Supply chains will be more customer-driven

- **IBM**
  - On-demand supply chain
  - Two-tier mentality
  - Visibility and reactivity

- **Exxon-Mobil**
  - Call-center via SAP
  - Payables via SAP
  - Providing suppliers visibility to customer’s orders
Different skill sets are needed

- Institutionalization of SCM
- Service industry growth
- Western manufacturing being off-shored, Type III manufacturers at risk
- Globalization
  - China: labor cost low but rising
  - Exchange rates: USD falling
  - Oil: high fuel and shipping costs
  - Regulatory and social considerations
  - Environmental concerns and regulatory measures
- IT uniting multiple layers of the supply chain
- New nature of trading partner relationships
  - Supplier Consolidation & Partnering
  - Supply Networks: Trust-Building
How should managers develop people assets?

- Redefining the mission
- Hiring multi-million dollar assets
- Shifting the paradigm

Market Capitalization by Type of Asset

Source: Boston Strategies analysis
Key success factors for future SC leaders

• IT skills
• International business comfort and aptitude
• Interpersonal and cross-cultural skills
• Financial skills
• Functional experience
IT savvy is a price of entry

- Select among emerging hardware and software applications
- Select communications equipment or encrypt communication with VPN Security.
- Design or implement mobile solutions and engineering interfaces
- Implement technologies such as voice over internet protocol (VOIP) and Click to Talk, which are designed to increase the volume and the richness of customer contact.
International capabilities are a career “plus”

- Asian sourcing boom
- Middle East growth
- Formulating the right supply chain strategy

Total Trade (Exports and Imports) of Selected Countries, 2003-2006

Source: Boston Strategies analysis of IMF data
Everyone must be a leader

“What are the greatest challenges to achieving maximum efficiency within your company’s [operations] practices?”

Applicants must possess...
- Leadership
- Creativity
- Aggressiveness
- Financial acumen
- Problem-solving skills
- Drive for results

Need not apply:
- Lifetime functional career
- Individual contributors
- Win-lose negotiators

Source: SAP and Economist Intelligence Unit, April 2005
Financial and risk experts will break new ground

- Financial evaluation
- Cost-benefit
- Sharing and allocating SC costs and benefits
- Purchasing and committing under conditions of volatility
- Decision science
- Risk optimization and mitigation
The supply chain leader of the future

The Chief Supply Chain Executive of 2015 will have...

- **Clout** to redirect cost focus to service improvement
- **Strategic vision** as well as operational acumen
- **Willingness to lead** multi-party supply chain initiatives
- **IT savvy**
- **Financial and risk management expertise**

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**Chief Supply Chain Role in Place**

- **2005**
  - 3% Don't know
  - 45% No
  - 52% Yes

- **2015**
  - 11% No
  - 26% Don't know
  - 63% Yes

Source: SAP and Economist Intelligence Unit, April 2005
## Training required

### Topics Addressed by Selected Professional Supply Chain Certification Programs

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<th>CPM</th>
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Recommendations for talent development

IT
1. Participate in an ERP implementation team to learn why it is so challenging to implement an enterprise system

2. Work for a supply chain solution provider for awhile to get a good technical grounding

International Business
3. Accept an international post to gain an appreciation for what it takes to be successful in a different culture

4. Find a way to make your team cross-cultural if it is not already, in order to leverage the value of cross-cultural differences

5. Explain why the US dollar has declined in value and what it means to your industry and your company
Recommendations for talent development (cont)

Finance and Risk Management

6. Take a forecasting course to learn the principles and techniques of demand management

7. Use simulations or a scenario-based decision tool to make a big decision, in order to practice applying decision tools to real problems

Training and Professional Certification

8. Lead a supplier improvement program to learn how to earn trust and work toward common goals with trading partners

9. Link your unit’s supply chain goals to your company’s strategic objectives

10. Design a supply chain training program to transfer your knowledge to others
Boston Strategies International is a global management consulting firm that helps market leaders achieve competitive advantage through supply chain management through:

- **Supply Market Analysis** that helps identify emerging issues that affect their supply chains
- **Supplier Enablement** that facilitates global growth and local content requirements
- **Supply Chain Optimization** that reduces project and life cycle costs