

Seven Leadership Habits of Highly Successful Supply Chains



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Managing Your Supply Chain in a World of Change
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TOMPKINS
A S S O C I A T E S

Today's Supply Chain Realities

- Global Supply Chain
- Synchronization
- Agility
- Competitiveness
- Technology
- Organization Acceleration

Seven Leadership Habits of Highly Successful Supply Chains

1. Understand and Communicate
2. Benchmarking and Best Practices
3. Role of Leadership
4. Assess and Prioritize
5. Core Competencies
6. Partnership
7. Continuous Improvement

Six Levels of Supply Chain Excellence

1. Level I: Business As Usual

- Organizational elements pursuing self interests

2. Level II: Link Excellence

- The starting point of Supply Chain Excellence

3. Level III: Visibility

- The next step in establishing a visible presence with other supply chain links

Six Levels of Supply Chain Excellence

4. Level IV: Collaboration

- Using visibility to do the work smarter and meet marketplace demands

5. Level V: Synthesis

- A continuous improvement process to harness the energy of change

6. Level VI: Velocity

- The ideal state of synthesis with speed. Faster! Faster!

Six Levels of Supply Chain Excellence



Understand and Communicate: Then Communicate Again

- Internal and External
- Where are we?
- Where are we going?
- It is about Supply Chain vs. Supply Chain.

Benchmarking and Best Practices

- Use Benchmarking (metrics) to plot Best Practices.
- How are you doing in comparison to others?
- Are your costs reasonable and in line with others like you?
- Are you missing any breakthrough opportunities?
- How can you build a consensus around a supply chain path forward?

Benchmarking and Best Practices

Supply Chain Consortium

- Strong industry leadership
- World-class tools
- Right participants
- Subscriber centric
- Excellence in networking

Role of Leadership

- Leadership shapes culture
- Leadership defines direction
- Leadership ensures motivation

Leadership Shapes Culture

- Type I: Static Consistency
- Type II: Dynamic Inconsistency
- Type III: Dynamic Consistency

Leadership Defines Direction

- Vision — Where?
- Mission — How?
- Requirements of Success — Science?
- Guiding Principles — Values?
- Evidence of Success — Key Performance Indicators (KPI)?

Leadership Ensures Motivation

- How they think
 - ▶ Integrity
 - ▶ Credibility
 - ▶ Enthusiasm
 - ▶ Optimism
 - ▶ Urgency
 - ▶ Determination
- How they communicate
- How they work
- How they treat people

Assess and Prioritize Structure

- **Area:** Overall supply chain process
 - **Topic:** A focused area within process
 - **Best Practice:** Industry identified best practice for topic
 - **Current Practice:** Today's performance for topic
 - **Priority:** Importance to pursue
 - **Actions:** Steps to be taken
 - **Benefits:** Expected results of pursuing actions
 - **Responsibility:** Who will make it happen?

Area: Supply Chain Event Management

Topic: Production Tracking and Visibility

Best Practice	Current Practice	Priority
<p>Production management should be facilitated by structure means to communicate and update the following with suppliers:</p> <ul style="list-style-type: none">▪ PO submission▪ Acknowledgement/confirmation▪ PO changes	<p>Communications with suppliers regarding PO's are manual and maintained individually through the buyer</p>	1
<p>The production management platform should provide ability to communicate and update:</p> <ul style="list-style-type: none">▪ Predefined production milestone▪ Predefined inspections and testing milestones	<p>System provides tracking for pre-defined milestones</p>	4
<p>The production management platform should include event management and alerting capabilities to be used for:</p> <ul style="list-style-type: none">▪ Reminder to supplier/agent regarding ship schedule▪ Response to buyer regarding intent to ship▪ Any predefined production tracking activities	<p>Merchandising spends approximately 60% of time performing PO administrative review and updates in current system. Alerting and exception-based management capability not supported in system.</p>	2

Area: Supply Chain Event Management

Supply Chain Roadmap:

Actions:

- Expand on inbound freight management initiative to include electronic PO transmissions, acknowledgement, confirmation and changes. Expand integration with current system to include relevant updates from inbound freight management.

Benefits:

- Expand on inbound freight management initiative to include alert capabilities to buyers, suppliers, agents and integrated updates with the current system.
- Near-real-time updates and visibility to production events based on tight integration among suppliers, inbound freight management and current system.

Responsibilities:

- Merchandising to expand focus on product strategy and reduce focus on administrative elements.

Core Competencies

- Core Functions:
 - The unique business functions that allow an organization to be successful
 - The critical activities included in an organization's vision statement that allow it to thrive

Core Competencies: Primary and Secondary

- **Primary focus core competencies:** Those activities and processes that differentiate an organization in the marketplace
- **Secondary focus core competencies:** Those activities and processes that must be done well for the organization to retain market share but are not visible to customers

Non-Core Competencies

- What is left in an organization after you remove core competencies?
- **Primary non-core:** Activities that, although not core, have an impact on a company's bottom line.
- **Secondary non-core:** Activities that need to be done, but unless they are really done poorly, they do not have an impact on an organization's bottom line.

Core Competencies Matrix

	Primary Focus	Secondary Focus
Core Process	Things that differentiate your organization in the marketplace. The reasons customers come to you.	Things that need to be done well but are not visible to the customer.
Non-Core Process	Things that if not done well can have a negative impact on your customer relationship.	Things that need to be done but do not have any significant impact on the success of the business.

Core Competencies Matrix for Chic Retailer

	Primary Focus	Secondary Focus
Core Process	<ul style="list-style-type: none">• Retail Stores• Merchandising• Brand	<ul style="list-style-type: none">• Procurement• Sourcing• Real Estate
Non-Core Process	<ul style="list-style-type: none">• IT• HR• Logistics	<ul style="list-style-type: none">• Store Supplies• Accounting• Landscaping

Core Competencies Matrix for a Manufacturer/Distributor

	Primary Focus	Secondary Focus
Core Process	<ul style="list-style-type: none">• Production• Product Design• Production Planning and Scheduling	<ul style="list-style-type: none">• Procurement• Logistics• HR• Maintenance
Non-Core Process	<ul style="list-style-type: none">• IT• Finance and Accounting• Sales and Marketing	<ul style="list-style-type: none">• Real Estate• Food Service• Landscaping

Core Competencies Matrix

	Primary Focus	Secondary Focus
Core Process	Insource	Insource Outsource
Non-Core Process	Insource Outsource Contract	Outsource Contract

Organizations and Leaders Must Focus on Core Competencies

- To achieve a highly successful supply chain, organizations must outsource.
- However, if an organization does not have a core competency of outsourcing, the outsourcing will fail and leaders will be pulled away from core competencies.
- Organizations **MUST** have a core competency in outsourcing.

Partnerships

Understanding Partnerships

- Supply Chain Partnership Evolution and Marriage Partnership Evolution

BETWEEN TWO PEOPLE IN A RELATIONSHIP	BETWEEN PEOPLE WITHIN TWO ORGANIZATIONS
Dating	Customer-Driven Organization
Going Steady	Invincible Customer Service
Being Engaged	Cooperative Relationship Planning for Partnership
Marriage	Supply Chain Partnership

Understanding Partnerships

- Supply Chain Partnerships believe relationships should be based on:
 - Building on each other's strengths
 - Growing the pipeline's competitive strength
 - Integration of systems
 - Frequent communications at all levels of the organization
 - Frequent structured interactions on creating supply chain peak-to-peak performance

Understanding Partnerships

- Supply Chain Partnerships believe relationships should:
 - Not be based on antagonism, leveraging, hammering and negotiating
 - Be long-term based on trust and a true understanding of Supply Chain Excellence
 - Be based upon sharing of information, planning, scheduling, risk, rewards, problems, solutions and opportunities for creating peak-to-peak performance

Understanding Partnerships

- Supply Chain Partnerships believe relationships should be based on working together toward improved performance of the total pipeline on:
 - Quality
 - Lead times
 - New product development
 - Time
 - Inventories
 - Waste
 - Costs
 - Customer satisfaction

Understanding Partnerships

- Growing the Supply Chain Partnership
 - No two relationships ever develop in the same way
 - Relationships evolve not as cold-blooded business negotiations, but as comfortable personal bonds between individuals
 - A positive chemistry exists between the two parties involved in a relationship

Continuous Improvement

Understanding Peak-to-Peak

- *“Success Has Ruined Many A Man.”*

-Benjamin Franklin

- *“Each Success Only Buys An Admission Ticket To A More Difficult Problem.”*

-Henry Kissinger

Continuous Improvement

Understanding Peak-to-Peak

- *“We Cannot Solve Today’s Problem With The Same Level Of Thinking That Created The Problem In The First Place.”*

-Albert Einstein

Continuous Improvement

Understanding Peak-to-Peak

- *“It’s What You Learn After You Know It All That Counts.”*

-Coach John Wooden

- *“He Who Stops Being Better, Stops Being Good.”*

-Oliver Cromwell

Continuous Improvement

Understanding Peak-to-Peak

- Peak performance is often the beginning of failure. The natural order of life is peak-to-valley-to-peak-to-valley-to-peak-to-valley.
- Why not climb to the top of the mountain and instead of traveling to the valley, travel from this peak to the next higher peak, to the next higher peak, and so on?

Continuous Improvement

Understanding Peak-to-Peak

- There will always be more problems than there are solutions. We need to install a process that anticipates and solves problems before they are problems and that continuously transforms our organization into a championship organization that is nevertheless the underdog.

Continuous Improvement

Understanding Peak-to-Peak

- A Supply Chain Excellence organization goes peak-to-peak-to-peak, etc.
- Today, there is no steady state. We live in permanent white water. Supply Chain Excellence organizations are organizations that capture the energy of change to move from peak-to-peak-to-peak.

Continuous Improvement

Understanding Peak-to-Peak

- A Supply Chain Excellence Organization Understands:
 - The shift required is not from your present path to a new path, but to a process of continually changing paths
 - The process of continuous renewal
 - That because you are on top you are the underdog
 - The non-stop evolution to higher levels of peak performance

Call to Action

Embrace the Seven Habits

- Organizations that embrace the Seven Leadership Habits of Highly Successful Supply Chains will have a major competitive advantage over organizations that do not.
- Evaluate your organization based on the Seven Habits and define a path forward.
- *“When you come to a fork in the road...Take It!”*

-Yogi Berra

Reference List for Seven Leadership Habits of Highly Successful Supply Chains

Supply Chain

- James A. Tompkins, Ph.D., *No Boundaries: Break Through to Supply Chain Excellence*, Tompkins Press
- James A. Tompkins, Ph.D. and Dale Harmelink, *The Supply Chain Handbook*, Tompkins Press

Benchmarking and Best Practices

- Website http://www.supplychainconsortium.com/resource_center.asp

Leadership, Partnerships and Continuous Improvement

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- James A. Tompkins, Ph.D., *Future Capable Company*, Tompkins Press

Core Competencies and Outsourcing

- James A. Tompkins, Ph.D., Steve W. Simonson, Bruce W. Tompkins, Brian E. Upchurch, *Logistics and Manufacturing Outsourcing: Harness Your Core Competencies*, Tompkins Press

Tompkins Press

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