



Managing Disruption in the Supply Chain

20th May 2015

- During presentations (11:00 – 12:00) everyone will be muted so that only the presenter will be heard.
- The presentation will be followed by a Q&A session.
- Recording will be made available after the webinar on the Industry Forum website.
- If you are experiencing any technical problems please call us on 0121 717 6620.



Welcome/Overview

- Society of Motor Manufacturers, SMMT
 - Industry Forum
- APICS Channel Partner
- Managing Disruption in the Supply Chain
 - Evolution
 - Disruption in the supply chain
 - Supply Chain Reference Model, SCOR, APICS
 - Removing disruption from the supply chain
- Our speaker, Robin Goodfellow, CFPIM, FIOM
 - APICS Associate Instructor, CPIM, SC Principles

Evolution of Supply Chain

- Pre-1970s Traditional inventory replenishment
- 1970s MRP
- 1980s MRPII, Just in Time, Value Chain, SC
- 1990s Lean Agile, Supply Chain Council, ERP
- 2000s More Supply Chain, Lean, Agile
- 2010s End-to-end Supply Chain

- A definition:
The process which integrates, co-ordinates and controls the movement of goods, materials and information from a supplier to a customer to the final consumer

Source: Supply Chain in 90 minutes, Stuart Emmett



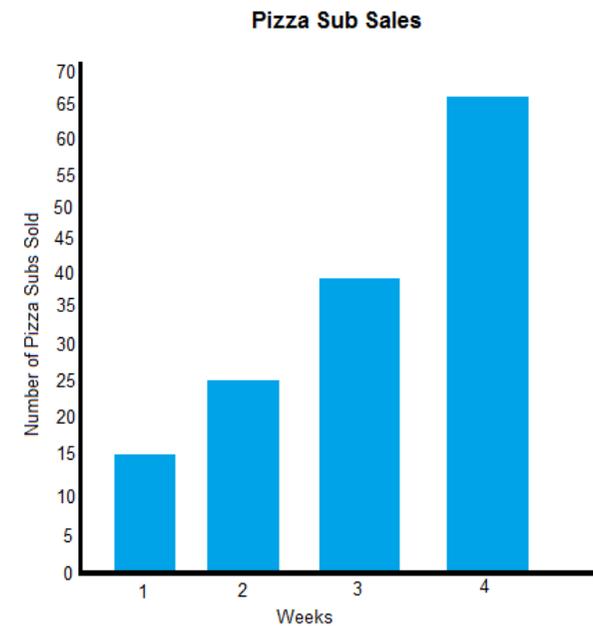
Where are you at in SC evolution?

- ❑ Traditional inventory replenishment
- ❑ Old style MRP, MRPII, ERP systems, working in silos, over the wall mentality
- ❑ Supply Chain approach, in process of improving the 'internal' supply chain
- ❑ End-to-end Supply Chain approach, lots of collaboration, integrated Supply Chain



Objectives of the Supply Chain

- Customer satisfaction
- Meeting the Corporate objectives + numbers
- Looking after our people
- Adding value
- Demonstrated benefits

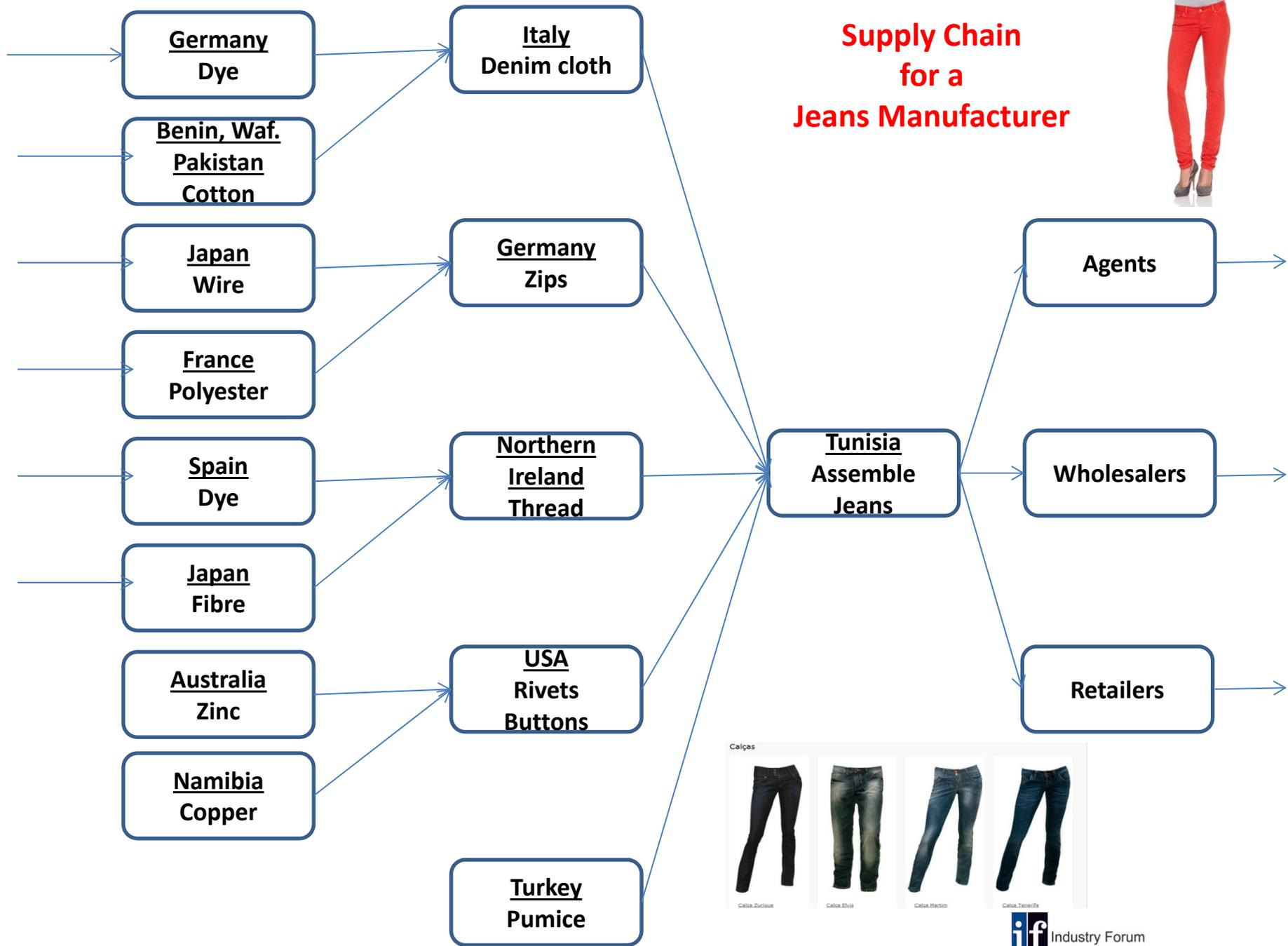


Are these Objectives achieved 100%?

- No, why not?
- We live in a VUCA world
 - **V** volatile, variable
 - **U** uncertain, unpredictable, unstable, uneducated
 - **C** complex, complicated, change, compliance
 - The global nature of supply chain
 - **A** ambiguous
 - Worldwide, cultural, language
- An example, denim jeans

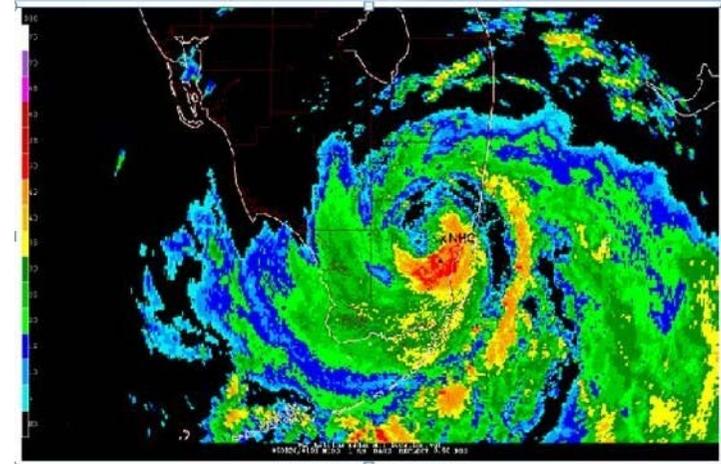


Supply Chain for a Jeans Manufacturer

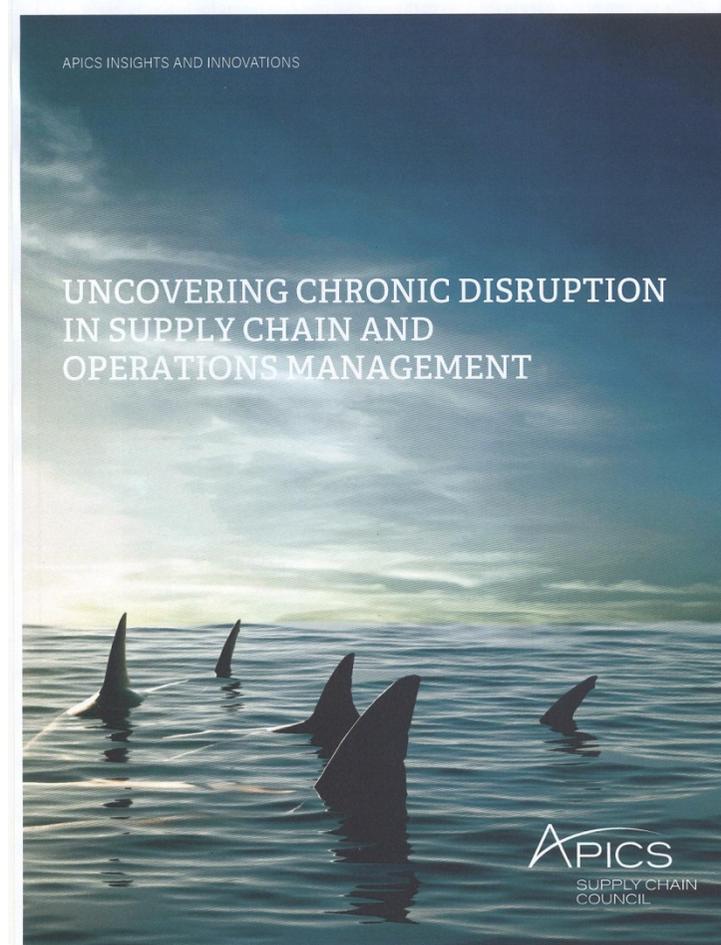


Supply Chain Disruptions

- Visible
 - A clear project to address
- Invisible
 - Today's focus
 - There all the time
 - We don't know the root causes
 - Perhaps we just accommodate them
 - Technical bubble burst, new product launches, spike in demand



Recent APICS/SCOR survey



Recent APICS/SCOR survey

- Supply Chain Chronic Disruption
- Disruption is
 - Persistent
 - Difficult to address
 - Not visible
 - Abnormal, but becomes tolerated
- 73% respondents suffered chronic disruption

Source: Uncovering Chronic Disruption in Supply Chain and Operations Management

Causes of SC Disruptions

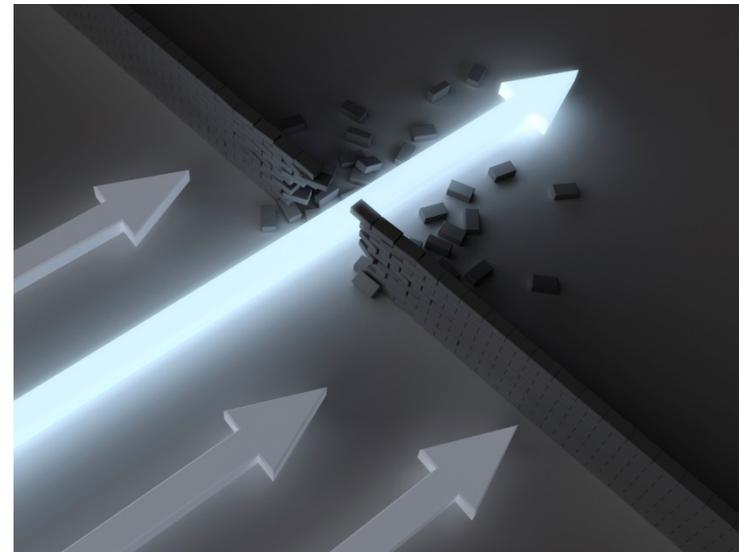
- Accountability placed solely on suppliers
- Inability to communicate actual demand
- Inactive stakeholders
- Inadequately defined requirements
- Lack of manpower or trained manpower
- Management that does not correct existing problems
- Procurement professionals performing tasks better suited to accounting professionals
- Short-term financial pressures
- Under staffing
- Management that is not well-informed or trained



Source: Uncovering Chronic Disruption in Supply Chain and Operations Management

Another survey of barriers to SC success

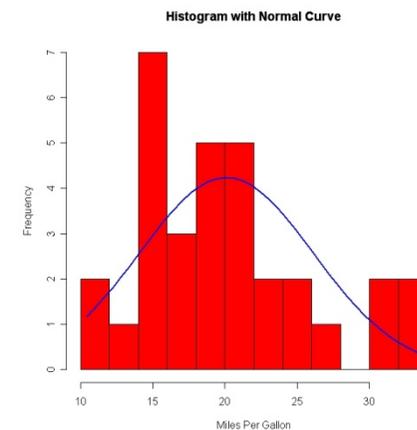
- Customers are always changing their demands
- People react slowly to requests on them
- People are still working in silos
- Inadequate product knowledge
- Poor communications
- Quality issues
- Lack of data
- Poor product design
- Leadership
- Transport



Source: A cohort of students studying for the IOM Diploma in Operations Management

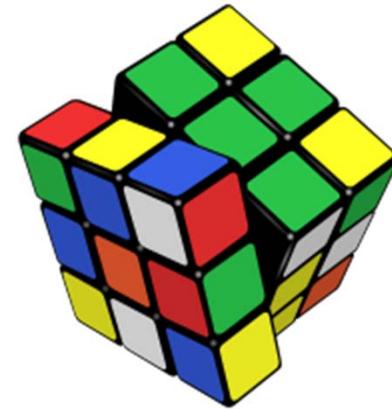
Interview with Operations Manager

- What are the barriers to success in your SC?
 - Lead time problems & inconsistencies
 - Poor forecasts from customers
 - Inadequate planning
 - Supply < demand
 - Suppliers not meeting promises
 - Inaccurate data
 - Sales make promises that supply cannot meet
 - Lead time violation



Interview with Operations Manager

- Are the following true in your SC and are contributing to SC disruption?
 - √ Lack of integration
 - √ Inconsistent prioritisation
 - √ Overcomplicated systems
 - √ People don't really understand supply chain



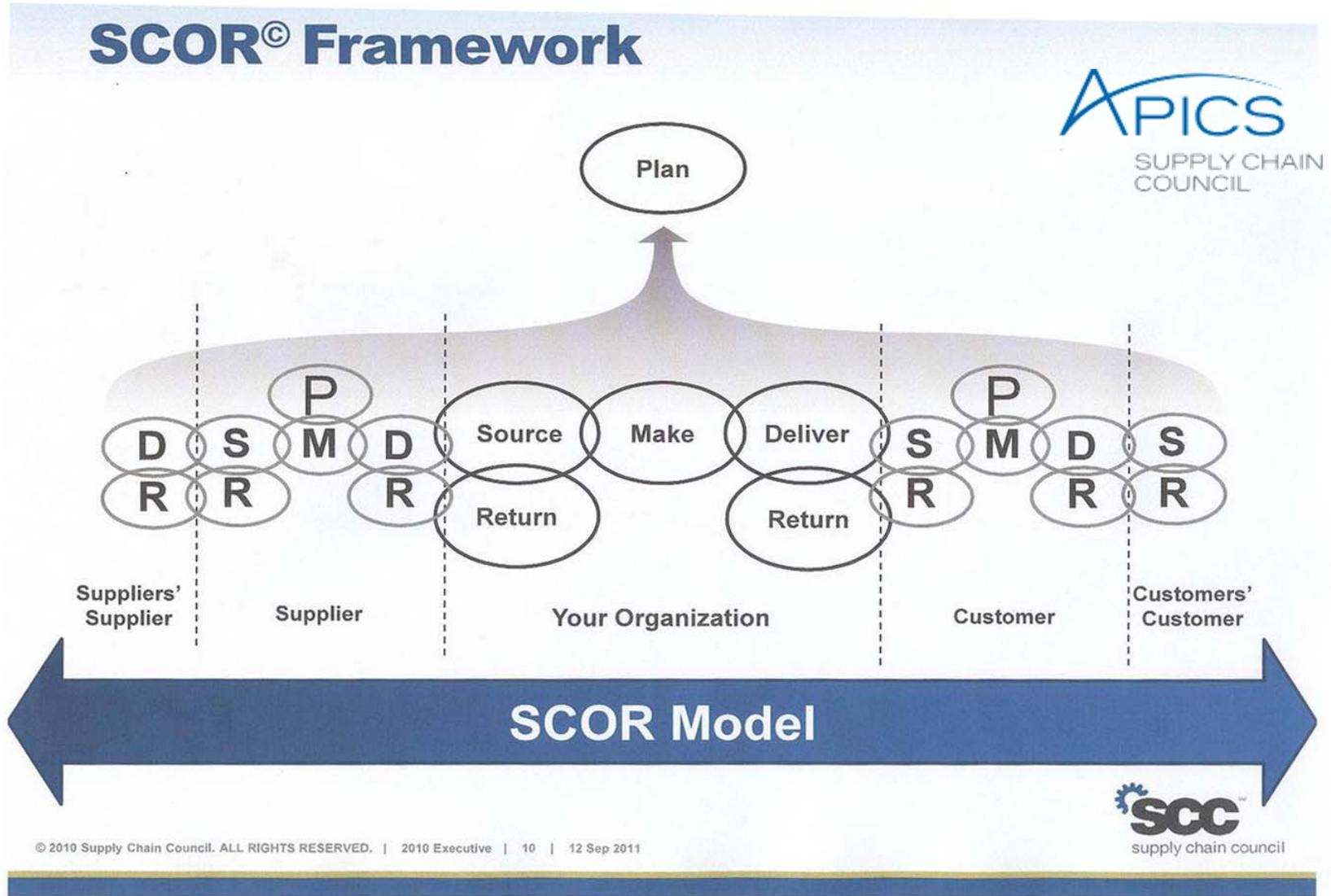
Top 10 'Pain Points' for Supply Chain leaders

- Lack of supply chain visibility 78%
- Demand volatility 75%
- Supply chain complexity 70%
- Rising commodity prices
- Data quality issues
- Product proliferation
- Talent shortage
- Sustained production reliability
- Compliance & legislation
- Globalisation issues

Source: Supply Chain 24/7

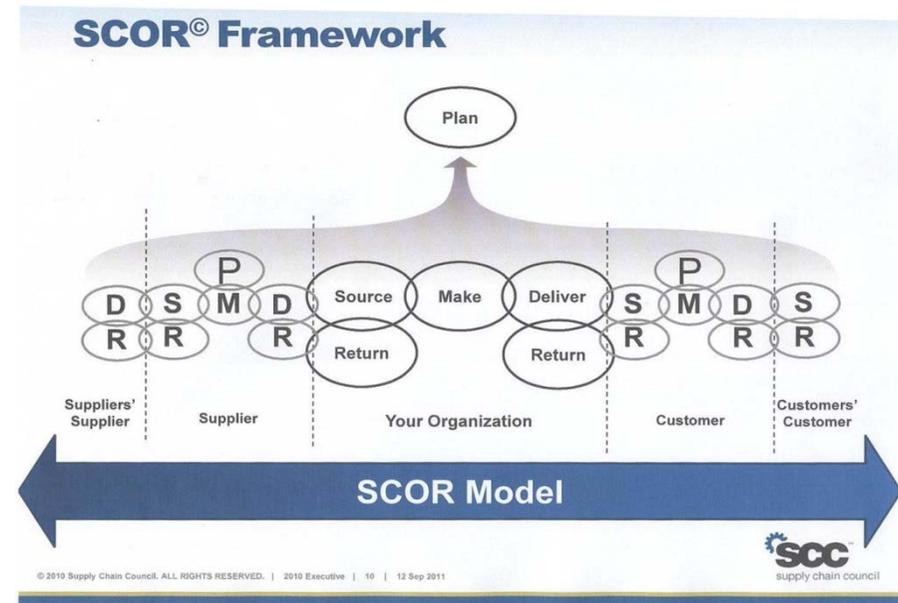


SC Reference Model, SCOR



Disruption of the SCOR model

- Plan
- Source
- Make
- Deliver
- Return to supplier
- Return from customer



3 “starters for 10”

- Collaboration
- Understand your supply chain
- Develop your people



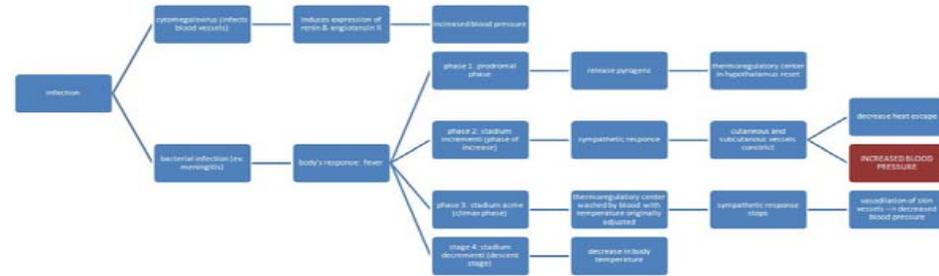
Collaboration

- Definition
- We suggest
 - Open lines of communication
 - Regular meetings
 - Understanding on both sides
 - Joint efforts
 - Audits
 - Technology
 - Social media
 - Co-operation
- Define what kind of collaboration is right for you
 - 4 ways to collaborate



Understand your Supply Chain

- “Win the home games first”
- Process mapping



- Extend towards your suppliers & customers
- Get consensus
- Identify bottlenecks
- Jointly develop a picture, for all to see

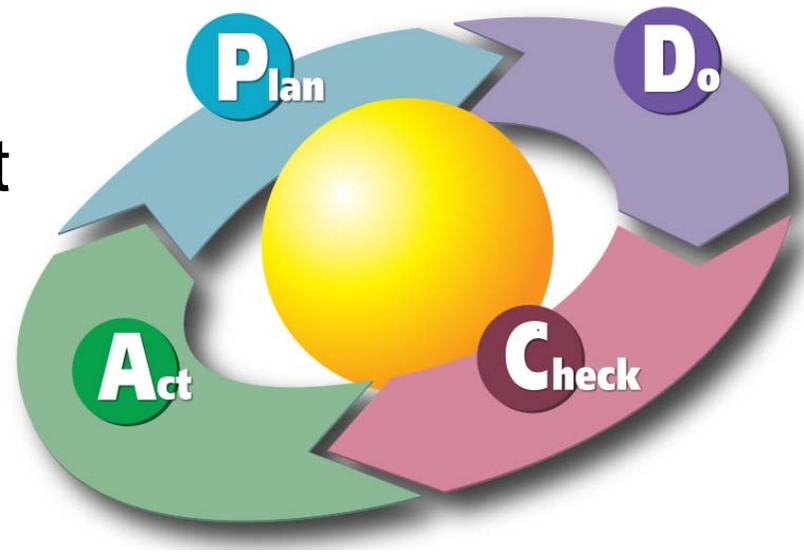
Develop your People

- Give them education & training
- Offer them formal qualifications
- Exchange job roles
- Shadowing job roles
- Cross-fertilisation
- Collaboration
- Widen their understanding
- Deepen their knowledge
- Establish mandatory induction training for new starters



Conclusions

- Commonality of reasons for SC disruption
- There is a clear model to work from
- Ensure the objectives are clear
- Identify the biggest disruption
- Start to tackle it
 - Plan, Do, Check, Act



Supply Chain Events

- **Introduction to Supply Chain Management Workshop
15th July 2015**

The workshop is designed to make delegates think about and realise what goes on in their Supply Chain. This will allow them to identify potential areas for improvement and to start to develop an action plan to deliver better performance.

- **APICS Certified in Production and Inventory
Management (CPIM) training**

Module 1, Basics of Supply Chain Management, due to run in September 2015. Email courses@industryforum.co.uk, or call +44 (0)121 717 6614 for further information.

Thank you for attending



A recording and pdf file of this presentation will be made available on the Industry Forum website at

<https://www.industryforum.co.uk/resources/webinar-archive/> from

12.00pm (GMT) on 21st May 2015