Supply Chain Management
Beyond the Horizon:

Creating a world-class value chain

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Sunday, September 29, 2013
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The Fundamental Questions Driving Us!

- Defining and understanding the new keys to Value Chain success:
  - Capabilities
  - Competencies

- Understanding the interrelationship between the business model and the supply chain.

- How do we manage and succeed in today’s increasingly dynamic environment?
### Anticipated Outcomes

- A better understanding of the impact of the supply chain on corporate strategy and success.
- Identification of the factors that impact the effectiveness of the supply chain.
- Audits/check sheets/case studies.
- White papers/executive briefings

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### Porter’s Value Chain, 1985

![Porter's Value Chain Diagram]

- **Support activities**
  - Firm infrastructure
  - Human resource management
  - Technology development
  - Procurement

- **Primary activities**
  - Inbound logistics
  - Operations
  - Outbound logistics
  - Marketing and sales
  - Service
The Emergence of Flexibility Leading Edge, 1989

- Technology adaptation
- Continuous performance measurement
- Formalization

Flexibility

Common Attitude Index (CAI)

- Leading Edge
- Norm
- Emerging
Connectivity and Information Sharing for Heightened Performance, 1992

Technology adaption

Internal activities

Continuous performance measurement

Formalization

Connectivity

External activities

Information sharing

Logistical Excellence (1992)

- Extended Leading Edge data analysis
- Added new Case Studies
Best Practice Implications:

**Internal Integration of Logistical Practices**
- Formalization of Logistical Process
- Technology Adoption
- Continuous Performance Measurement

**External Integration (Supply Chain Relationships)**
- Information Sharing
- Connectivity
- Interorganizational Logistical Processes

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**Capabilities**

- Knowledge and Achievement
- Relates to *why* work is being performed not *how* work is being performed
- They are observable and measurable
- Fusing of capabilities results in competencies
Competencies

- The synthesis of logistical capabilities to gain and maintain supply chain collaborations
- Four key competencies (World Class Logistics Competency Model)
Supply Chain Framework, 1999

Specific Capabilities are Defined for the Four Competencies, 1999
The Innovation of Integration, 1999

Customer integration
• Segmental focus
• Relevancy
• Responsiveness
• Flexibility

Internal integration
• Cross-functional unification
• Standardization
• Simplification
• Compliance
• Structural adaptation

Supplier integration
• Strategic alignment
• Operational fusion
• Financial linkage
• Supplier management

Technology and planning integration
• Information management
• Internal communication
• Connectivity
• Collaborative planning and forecasting

Management integration
• Functional assessment
• Activity-based total cost methodology
• Comprehensive metrics
• Financial impact

Relationship integration
• Role specificity
• Guidelines
• Information strategy
• Gain and risk sharing

A World-Class Value Chain

Linear models are no longer effective for a dynamic, highly complex global supply chain.
Driven by … the need for rapid response

Sense
Assess
Formulate
Deploy
Recalibrate
Learn

Beyond the Horizon

A World-Class Value Chain
Driven by…. Technological change

A world where technology like 3D printing reduces lead times and enhances flexibility

Driven by… HBO

The changing nature of the business model!
Driven by … Amazon.com

- A global market; fast shipping; low prices; reviews; excellent supply chain
- Knowledge about YOU!

Driven by … Apple

- Need to sell solutions, not parts;
- Know what your key customer values and deliver it;
- Ecosystems win!
Driven by … Moments of Truth

Importance of selling solutions. Need for collaboration at both ends of the supply chain to succeed!

Driven by … Paul McCartney’s Guitar

- Artifacts tell what successful companies use, not why they are successful.
- Need to get beneath the surface!
Driven by …

Driven by … the Business Model

Value Proposition

Value

Key Customer

Capabilities
Driven by .... the fundamental Challenge!

Changing Conflict and Discord

Bringing Unity, Focus and Direction

Tax
Risk
Talent management
Analytics
Change

Financial
Responsiveness
Sustainability
Technology

Global
Leadership
Integration
Value-Driven/Value-Focused

Beyond the Horizon

APICS2013
Supply Chain Competencies

• Strategic Alignment

• Integration
  – With the customer
  – With the suppliers
  – Internally

• Supply Chain Responsiveness

Supply Chain Competencies

• Supply Chain Segmentation

• Planning Effectiveness

• Global Supply Chain Optimization
Supply Chain Competencies

- Innovation Management

- Supply Chain Risk Management

The reality of Beyond the Horizon Initiative

- We are at the start of an on-going journey
- Driven by the issues and challenges that keep managers up at night!
Beyond The Horizon Will Look At...

- Capabilities most influential to the success of recent initiatives at top companies.
- How strategic decisions influence value propositions.
- Supply chain investments with potential for the biggest “pay offs”.
- Best practices most impactful or critical to value chain success.
- How supply chain relationships have changed- and what’s likely to happen next.
- How firms identify and respond to changes relative to the competition.
- The issues keeping C-level awake at night.

If you want to know more about BTH....

- We will be at the conference until Tuesday.
- We invite you to talk with us about this new, exciting initiative!
- Visit us at Booth 2025.
Questions

Survey

www.tinyurl.com/kmd5lrs