

BASICS



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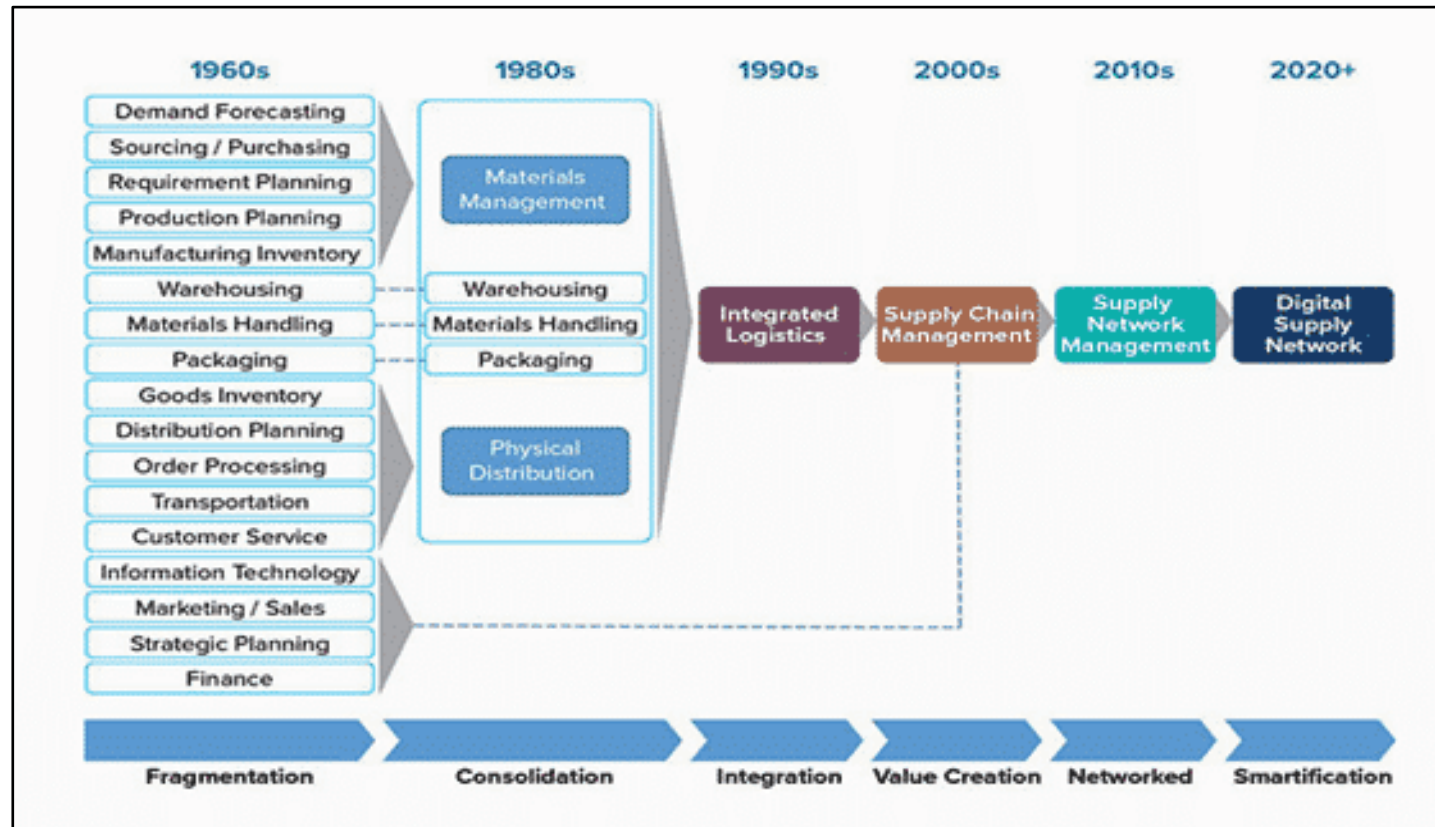
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WHAT IS SUPPLY CHAIN ?

- ▶ Supply chain is **the network of all the individuals, organizations, resources, activities and technology involved in the creation and sale of a product/service.**
- ▶ A supply chain encompasses everything from the delivery of source materials from the supplier to the manufacturer through to its eventual delivery to the end user (Customer).



EVOLUTION OF SUPPLY CHAIN MANAGEMENT



SUPPLY CHAIN OPERATIONAL READINESS (SCOR) MODEL

SIX BASIC COMPONENTS

- ▶ **Plan** – This is the strategic portion of SCM.
- ▶ **Source** – Choose the on/near/off shore suppliers that will deliver the goods and services one needs to create a Brand product and or service.
- ▶ **Make** – This is the manufacturing step.
- ▶ **Deliver** – This is the part that many refer to as logistics.
- ▶ **Return** – The problem part of the supply chain. **Quality and lost revenue!**
- ▶ **Enable** - New process added in 2012.



TOP SCM STRATEGIES



- ▶ **Customer-centric**
- ▶ **Total ETE Visibility**
- ▶ **Automation**
- ▶ **Predictive maintenance**



TOP GOALS

- Ensure efficiency.
 - Benchmarking of Best Practices by Industry/Process.
- Optimize and standardize logistics.
 - On Shore, Near Shore & Off Shore
- Focus on improving quality.
 - Continuous Improvement
- Increase flexibility.
- Monitor financial success.
 - Keep focused on reducing costs.
 - Order To Cash (O2C) Process - KPI's/Metric's



TOP INDICATORS



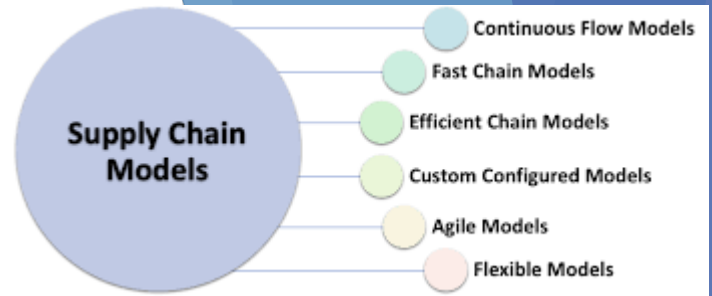
KPI's

- Customer Satisfaction
- Internal Process Quality
- Employee Satisfaction
- Financial Performance Index

METRIC's

- Perfect Order
- Cash to Cash (C2C) Cycle
- Supply Chain Cycle Time
- Fill Rate (Demand Satisfaction)
 - Inventory Turnover

6 TYPES OF SUPPLY CHAIN MODELS



- **The Continuous Flow Model.** Relies on supply and demand stability, with processes scheduled in such a way as to ensure a steady cadence and continuous flow of information and products.
- **The Fast Chain Model.** Most often used by businesses that manufacture finished products and deal mainly with extremely trendy products that have a short lifecycle.
- **The Efficient Chain Model.** Usually commoditized businesses where production is scheduled based on expected sales for the length of the production cycle and competition is almost solely based on price.
- **The Agile Model.** Focuses on flexibility and receptiveness. It responds quickly to changes in demand, customer preference, and industry. It's made to handle unpredictability in the market through “postponement” – waiting to see what the market will dictate before finishing production.
- **The Custom-Configured Model.** Combines the continuous-flow supply chain model and an agile supply chain where the processes before configuration of the product are managed under the continuous-flow model while downstream processes operate as an agile supply chain.
- **The Flexible Model.** Company can easily adjust production levels, raw-material purchases, and transport capacity in order to maximize profits.



CHARACTERISTICS OF SUPPLY CHAIN

GOOD

- ▶ Visibility
- ▶ Optimization
- ▶ Lowest cost possible
- ▶ Timeliness
- ▶ Consistency

NEXT GENERATION

1. Flexibility
2. Speed of Delivery
3. Global Reach
4. Optimized Inventory
5. Go Green and Sustainable
6. Proactive Strategy
7. Innovativeness

PRIMARY “INTEGRATED” FUNCTIONS

- ▶ **Customer Service**
- ▶ **Demand Planning**
- ▶ **Inventory Management (Optimization)**
- ▶ **Purchasing (Suppliers)**
- ▶ **Manufacturing (Internal & External)**
- ▶ **Warehousing**
- ▶ **Transportation**



2022 TOP SUPPLY CHAIN DISRUPTIONS

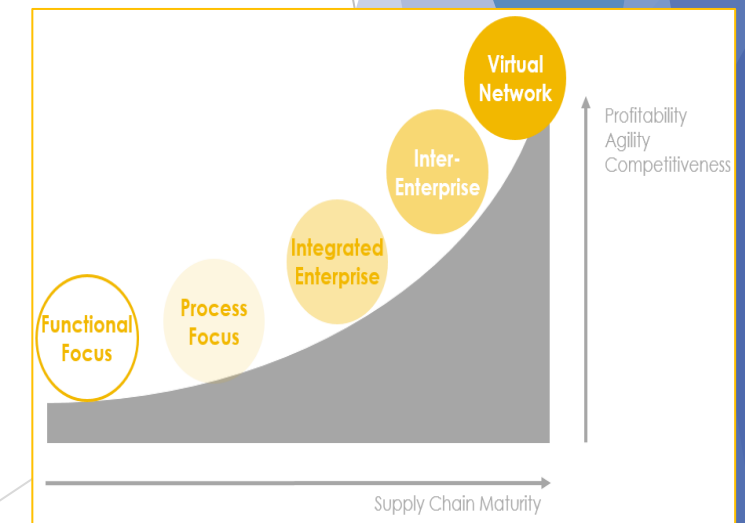
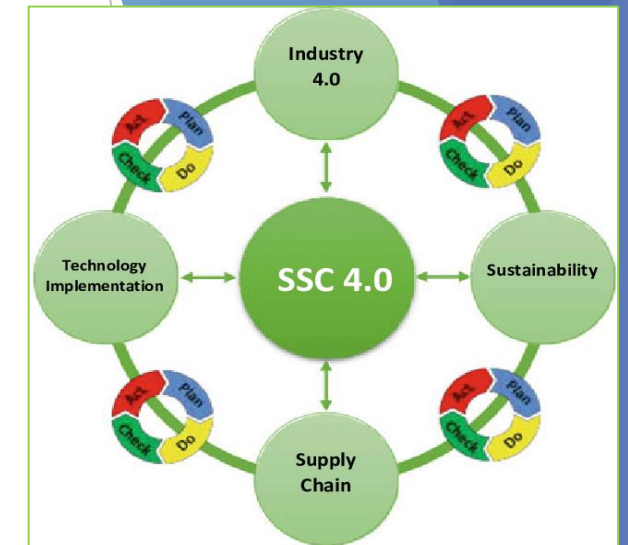
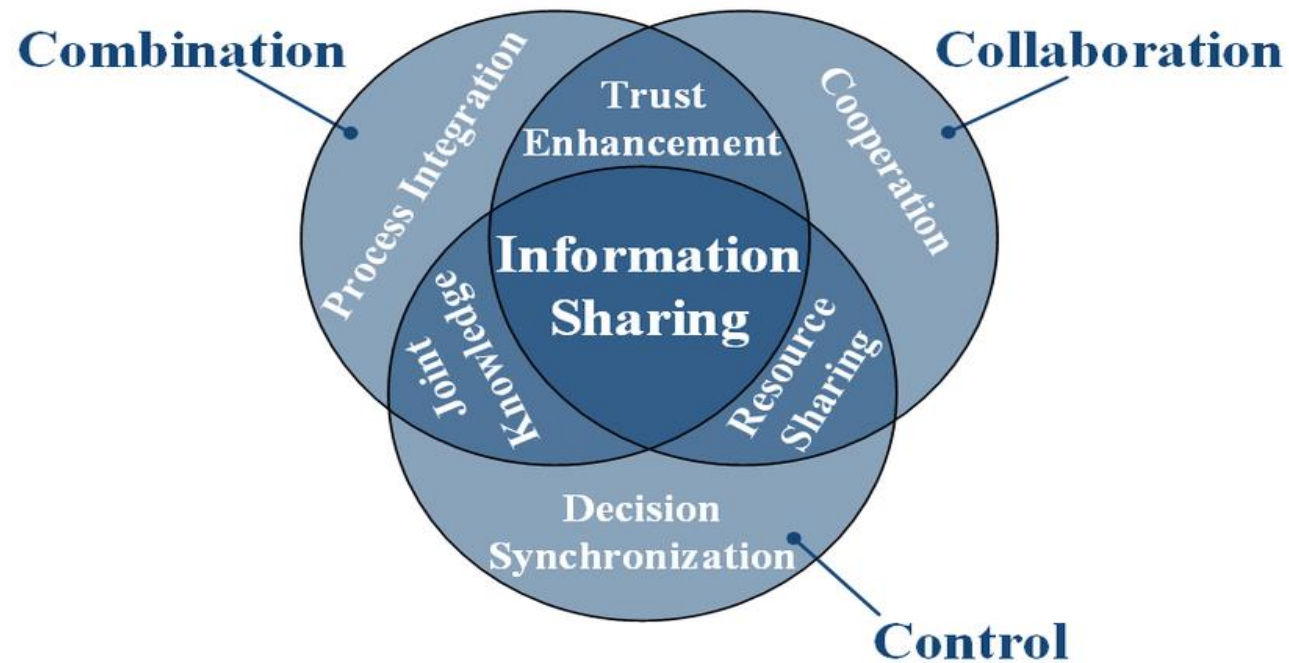


- ▶ Factory fires – up 131%
 - ▶ Mergers and acquisitions
 - ▶ Business sale
 - ▶ Leadership transition
 - ▶ Factory disruption
-
- ▶ Life sciences, Healthcare, High Tech and Automotive industries being most impacted.

1. Create a contingency plan for supply chain emergencies.
2. Audit your supply chain's vulnerability.
3. Identify backup suppliers and diversify your supply base.
4. Build up your inventory (VMI).
5. Improve the transparency of the supply chain by Technology and Supply Chain Collaboration.

SUPPLY CHAIN 4.0

- ▶ Supply Chain 4.0 is the highest maturity level, leveraging all data available for improved, faster, and more granular support of decision making.



SUPPLY CHAIN TRENDS



- ▶ **1. Logistics disruption**
- ▶ **2. Production delays**
- ▶ **3. Overreliance on a limited number of third parties**
- ▶ **4. Doubling down on technology investment**
- ▶ **5. Commodity pricing**
- ▶ **6. Workforce and labor**

- **Operations should be flexible and resilient** to adapt and adjust in real time to changes in trade flows, new regulations, the impact of COVID-19, climate change, trade tensions and other geopolitical movements.
- **Technology should be effectively utilized to help reduce operating costs, provide visibility** and diversify the way customer needs are met.
- **Capability to adapt to digital operations** and drive **actionable** improvements from data is important.
- **Fleet management and supply chain networks should be responsive** to increasing customer requirements.
- **Collaboration and supplier partnerships (SCC) and ongoing risk monitoring** are needed to **de-risk the supply chain**.

KEY TAKE AWAYS ON SCM



- ▶ Supply chain management is the process of efficiently coordinating the flow of material across suppliers (On/Near/Offshore), transportation providers, manufacturers, distributors, and retailers.
- ▶ Executed properly, SCM improves customer service and revenue/profit achievement while reducing operating costs.
- ▶ Achieving this goal requires a structured and “measured” approach toward managing human resources, production, distribution, and working capital.

QUESTIONS ?



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