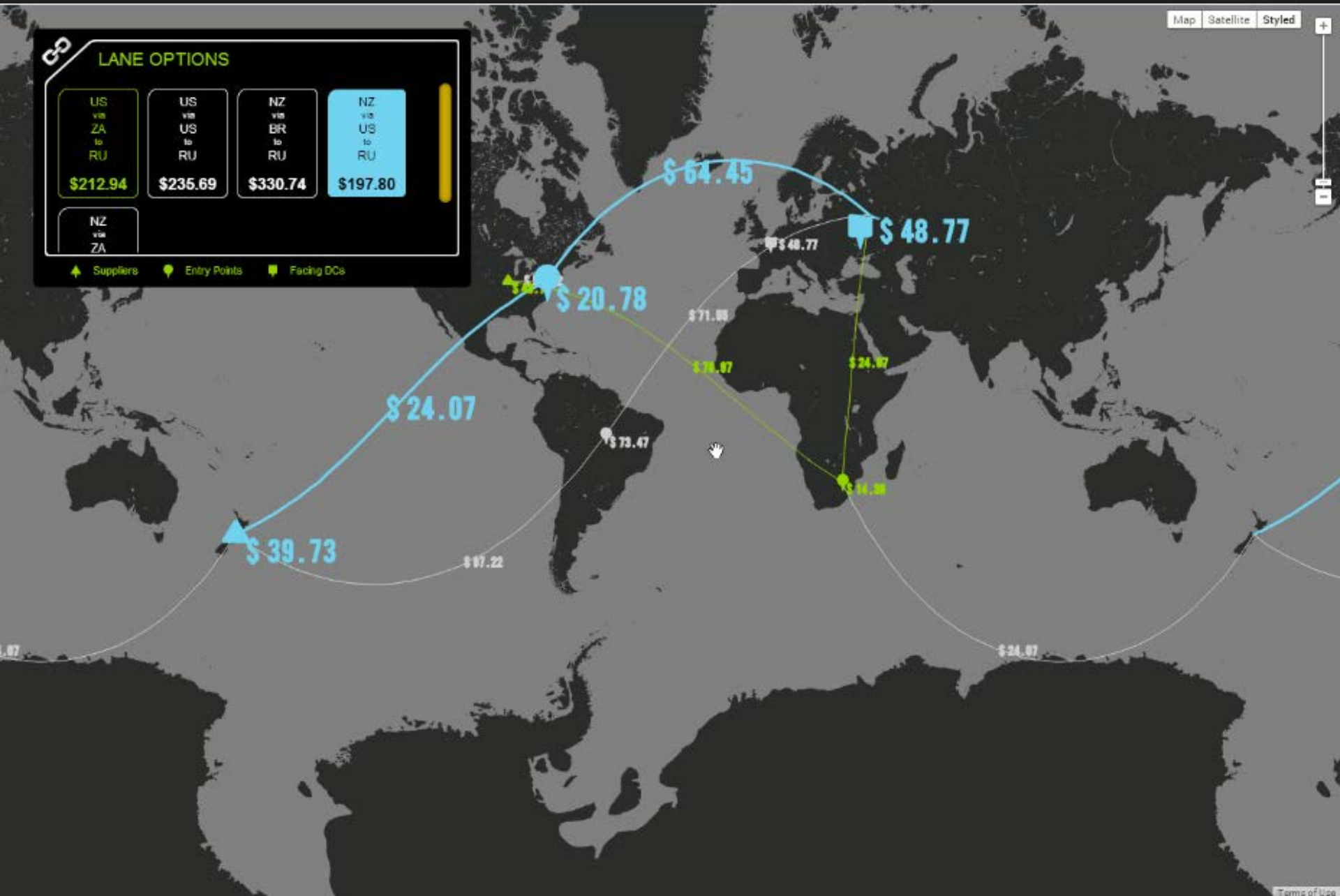


# Tactical Analytics – Source Switching

**LANE OPTIONS**

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NZ via ZA			

▲ Suppliers   ● Entry Points   ■ Facing DCs



# Analytics a powerful tool for transformative innovation

## TEN TYPES OF INNOVATION



### Network

Collaboration with Channel Partners

### Service

Enables guarantees on delivery or service times



C O N F I G U R A T I O N

O F F E R I N G

E X P E R I E N C E

### Profit Model

Deeper understanding of cost structure and drivers

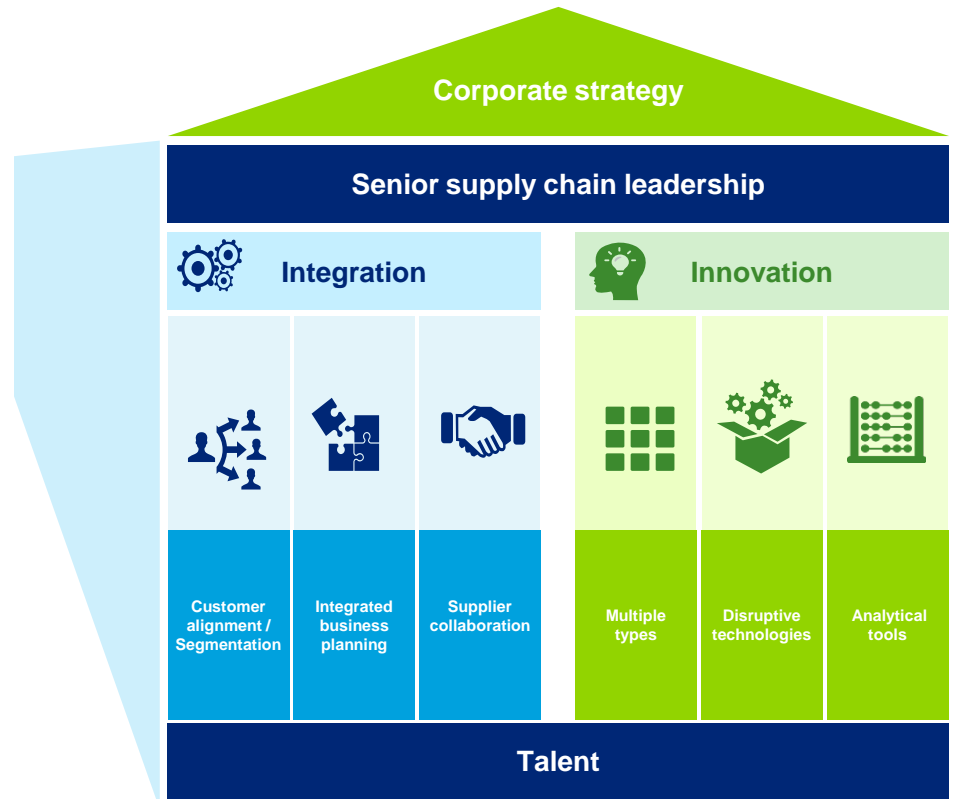
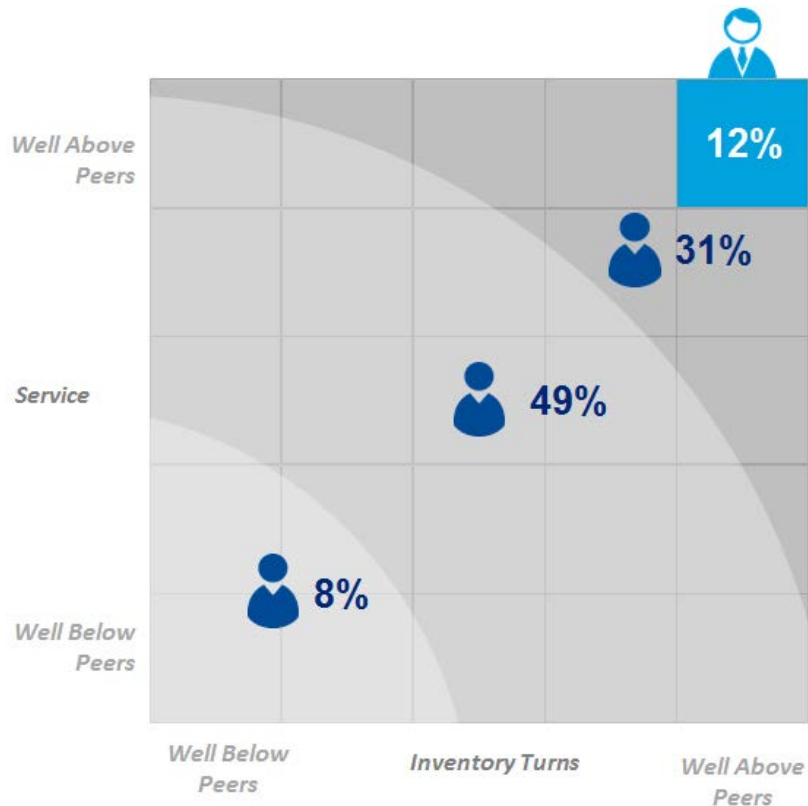
### Process

Improved speed of decision-making and profitable trade-offs

### Customer Engagement

Tailored offerings based on customer insights

# What will it take to stay on top?





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