



Extended Supply Chain 2009

Leveraging partnerships and maximising collaboration to minimise risk and deliver business value

Summary of the Oracle workshops

Extended Supply Chain 2009, of which Oracle was a lead sponsor this year, is an established annual conference attended by Europe's most powerful and innovative Supply Chain leaders.

Several workshops were hosted by Oracle this year, with participants from a number of organisations including Babcock, Nokia, Pirelli, Cisco, BASF, HP, Pitney Bowes, TNT, Vodafone, 3M, BT, Glaxo Smith Klein, Cadbury, Orange, MS, Imperial Tobacco and 3G. We have put together a short summary so that all participants (and those who could not join us on the day) can leverage the combined wisdom of the groups.

We hope that you find some useful, practical pointers to take back to your business and we look forward to seeing you next year.

'Enabling Business Transformation through Supply Chain Change' Workshop

Hosted by Thomas List, Director SCM Applications, Oracle

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'Sales and Operations Planning' Workshop

Hosted by Andrew Spence, Supply Chain Business Development Director, Oracle

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'Enabling Business Transformation through Supply Chain Change' Workshop

Hosted by Thomas List, Director SCM Applications, Oracle

During the workshop I summarised some of the key points made during the presentations and by the panel on the first day of the event. For me, the main thing coming across was that despite the many challenges that supply chain executives have faced over the last year, the current economic climate nonetheless presents a tremendous opportunity for change within companies and the economical environment.

I think the quote at the bottom of the page, from Frank Blake, summarises this nicely.

For the main part of the workshop our participants worked in three groups with their peers to exchange experiences from their organisations' current supply chain strategies.

In the following pages, you can see the key findings, which I have summarised into six main points to take back to your business, as well as the notes from the presentations of the three groups.

Summary of workshop findings: six key points

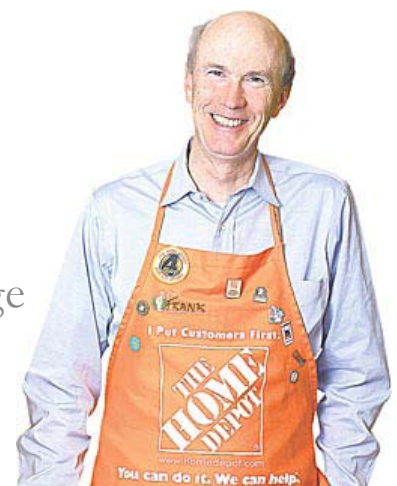
1. Supply chain risk is top of the agenda - supplier risk programs should include suppliers' suppliers
2. Challenge the status quo - collaboration is key, even with competitors
3. Drive cost out of the supply chain; reduce inventory but maintain operations - think of Dell and Lenovo case studies
4. Increase supply chain agility
5. Focus on demand planning and S&OP
6. Centralise core processes and integrate the supply chain

What are YOUR Supply Chain Strategies doing to turn the crisis into an Opportunity?



“A downturn is a terrible thing to waste. It’s easier for everyone to understand the need for the change when things are tough & the risks are lower.”

Frank Blake, CEO Home Depot, Wall Street Journal, June 2008



Notes from the group presentations

Turning the downturn into an opportunity for the business

General points

- Agreement that despite the downturn there are many opportunities within supply chains to change or improve
- The procurement and supply chain profile within organisations is higher and has more focus than before
- Key actions for organisations are to centralise core processes and integrate the supply chain
- Challenge the status quo and the sacred cows of supply chain – e.g. transport charge breakdown and regulatory guidelines
- More in-sourcing where possible
- Risk is top of the agenda

Key focuses

- Be more customer-focussed
- Focussing on cost is important and inevitable, but being green will help keep costs down with wider benefits as well

Fostering collaboration

- Collaborate with competitors
- Look at creating partnerships
- Work differently; more cross-functionally, more collaboratively, taking on more
- Listen more down the supply chain – work smarter at delivering what people want

Working with suppliers

- Initiate a key supplier programme – fixed price, benefits-sharing and risk-sharing
- There is no point in hurting your key suppliers: work with them, consider it a partnership
- Understand more about your suppliers' suppliers - how long is the chain, what is the risk?
- Look to develop suppliers' skills
- Analyse trade payments and receivables terms
- Focus on inventory reduction with supply chain accountability – identify ownership definitions
- Support your suppliers' cash-flow: you need them
- Be more aggressive in working with suppliers that truly support your business

Product management

- Look at increasing frequency of N.P.I. – e.g. 'best' versus 'value'
- Rationalise your product – 'core' versus 'portfolio'
- Look beyond value engineering and cost engineering; be innovative
- Ensure workforce is commercially educated to make best decisions, especially in engineering – buy off the shelf where possible rather than new design or re-engineer all the time

Specific actions

- Analyse churn
- Consider shared services
- Utilise assets more – fill loads where possible
- Re-prioritise projects based on ROI and payback time

Please feel free to contact me if you have any questions, or if you would like to hear more about Oracle's Supply Chain Management.

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‘Sales and Operations Planning’ Workshop

Hosted by Andrew Spence, Supply Chain Business Development Director, Oracle

At the start of the presentation we took a straw poll of the people in the room asking if they had an active S&OP process. Most people in the room confirmed they did have a process, but when asked if it was meeting the needs of the organisation, there was no one who felt they had a process that met all their needs.

S&OP is not a new topic for most organisations and is well understood and documented by thought leaders such as Oliver Wight. However, implementing an effective planning process is still a challenge for many businesses. In this session we looked at the common factors facing the companies represented and grouped them into three areas: People, Process and Technology.

We have consolidated the comments from the group and provided some conclusions, and in the pages below you will find a summary of the challenges and recommendations from the group.

People

It is an organisation’s people that shape its culture and ultimately determine how well it operates. Any planning process must engage people from multiple disciplines in the delivery of a plan that meets a company’s goals and is achievable.

Key findings from the workshop:

Challenge: Lack of ownership for the planning process

Group’s recommendations:

- Have top-down approach
- Agree who owns the plan e.g. Sales / Marketing or Supply chain
- Line up KPIs and rewards
- Create incentives for accuracy and ownership
- Define accountability

Challenge: Collaboration

Group’s recommendations:

- Agree the appropriate level for collaboration
- Understand the need for S&OP
- Involve all stakeholders
- Illustrate the negatives of silo planning

Challenge: Capability

Group’s recommendations:

- Train and coach participants
- Connect people and technology

Process

It is often said that everyone comes to work to do a good job but it is processes that let them down. A good process can improve capability and ensure consistency. In Sales and Operations Planning, process is paramount due to multiple stakeholders and synchronisations of information.

Key findings from the workshop:

Challenge: Time it takes to cycle through the S&OP process

Group's recommendations:

- Use a process that connects all stakeholders
- Recognise that local performance measures can generate conflicts with S&OP
- Have common processes across the organisation

Challenge: Accuracy of plan

Group's recommendations:

- Engender a strong 'Demand Commit' process
- Consider a 'Name and Shame' process
- Highlight the need for timely participation and the impacts of process failure
- Ensure the ability to plan promotions
- Consider forecast ownership (e.g. by account managers)

Challenge: Flexibility

Group's recommendations:

- Consider supply chain push and demand shaping as well as demand pull
- Include considerations over geographical split
- Very complex businesses – different models for each market

Technology

Information is like water: we have lots of it, but only a small proportion is useful. We also live in a time of unprecedented connectivity, enabling us to collaborate with people inside and outside our organisations, regardless of location. Technology provides the capability to deliver the information we need to make decisions, to the right people, at the right time.

Key findings from the workshop:

Challenge: Quality of information

Group's recommendations:

- Ensure information is delivered on time
- Use causal factors to improve forecasting
- Reduce data mountain – establish what is relevant
- Train all users

Challenge: Collaboration

Group's recommendations:

- Ensure data can be shared with stakeholders securely
- Extend planning to partners
- Break down the information silos

We would like to thank everyone for participating in the session. If you have any questions regarding Oracle's S&OP, demand planning and supply chain planning technology, please contact us.

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