

OPPI Seminar : Future Trends in Supply Chain Management

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Good Supply Chain Management (SCM) System

- ✓ RIGHT Product
- ✓ RIGHT Time
- ✓ RIGHT Quantity
- ✓ RIGHT Place
- ✓ RIGHT Price
- ✓ RIGHT Quality

Ensures Availability to the Customers

Two other very Important Aspects of SCM

1. What will a good SCM System mean?
2. What is the emerging role of SCM System in launching a new product?

Points to Ponder

What will a Good SCM mean?

What will a Good SCM mean?

- Should have an excellent feel of demand fluctuations and its robust measurement system.
- Cost of running an efficient supply chain management system should be kept at its minimum.
- Structure should always be without any organizational flab.

3 criteria for Good SCM system

What will a good SCM mean?

- Must always be demand driven.
- Customer demand must be ascertained and quantified first and only then company specific supply chain requirements to be worked out and not the other way.

Demand focused SCM

Common Qualities for the Demand-driven Companies

- Reaction time to gauge and respond to customers' needs and demand is very quick.
- Robust IT infrastructure to facilitate delivery of key Supply Chain deliverables.

Two Key Qualities

Three Priorities of a Demand-driven Organization

1. Value creation
2. Value delivery
3. Value realization

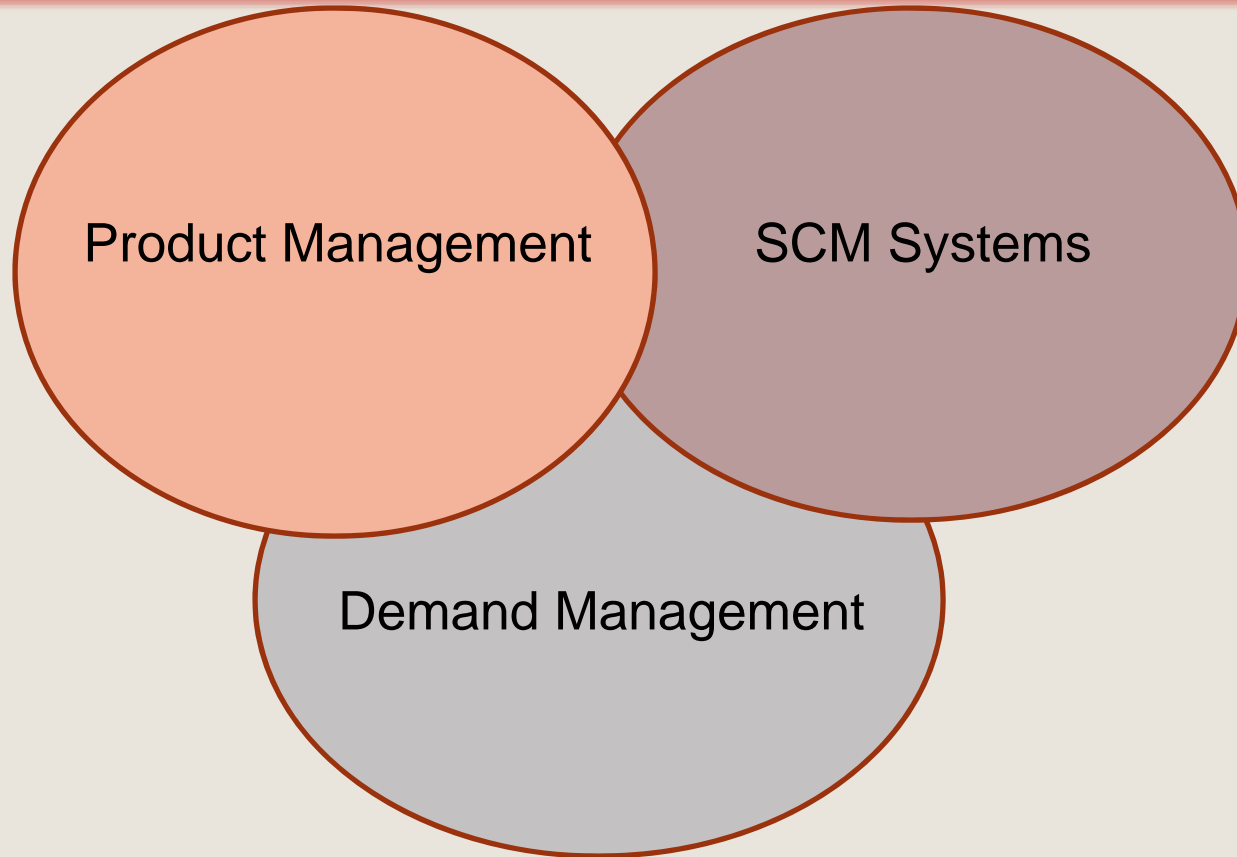
Focus on Value

Example

- If by any chance Lipitor gets out of stock, doctors usually do not switch over to other statins.
- The patient may possibly come back to the Pharmacy next day and hope he/she will get Lipitor.
- Such type of value creation for the product had made Lipitor over US\$14 billion brand today despite the presence of other newer statins in the market and a very efficient Supply Chain Management system of Pfizer Inc.

LIPITOR a Winner

Desirable Synergy



Working together

Robust IT Infrastructure

- Process Integrity
- Transaction Reliability
- Data Visibility

IT – a Key Ingredient

Role of a Robust IT Infrastructure

- Major requirement for integration between Product Management, Demand Management and the Supply Chain Management.
- Companies unwilling to invest in a robust and rapidly scalable IT infrastructure may find it difficult to implement such an important business process.

IT – a Great Enabler

Role of SCM System in Launching New Products

Role of SCM in Product Launch

- Quality of innovation determines the sharpness of the competitive edge.
- Competitiveness will be increasingly more and more important.
- Despite having cutting edge, many highly innovative companies experience problems while launching their innovative new products.

Successful Product Launch – a Key to Success

Two Examples



- Delays in the launch of Airbus 380 wiped off five billion Euros of the value of its parent company.



- Problem Sony faced to make adequate number of Play Station 3 consoles for the holiday season

When SCM decides Success or Failure

Product Launch and Supply Chain

- Conceptualizing, developing and finally launching new products becoming increasingly more and more difficult.
- The key issue: inadequate understanding of critical role that the supply chain plays in innovative process of an organization.

Understanding Key Business Processes

Product Launch and Supply Chain

- Marketing team decides on the product launch decisions.
- Success of a new product launch very heavily dependent on effective co-ordination on all aspects of the supply chain from:
Design → Sourcing → Manufacturing → Distribution

Should go Hand in Hand

Supply Chain - A Key Factor

To succeed with a new product launch ensure close co-ordination between:

- Product Development
- Sales and Marketing
- Planning
- Supply Chain

Together we Succeed

Supply Chain – A Key Factor

Helps:

- Create
- Deliver
- Realize

both tangible and intangible value of a new product most effectively to add significantly to the stakeholders' value

Together we Succeed