

# 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**

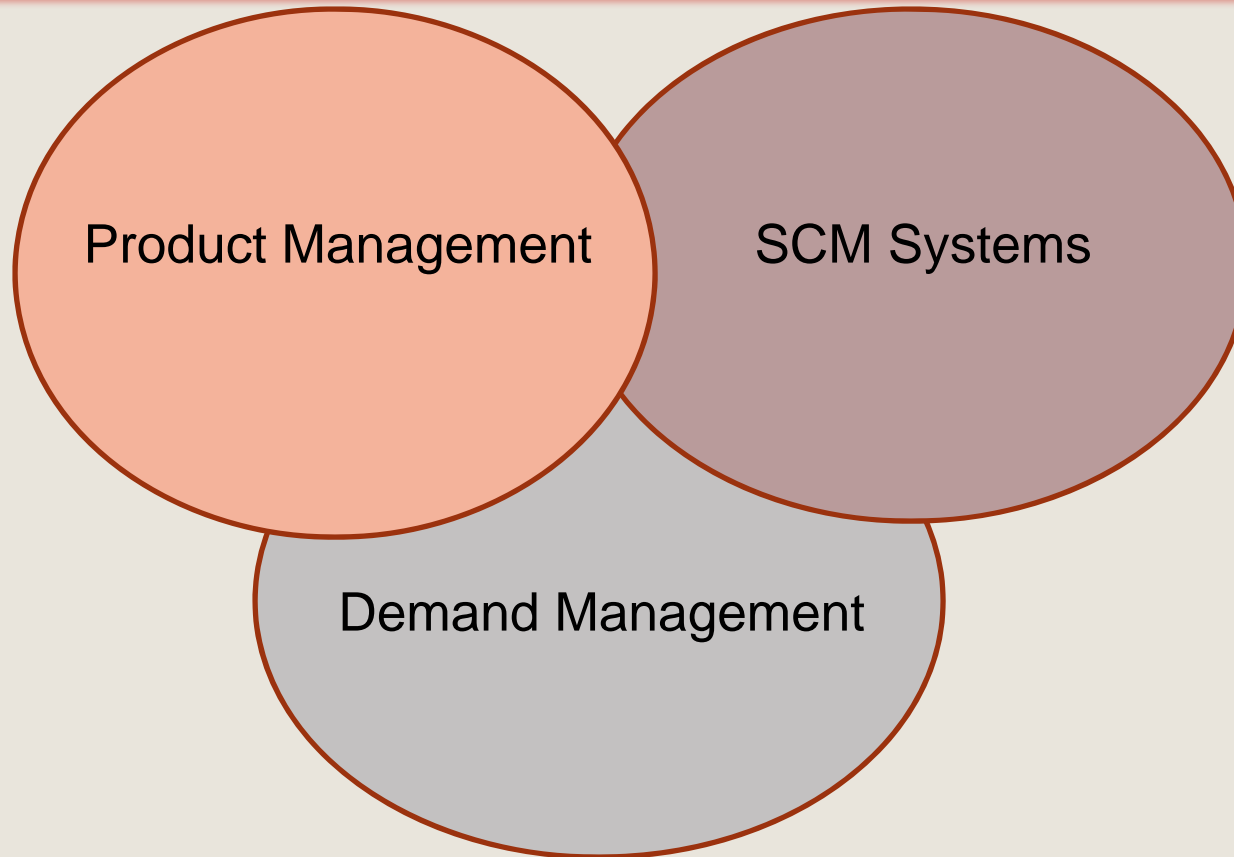


# Example

- 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**

**Thank You**