

“Mastering the Maze”

IOD, London – 3 October 2007



21 years of LCP supporting businesses and their supply chains!

‘The impossible is possible’

‘Supply chain networks are complex and hard to manage – it’s all about bridging the gap between supply and demand’

‘Green can be achieved and at lower cost’

“Many thanks to the LCP team for laying on an excellent event on Wednesday afternoon”.

David Morton, Strategic Development Director, Menzies Distribution Ltd.

“Thanks and congratulations on your event on Wednesday. I thought it went very well and I particularly enjoyed the speakers and the format”.

Richard Forrest, Director, Barloworld Optimus

As part of LCP Consulting’s 21st Anniversary celebration the company hosted ‘Mastering the Maze’, an event for supply chain executives, at the Institute of Directors in London on Wednesday, 3rd October 2007. The event was attended by over 60 senior supply chain executives and academics from the UK and Europe.

The event focused on the ever-increasing importance of Demand & Supply Chain Management in delivering a company’s strategic objectives. Real-life examples were presented by some of the world’s top manufacturers and retailers together with an analysis of current and future supply chain trends by eminent academics.

The presentations in brief

Professor Alan Braithwaite, *founder and chairman of LCP Consulting*

...presented his views on today’s Demand and Supply Chains. Alan contended that whilst there wasn’t much new in fundamental supply chain thinking, the real challenge was how best to implement the theory to deliver true business benefit. His view was that there was no substitute for designing best practice supply chain processes and then making sure that people consistently applied them.

He saw a particular issue for businesses today in making sure that their supply chains were designed to support the overall strategy of the business – in terms of driving and supporting both marketing objectives and financial performance. Even in the largest international businesses this is far from today’s reality.

Steen Hansen, *Vice President Global Supply Chain Operations, Huntsman Advanced Materials*

...then told us about Huntsman’s global supply chain transformation. He particularly focused on the use of fact based supply chain diagnostics as a way to develop the case for change across the business. He described how Huntsman had embarked on a major supply chain transformation project across thirteen manufacturing sites.

Whilst there was still a great deal to do, Huntsman are proud of the advances that they have made in overall supply chain performance and in particular improving customer service. Steen stressed the importance of Huntsman’s global Sales and Operations Planning (S&OP) process as a mechanism for successfully integrating the supply and demand sides of the business.

Steen’s view was **“Use diagnostics to really focus the change ... then when it comes to change.....it’s about people and process”.**

David Hunt *Project Director of Premier Foods, Member of ECR UK*

...gave the audience a taste of the work that ECR UK have been doing on "green logistics".

In the UK, the food chain accounts for at least 22% of the total of greenhouse gas emissions. The UK government tasked the industry with reducing carbon emissions by 20% by 2010 against a 1990 baseline and also to significantly reduce the environmental and social costs of domestic food transportation by 2012.

David highlighted some of the initiatives that the ECR was involved in to make these goals reality. In particular he discussed the work that had been done on trying to realise the opportunity to reduce empty vehicle miles. Participating companies at a recent ECR event had identified the potential for collaboration to save 687 vehicle loads per week, which amounted to 5,100,000 less vehicle miles travelled per annum. Unfortunately, very little of this opportunity has been realised due to the complexity of getting companies to work together at the level of detail that was necessary – on a load by load basis.

David was hopeful that the situation would change as the environment became more of a Board Level issue and tools were developed to accurately measure improvements in supply chain carbon footprints.

Phil Streatfield *Commercial Supply Chain and IT Director of Woolworths plc*

...then gave us a provocative account of the story of some coat hangers and the importance of questioning conceived wisdom.

Phil used an investigation into the on-shelf availability of coat hangers to highlight the importance of measuring the right things and of not trusting what he described as "programmer's logic"; those assumptions and parameters that have become locked-in to sophisticated forecasting systems and are never questioned or reviewed. Phil described how, following the results of the coat hanger project, he had authorised the development of a "sandpit" for supply chain analysis. This consisted of an eight terabyte database holding two billion sales records that was been used as a basis for comprehensive supply chain diagnostics.

The findings from this work have enabled Phil to show that it is possible to drive higher availability with lower stock levels, and that the business can manage complexity without increasing resources.

Professor Richard Wilding *from Cranfield University*

...highlighted how the identification of supply chain risk and the implementation of risk mitigation strategies could deliver a competitive advantage. Richard discussed how supply chains were becoming inherently riskier.

He identified two key factors: increasing levels of global sourcing; and the drive for "lean", which had lead to many companies becoming anorexic and incapable of absorbing supply chain shocks. He went on to show an approach for helping companies achieve supply chain resilience and discussed the importance of focusing on those processes that delivered a competitive advantage.

Jeremy Hawkins *Head of Logistics for Foster's EMEA*

...told us about the three key challenges that the business faced: managing an extended supply chain; getting an accurate picture of demand; and responding to the environmental challenge.

He showed how changing supply side conditions in Australia over the past 10 years had had a significant impact on the global supply chain. In particular it had required the business to work more closely with its customers to understand their future requirements and to put in place an S&OP process that was capable of responding to high levels of promotional activity.

Jeremy was currently involved in a number of initiatives focused on reducing the environmental impact of the Foster's supply chain. These included: reducing shipping costs through in country bottling; reducing the amount of glass in a bottle; and collaborating with competitors and customers on shared deliveries.

Professor Martin Christopher *Cranfield School of Management*

...the final speaker, focused on the future of Demand and Supply Chain Management. He highlighted a number of challenges:

- Input costs are rising but customers' expectations are for lower prices
- New sources of low cost competition mean that the downward pressure on price will continue
- Continual concentration of markets means that bigger, more powerful customers will demand more from their suppliers
- Conventional marketing strategies have less effect in a time-sensitive, on-demand world.

In order for businesses to overcome these challenges they must align the demand creation and fulfilment processes across functional and organisational boundaries.

The future will be about virtual networks of organisations sharing information and focusing on delivering end customer value.

Dr John Lockton *Managing Director of LCP Consulting*

...brought the event to a close by summarising the key themes that had emerged during the afternoon. John commented that it was interesting that some key themes had emerged from the presentations. These were:

- the need to develop a fact based understanding of supply chain performance from which to challenge internal perceived wisdom;
- the importance of linking demand and supply management using processes such as S&OP;
- the emerging importance of sustainable supply chains and the need to measure their environmental impacts; and last but not least
- the continuing need for well trained people operating well designed processes.

John went on to say that these issues were at the heart of LCP Consulting's current client projects.

LCP Consulting continued to work with leading academic institutions on the development of supply chain thinking and were currently engaged in research on best practice S&OP processes and the measurement of supply chain carbon footprints.

A variety of supply chain issues were discussed by the delegates during the informal networking that followed. The view from the delegates on the event was overwhelmingly complimentary.

We all look forward to the next 21 years!

For further information, please visit our website www.lcpconsulting.com or contact info@lcpconsulting.com