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## **Winning Supply Chains of The Future**



*"In the mid-1990s, the Swedish car manufacturer Volvo found itself with excessive stocks of green cars. To move them along, the sales and marketing departments began offering attractive special deals, so green cars started to sell. But nobody had told the manufacturing department about the promotions. It noted the increase in sales, read it as a sign that consumers had started to like green, and ramped up production."*

**By Bill Bronsky, OBA.**

### **The Winning Supply Chains**

Successful companies have a certain set of characteristics which are responsible for their winning supply chains. There is a common pattern amongst the top performing companies regardless of the industry in which they operate their core business. Our believe is that these world leading supply chain ideas, techniques and processes can be translated and incorporated independent of your industry category.

In collaboration with **London Business School**, **OBA** has conducted a 6 month research programme to define the characteristics and capabilities of the top performing companies (a full copy of the

report can be obtained by contacting [info@obaconsulting.com](mailto:info@obaconsulting.com)). The research focussed on how some of the best companies in the world perform in there supply chain across the following areas:

- Strategy & Governance
- Learning & Capabilities
- IT Systems

There are some crucial differentiators exhibited by the top performing organisations.

### **The Characteristics**

The programme surveyed, ran workshops and interviewed over 150 leading organisations.

This research confirmed that common themes exist amongst the top performing companies regardless of the industry. The leading companies have a sharp focus on the customer, their people, and the end to end supply chain integration. They are not reliant solely on key supply chain metrics such as inventory turn-over or asset utilisation.

Today's top performing supply chains require the different aspects of an organisation, such as its strategy, capabilities and IT systems along with the core supply chain activities to work well as a unit. People are the greatest assets for

an organisation and matching people with the right skill set for the right tasks is also what differentiates the leaders here.

## Critical Success Factors

Several important themes from the top performers emerged:

**Supply Chain Management:** It is crucial for companies to understand when to stop focusing on reducing the cost of the supply chain at the expense of Supply Chain functional integration and to focus on developing a customer service ethos.

**Strategy and Governance:** The free flow and usability of information with suppliers, customers and internal functions appears to be one of the most important differences that separates the top 10 from the rest of the group.

**IT Systems:** IT systems should be integrated and a core part of the SCM process. However, IT systems are only one of the pillars for success – getting the process right and aligning cross functional objectives using a simple system seems far more important than the deployment of the latest technology.

**Capabilities:** The typical learning & development programmes of the top 10 organisations far outperformed the

rest. Spending at least six weeks per year in SCM related training and maintaining a knowledge repository has helped build key Supply Chain capabilities for the best organisations. Rotating and matching people with the right skill set with the right supply chain role is also essential for superior performance

## Other Key Learnings

The performance of the best organisations have 3 things in common: 1) a strong, identifiable culture (or ethos) and fast decision making capabilities 2) alignment across functions – both in behaviours and objectives and 3) little dependance on the type of IT systems implemented.

Companies that distinguish between the skill sets required from their employees for idea generation vs. idea execution and target employees accordingly, also fit in the high performance category

The link between the SCM objectives, strategy and vision also lays the foundation of the work culture of the company. Many of the attributes of the top performing companies are directly connected with the organisations culture and ways of working. Programmes to develop the right culture and management style have proved fundamental to support the development of high business performance.

For a full copy of the report contact  
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