

Joe Sandor



Joe Sandor, Hoagland-Metzler Endowed Professor of Practice in Supply Management at Michigan State University's Eli Broad School of Business

In March 2006, Joe Sandor was appointed as the Hoagland-Metzler Endowed Professor of Practice in Supply Management at Michigan State University's Eli Broad School of Business. This new Chair was created to help drive the impact of the Broad School on supply management by focusing with senior executives on the collaborative creation and dissemination of knowledge



Accelerating Supply Chain Performance

SEA Presentation



Supply Chain Management 2010 and Beyond



- Developing Insights Into the Future of Strategic Supply Chain Management

Ed Davis

Steve Melnyk

Joe Sandor

Cessna, Wichita, KS

June 19, 2008

Agenda

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- 2010+ Workshops
- Frameworks
- Best practices, education, research

Supply Chain Management



- **Born out of practice**
- **Continuously changing:**
 - Increased buy vs. make
 - Customer demands
 - Globalization
 - Technology

SCM 2010 and Beyond



- Determine key supply chain challenges
- Identify best practices
- Assess education and research needs

SCM 2010 and Beyond Workshops Held



- September 2006, Michigan State University
- June 2007, IMD, Lausanne Switzerland
- October 2007, Darden School, the University of Virginia
- April 2008 University of Alberta, Edmonton Canada

MSU Survey Results – Most Important Issues



1. Supply chain **disruptions** and supply chain **risk**
2. **Leadership**
3. **Timely delivery** of goods and services
4. **Product innovation** from network
5. **Technology** for seamless **exchange** of information

IMD Survey Results – Most Important Issues



1. Trust
2. Enhance communication and connectivity
3. Technology for seamless exchange of information
4. Supply chain disruptions and supply chain risk
5. Leadership

Darden Survey Results – Most Important Issues



1. Supply chain **disruptions** and supply chain **risk**
2. **Timely delivery** of goods and services
3. Rapid **redesign** of supply chains
4. **Relationships** within the supply network
5. Enhance **communication and connectivity**

Alberta Survey Results – Most Important Issues



1. Scarcity of **skills and manpower**, and attendant union and regulatory issues
2. **Leadership**
3. Managing the impact of **oil sands development** on cost structure, supplier base and manpower supply
4. Supply chain **talent management**
5. **Process improvements** and waste reduction

Result Comparisons



MSU	IMD	Darden	Alberta
Disruptions and risk	Trust	Disruptions and risk	Labor issues
Leadership	Communication and connectivity	Timely Delivery	Leadership
Timely Delivery	Technology for exchange of information	Redesign supply chain for customer	Oil sands development
Product Innovation	Disruptions and risk	Structuring relationships	Talent management
Technology for exchange of information	Leadership	Communication and connectivity	Process Improvements

High Level Conclusions



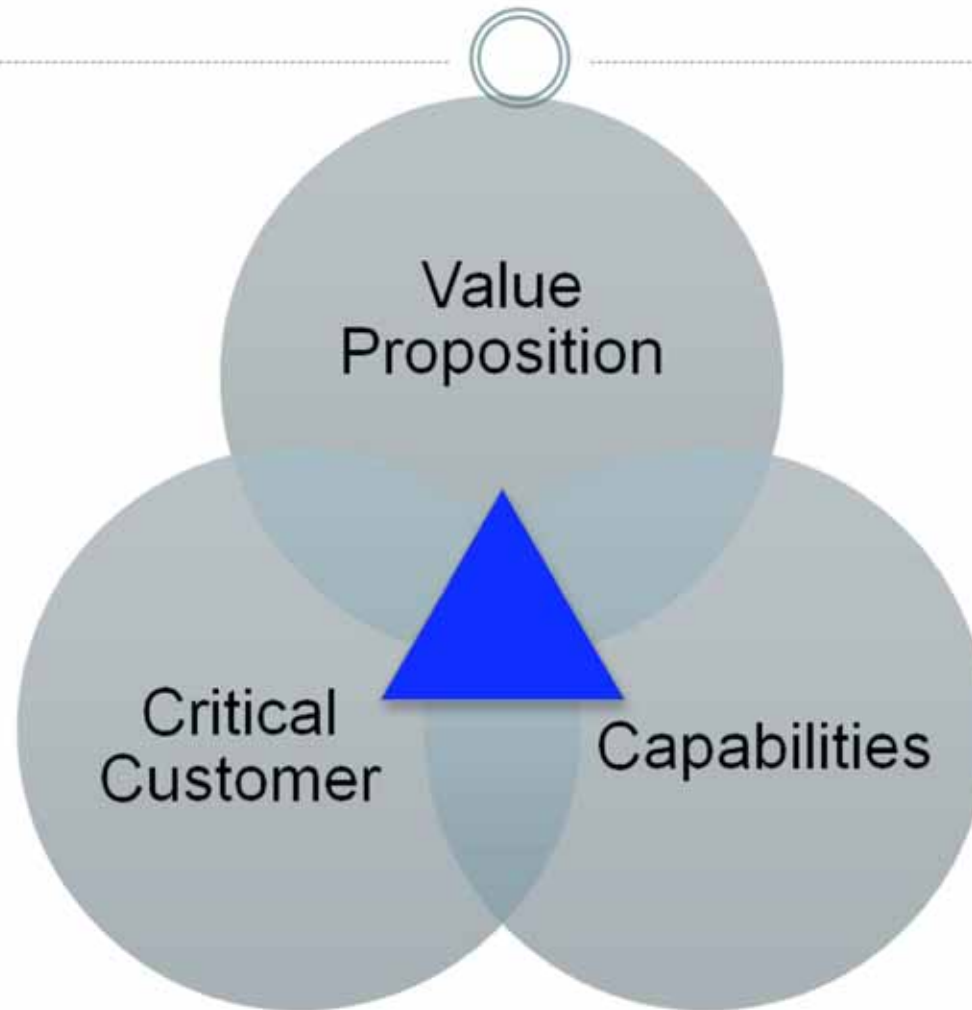
- Today's supply chain
 - *Strategically-Decoupled, Price-Driven*
 - Relatively simple
 - One-dimensional
 - Narrow
 - Measured by three critical indicators
 - ✦ Price
 - ✦ Delivery
 - ✦ Quality
 - Not closely aligned with strategic objectives

High Level Conclusions - 2



- **Tomorrow's Supply Chain**
 - ***Strategically-Coupled, Value-Driven***
 - Critical issues
 - ✦ Performance alignment, product design, environmental considerations and risk mitigation
 - Global
 - Highly adaptive
 - More complex performance measurement
 - Strategically aligned

The Goal of Strategic Supply Chain Management

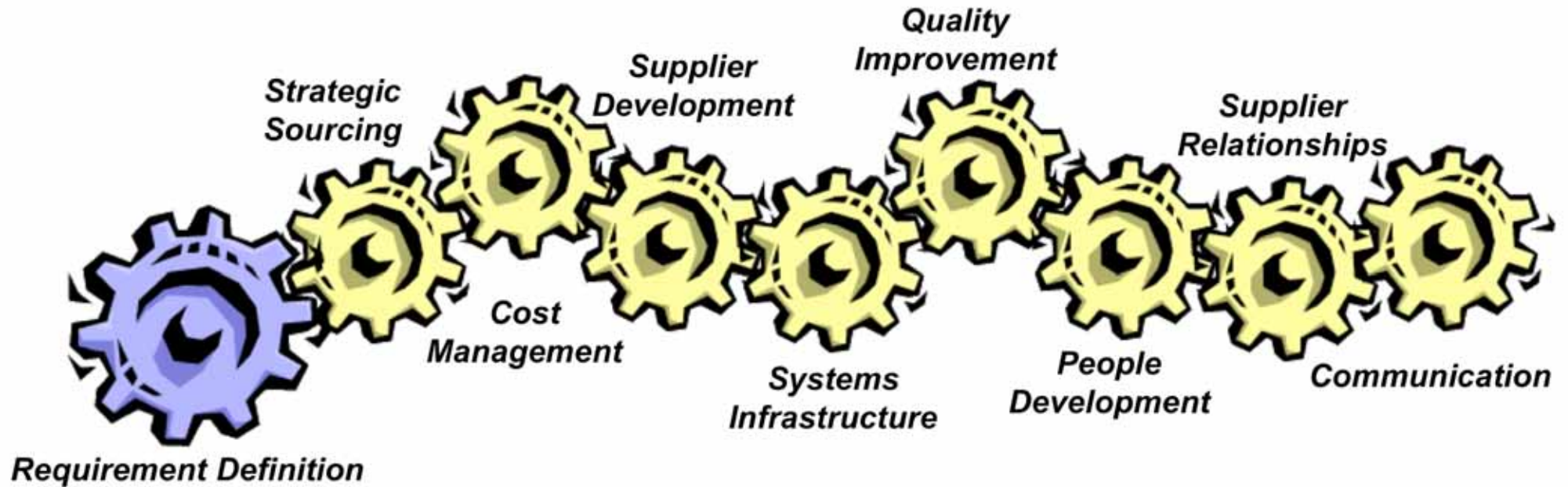


Critical Questions



- What is your company doing to plan for and mitigate disruptions both within your company and across the supply chain?
- How are you training Stakeholders to be prepared for this global, cross-functional, cross-company way of doing business?
- How are you managing the incentives in the relationships you have with customers and suppliers?
- What have you done to drive innovation in both processes and products?

Eight Integrated Strategic Elements



ATTRACT



- A = Align
- T = Talent
- T = Total Cost of Ownership (TCO)
- R = Reduce risk, cost & waste, SCR
- A = Analytics
- C = Collaboration
- T = Top-line growth

Customer or Supplier Perceptions



Not Preferred

Sell stock short.
Update resume.

Indifferent

Hunker down for
slim margins and
tense working
relationships
inside and out.

Preferred

The force is with
us. Prosperity
and fulfillment
follow.

Value Stream Costs

“Toyota’s winning ways bring success in the US”

Financial Times, Jan. 20, 2004



GM, Ford



**Honda,
Toyota,
Nissan**

\$ 3,500.00

-1,500.00

2,000.00

x 80%

\$ 1,600.00

Pension, health care

Purchased goods

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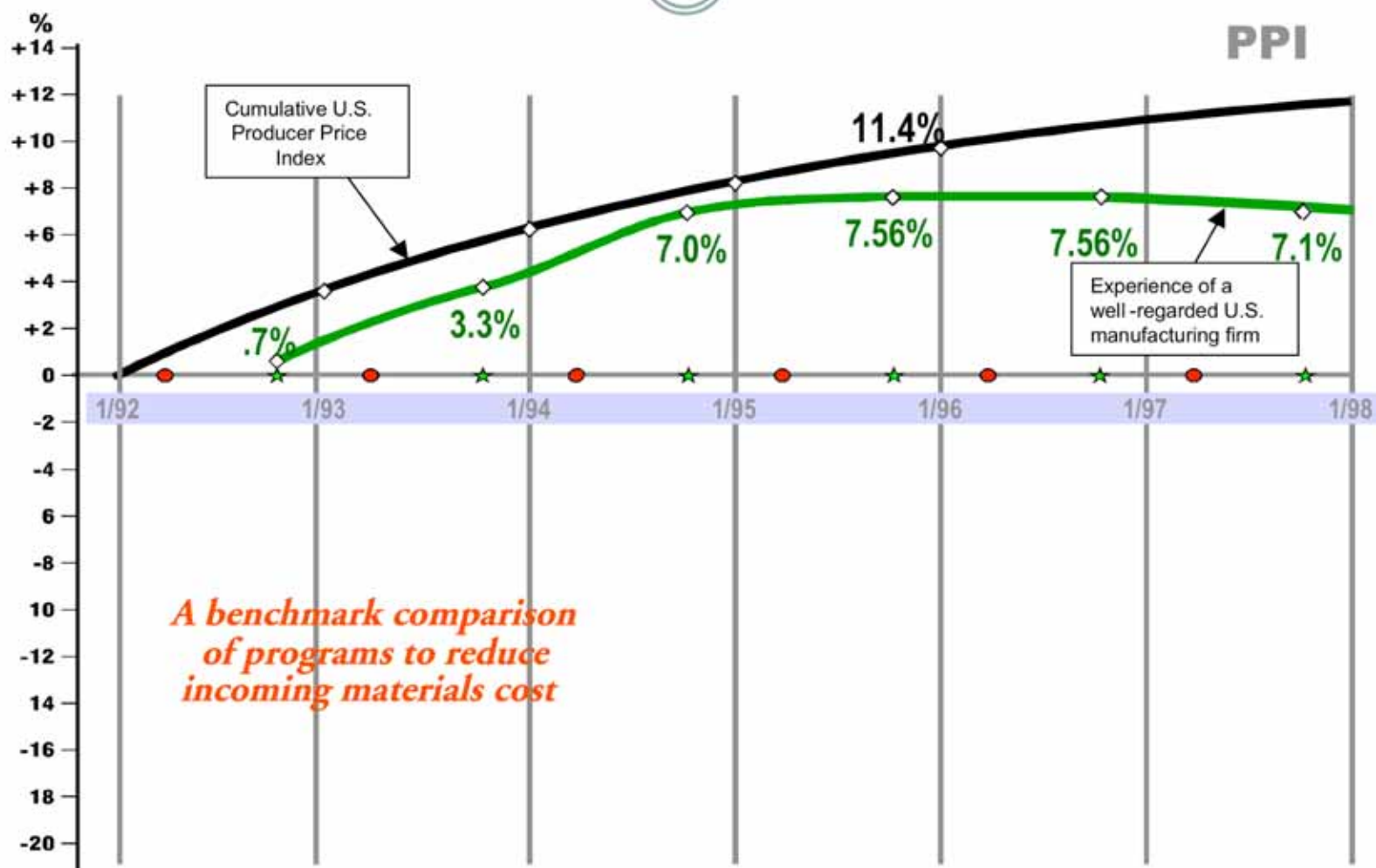
*\$1,600 opportunity to reduce
value stream inefficiencies*

Farmer vs. Hunter-Gatherer



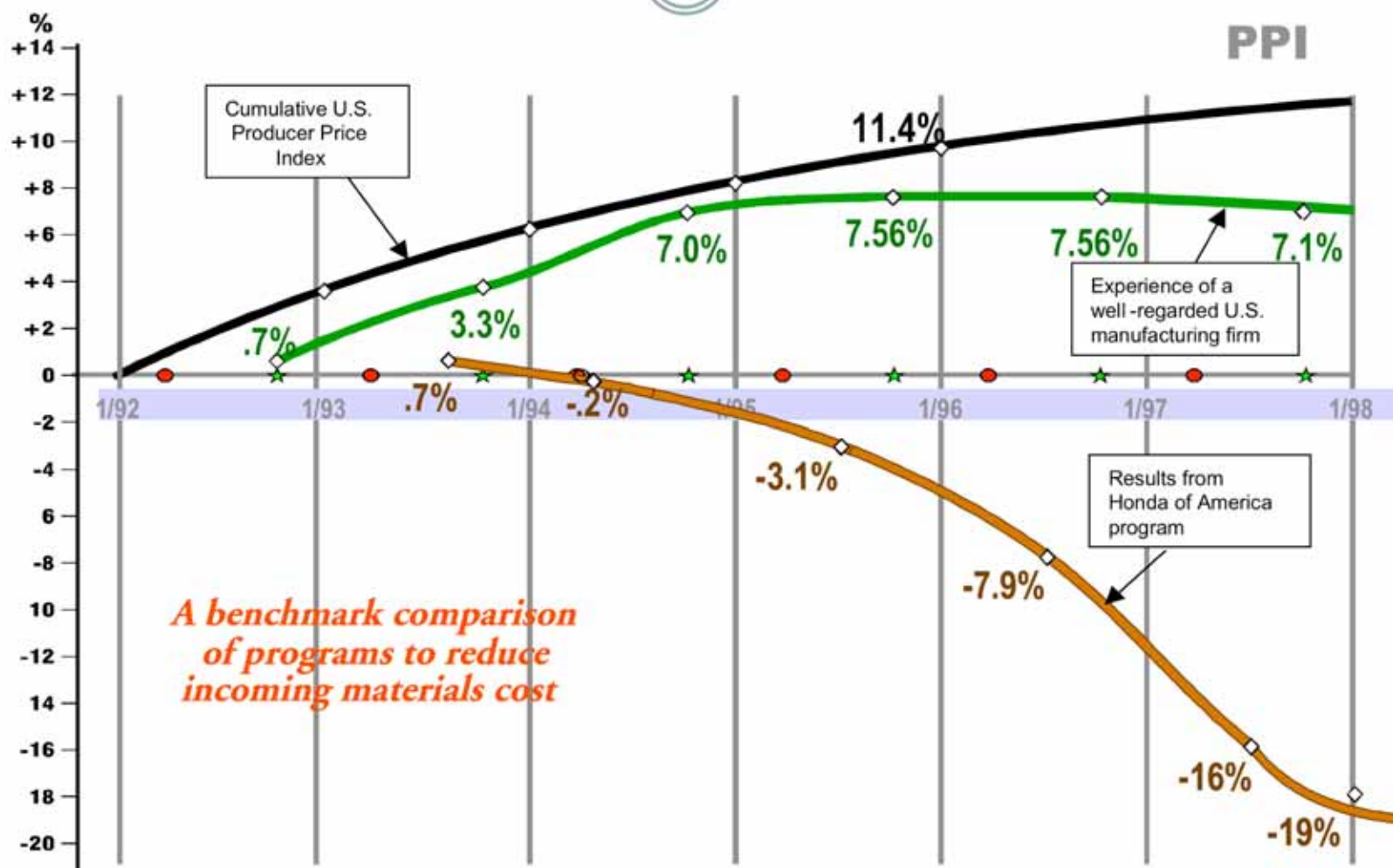
- **Why Toyota's \$1,600 per vehicle advantage**
 - Patience & Trust
 - Collaboration
 - Deep cost understanding and “Lean” passion
 - ✦ **Targets**
 - ✦ **Models**
 - Rigorous CI & overall process excellence
 - Earned preferential treatment

Another Example



*A benchmark comparison
of programs to reduce
incoming materials cost*

Another Example



Future Workshops



- U.S. Military
- Aerospace
- China
- Eastern Europe
- Dubai