

Supply Chain Strategy

Structure, Development & Execution September 2022

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Structure

Supply chain strategy and their goals as part of the company strategy

Strategy = The plan to win!



Business Strategy

Customer need

Vision / Mission

„North Star“

Market positioning

Differentiation

Portfolio

Organizational Strategy

Customer satisfaction

Business Strategy &
Vision framework

„Value Proposition“

Market definition

Functional Strategy

Company structure

Supply Chain Strategy

Customer service

Organizational Strategy
support

„Operations Excellence“

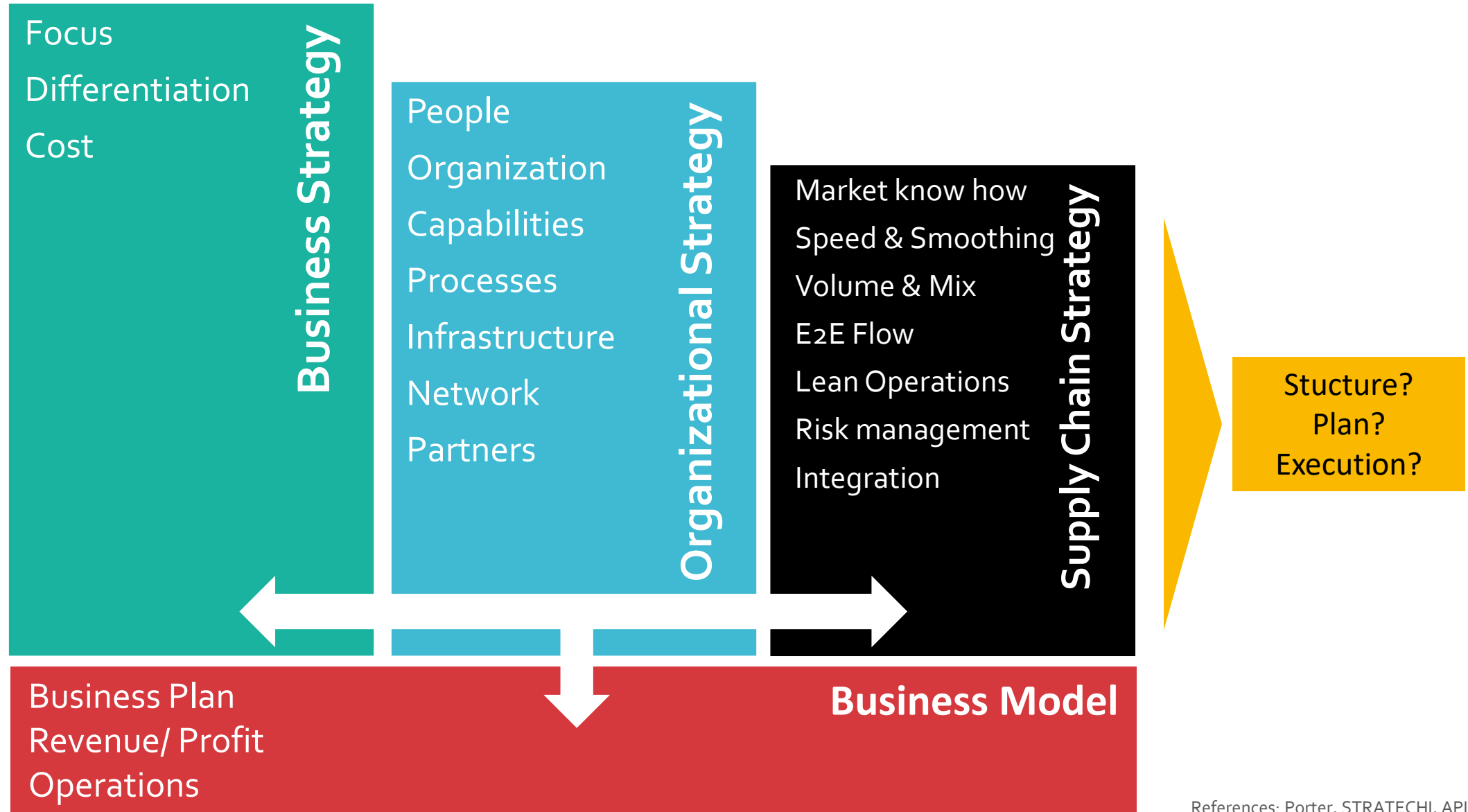
Market development

Competitiveness

Processes & Capabilities

Delivery & Service of the right products, in the right volume, at the right time, at competitive prices and costs and in line with the Business Strategy!

Strategy elements & Planning priorities



Development

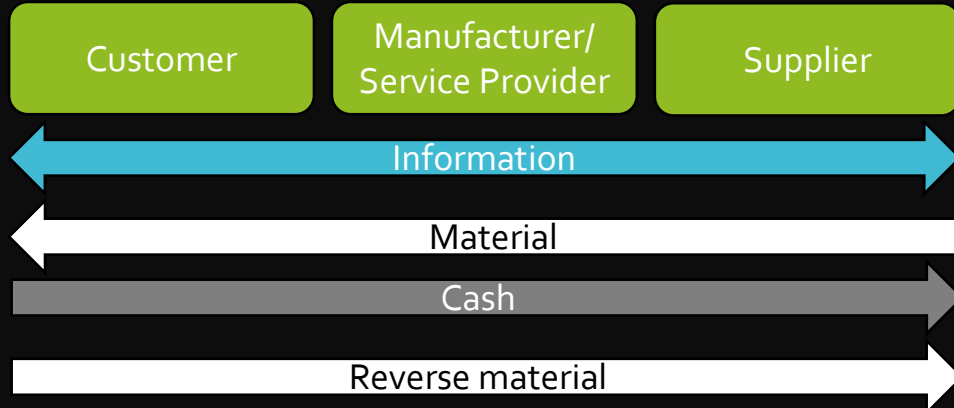
Core competence areas as
structure for the Strategy
development

Competencies = The capabilities to win!



SCM models and planning priorities as a basis ...

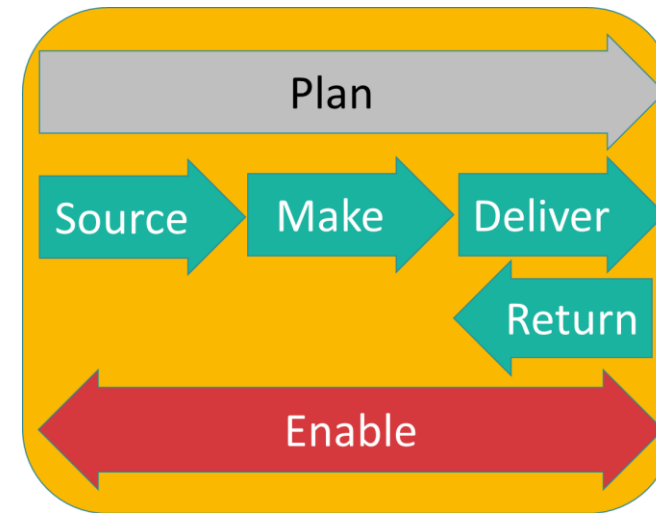
Supply Chain Management



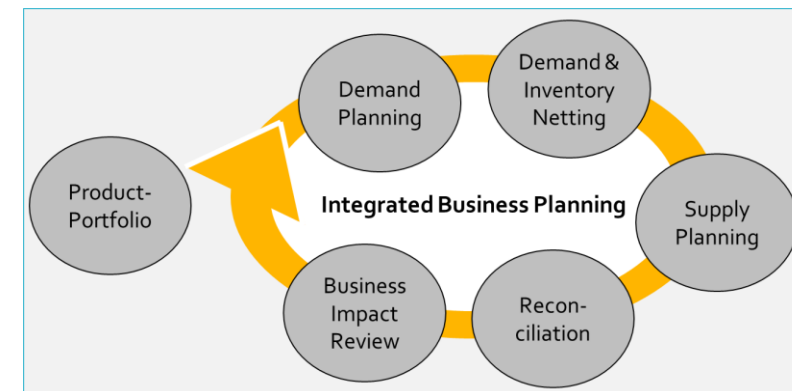
- Value add
- Orchestration
- Balancing
- Network connector
- Technologies & Equipment
- Flow control



SCOR

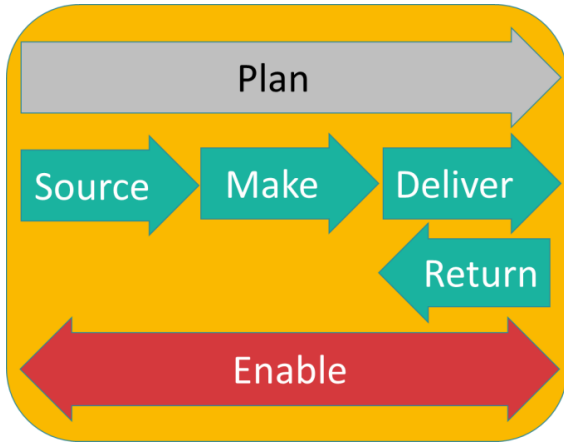


S&OP / IBP

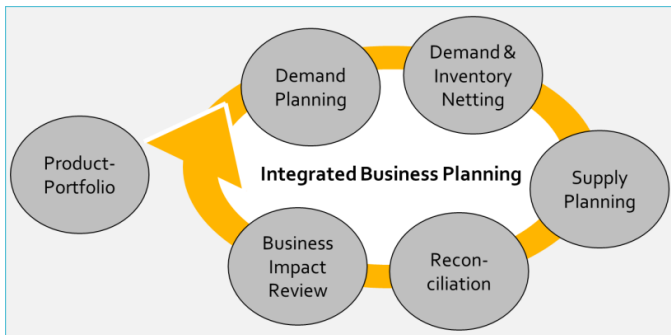


... to derive the strategic competence areas

SCOR



S&OP / IBP



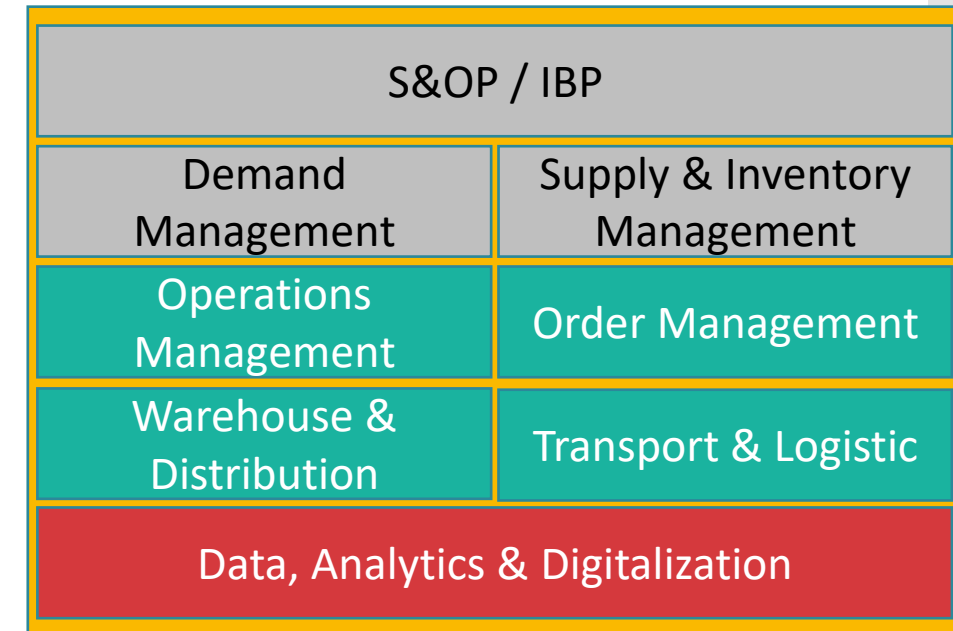
Strategy Focus

Market know how
Speed & Smoothing
Volume & Mix
E2E Flow
Lean Operations
Risk management
Integration

Supply Chain Strategy

=

SC Core Competencies / Capabilities



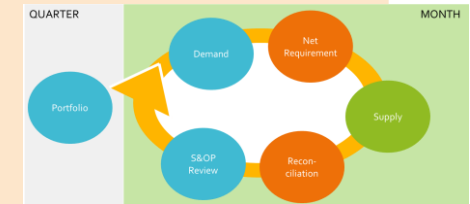
Execution

Strategy content,
Business contribution,
and execution aspects

Strategy content & contribution

S&OP / IBP	
Demand Management	Supply & Inventory Management
Operations Management	Order Management
Warehouse & Distribution	Transport & Logistic
Data, Analytics & Digitalization	

Competence area	Content	Business contribution
S&OP / IBP	<ul style="list-style-type: none"> ➤ Integrated Business Planning Cycle (IBP) ➤ Risk Management: <ul style="list-style-type: none"> – Regulatory – Demand & Supply – Process – Environment & Hazard – Financial 	<p>Strategy execution, decision making and monitoring via the IBP-Cycle:</p> <ul style="list-style-type: none"> – Portfolio Review – Demand Review – Net Requirement Review – Supply Review – Reconciliation Review – Executive S&OP Review
Demand Management	<ul style="list-style-type: none"> ➤ Product Portfolio & Lifecycle (PLCM) ➤ Sales Channel & Revenue Model ➤ Demand Planning & Forecasting ➤ Demand Influencing 	<p>Top-line Financial Reconciliation:</p> <ul style="list-style-type: none"> – Demand Plan – Financial Plan <ul style="list-style-type: none"> ▪ Revenue / Sales ▪ Gross Margin – Net Requirement Plan



Strategy content & contribution

S&OP / IBP	
Demand Management	Supply & Inventory Management
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Competence area	Content	Business contribution
Supply & Inventory Management	<ul style="list-style-type: none"> ➤ Footprint & Network ➤ Supply Chain Echelons ➤ Make vs. Buy ➤ Forecast-to-Fulfill-Model ➤ Capacity & Resources ➤ Inventory & Safety Stock ➤ Cost Structure ➤ Supplier Management 	Bottom-Line Financial Reconciliation: <ul style="list-style-type: none"> – Master Production Schedule – Rough Cut Capacity Plan – Financial Plan Operations <ul style="list-style-type: none"> ▪ COGS ▪ Cost, Absorption ▪ Operating Income ▪ Inventory
Operations Management	<ul style="list-style-type: none"> ➤ Operating Model ➤ Capacity (Des-)Investment ➤ Supplier Network ➤ Operations effectivity & efficiency 	Supply Execution and Financial Performance: <ul style="list-style-type: none"> – Material Requirement Planning – Capacity Requirement Planning – Supplier Contracts & Management – Lean Management – Six Sigma Program

Strategy content & contribution

S&OP / IBP	
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Competence area	Content	Business contribution
Order Management	<ul style="list-style-type: none"> ➤ Customer Service Model ➤ (Multi-)Channel Definition ➤ Order-to-Cash-Model ➤ Business Rules 	Customer Service Performance: <ul style="list-style-type: none"> – Sales & Order Execution – Available-to-Promise (ATP) – Capable-to-Promise (CTP) – Inventory Allocation
Warehouse & Distribution	<ul style="list-style-type: none"> ➤ Footprint & Capacity ➤ Warehouse Technology 	Delivery & Return Execution: <ul style="list-style-type: none"> – Distribution Requirement Plan – Sales & Order Fulfillment
Transport & Logistic	<ul style="list-style-type: none"> ➤ Transportation Channel & Modes ➤ Service Provider Model (3PL, 4PL) ➤ Logistic Technology 	Delivery & Return Execution: <ul style="list-style-type: none"> – Delivery Order Fulfillment <ul style="list-style-type: none"> ▪ Global Track & Trace – Trade Compliance <ul style="list-style-type: none"> ▪ Customs Clearance ▪ Harmonized Tariff Scheduling (HTS)

Strategy content & contribution

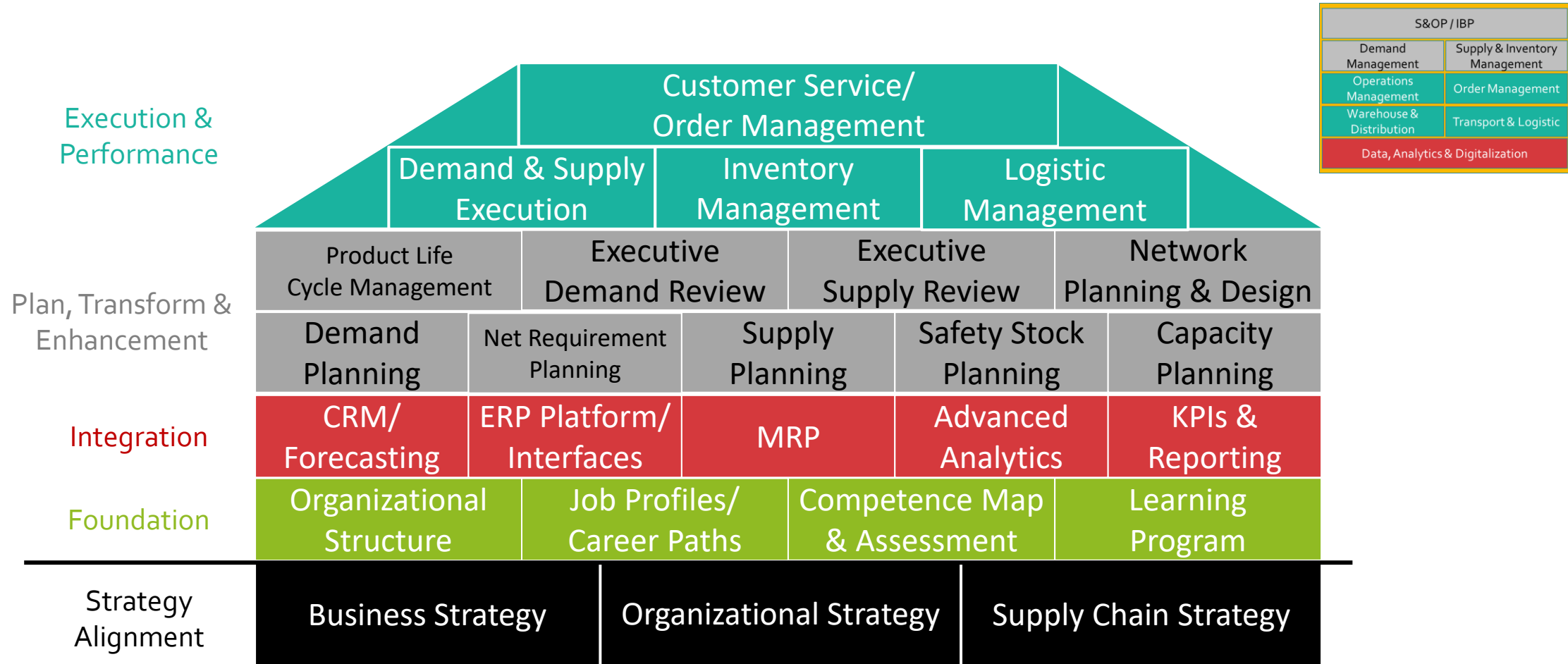
S&OP / IBP	
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Competence area	Content	Business contribution
Data, Analytics & Digitalization	<ul style="list-style-type: none"> ➤ IT Technology, Platform & Network <ul style="list-style-type: none"> – Engineering Change Control (ECC) – Customer Relationship Management (CRM) – Enterprise Resource Planning (ERP) – Supplier Relationship Management (SRM) – Supply Chain Event Management (SCEM) ➤ E2E Business & Data Integration 	<i>Support & Enabler for all Competencies:</i> <ul style="list-style-type: none"> – Advance Planning & Scheduling (APS) – Manufacturing Resource Planning (MRP II) – Business tracking and monitoring (KPIs) – Data and Communication Standardization – Business Integration (EAI, SOA, EDI)

- 1) Identification of **Responsibility** for each competence area
- 2) Definition of **Content**, **Goals** and **Value Proposition**
- 3) **Validation** of Supply Chain Goals **vs. Business Targets**
- 4) Identification of the **Revenue Models**
- 5) Definition of **internal vs. external** Supply Chain Operations
- 6) Planning of Technology requirements, **Investments** und **Cost structure**
- 7) **Documentation** and **Integration review** of all Competence areas
- 8) Review und **Approval** by Senior Management
- 9) Comparison of Strategy vs. current state and start of **Supply Chain (Re-)Design**

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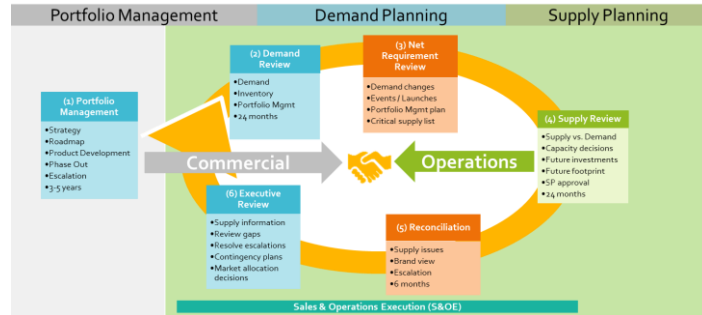
Strategy execution: Capabilities, Processes, Systems & Tools



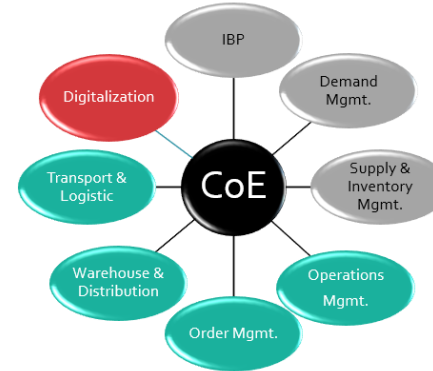
Framework for target definition, gap analysis, benchmarking, action planning, project management, progress control and ensuring strategy consistency!

Strategy execution: Framework & Success factors

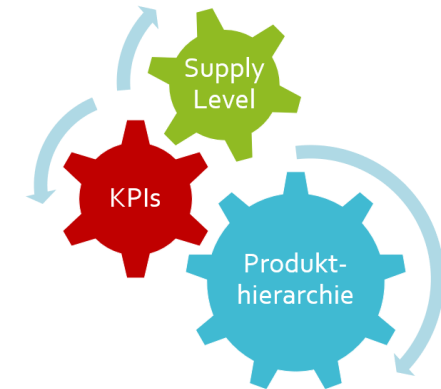
IBP Cycle as leading process



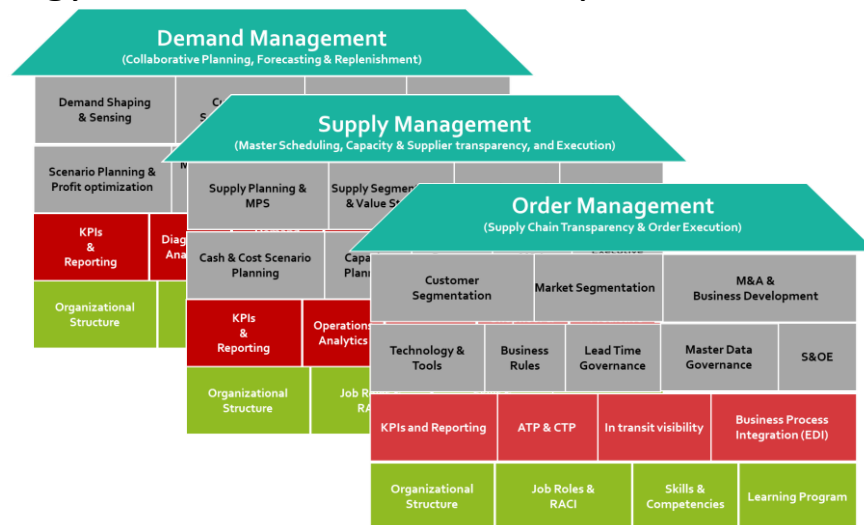
Organization & Center of Excellences



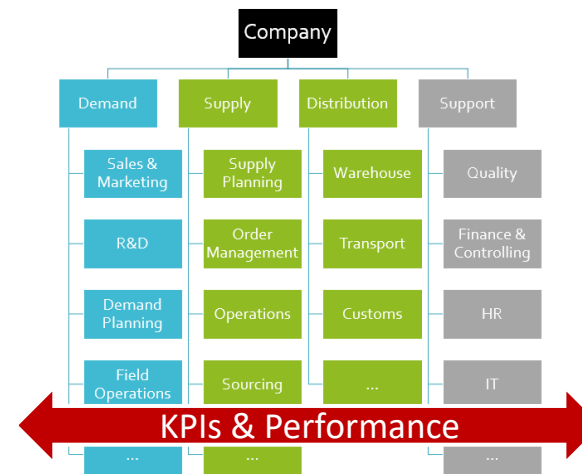
Communication standardization



Strategy framework for each competence area



Cross functional goals



Benchmarking & Maturity Tracking



Author

Introduction summary

Christian Jahn

Diplom-Betriebswirt (BBA) – DHBW Lörrach

MBA (Business Integration) – Julius-Maximilians-University Würzburg

Certified Supply Chain Professional (CSCP) – APCIS

Chief Technology Manager (CTM) – WZL RWTH Aachen & Fraunhofer IPT

SAP Certified Business Associate (ERP 6.o)

Professional Background

- Supply Chain Management, Planning & Execution
- Operations & Plant Management
- Business Process Development, Implementation & Validation
- ERP & IT Solutions
- Quality Management
- 20+ years in Metal Processing & Medical Device Industry

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