

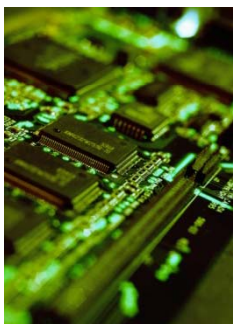
Developing the Supply Chain Organization

Webcast
January 2008



BOSTON STRATEGIES INTERNATIONAL
Global growth. Guaranteed.

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

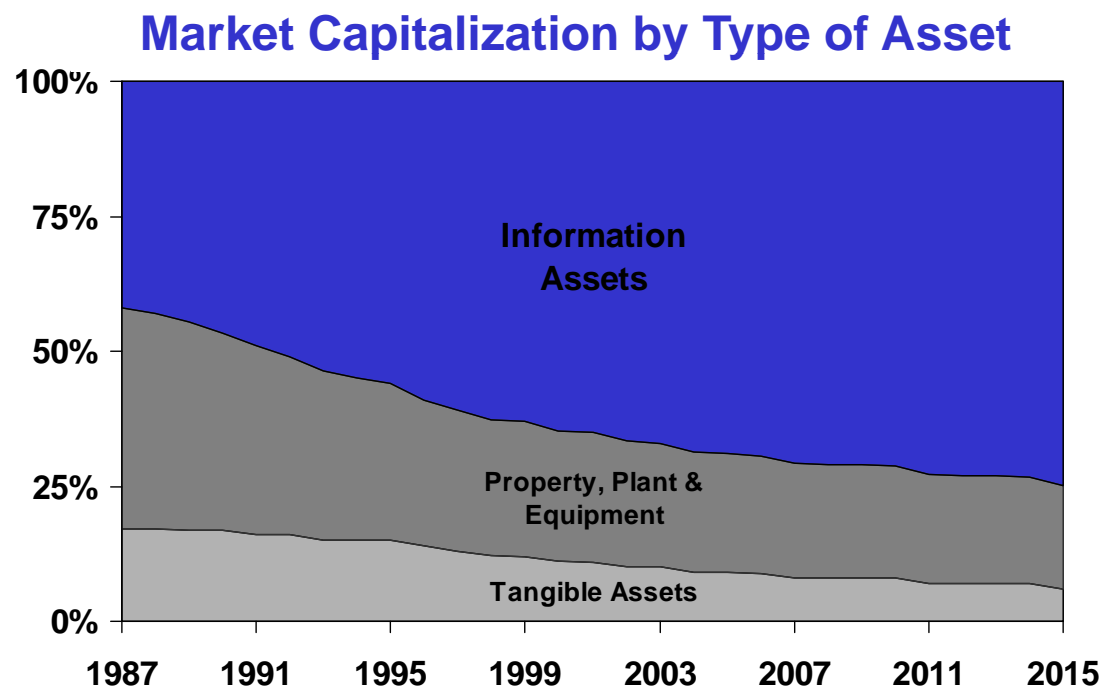


Different skill sets are needed

- 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



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



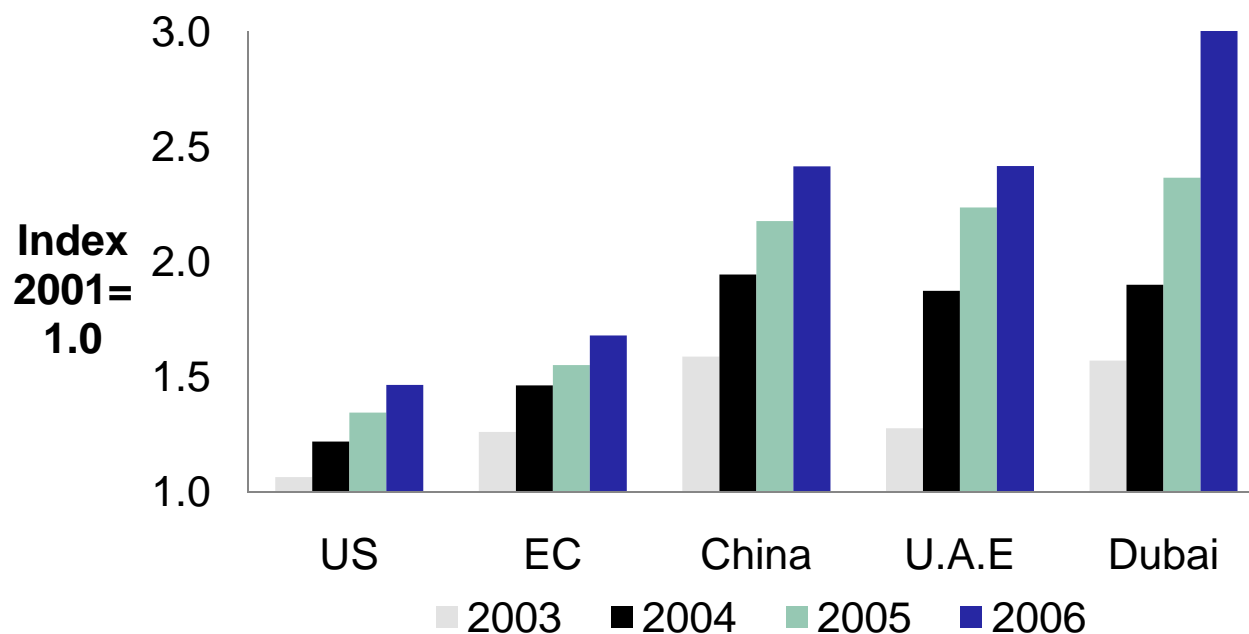
IT savvy is a price of entry

- 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

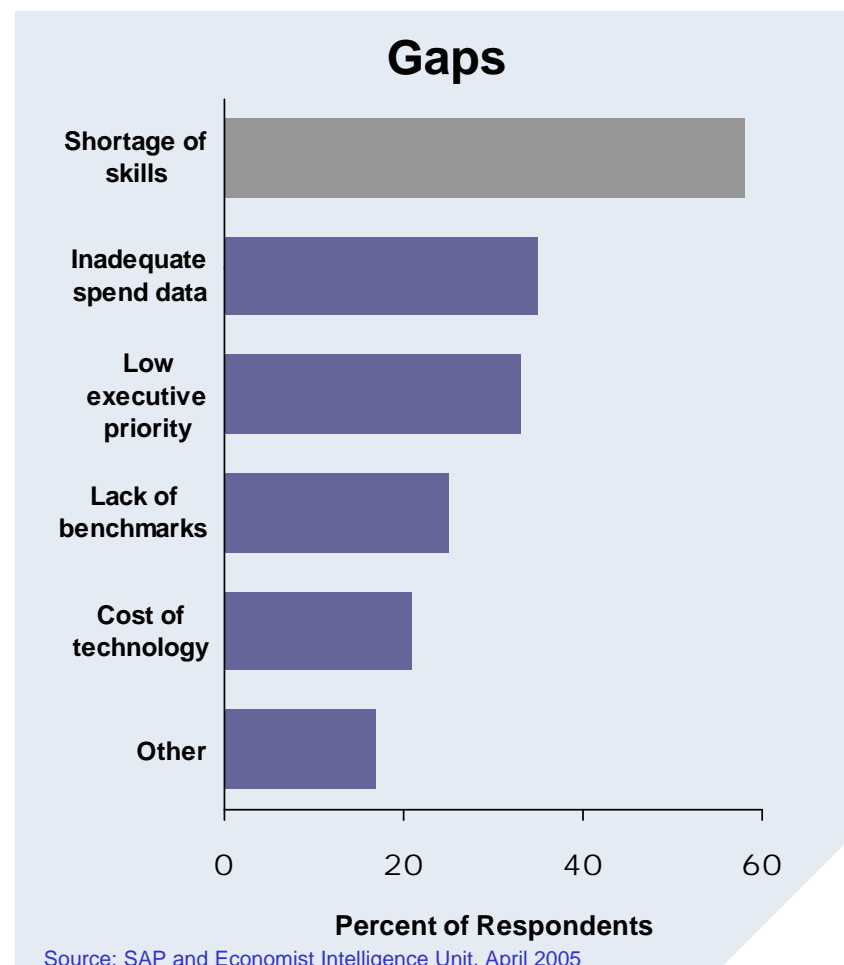
“What are the greatest challenges to achieving maximum efficiency within your company’s [operations] practices?”

Applicants must possess...

- Leadership
- Creativity
- Aggressiveness
- Financial acumen
- Problem-solving skills
- Drive for results

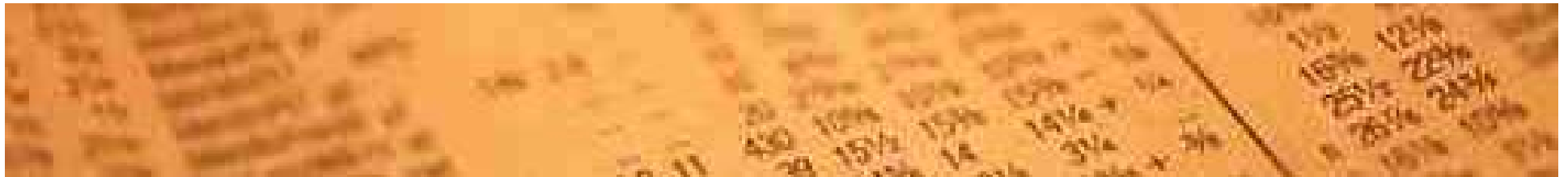
Need not apply:

- Lifetime functional career
- Individual contributors
- Win-lose negotiators



Financial and risk experts will break new ground

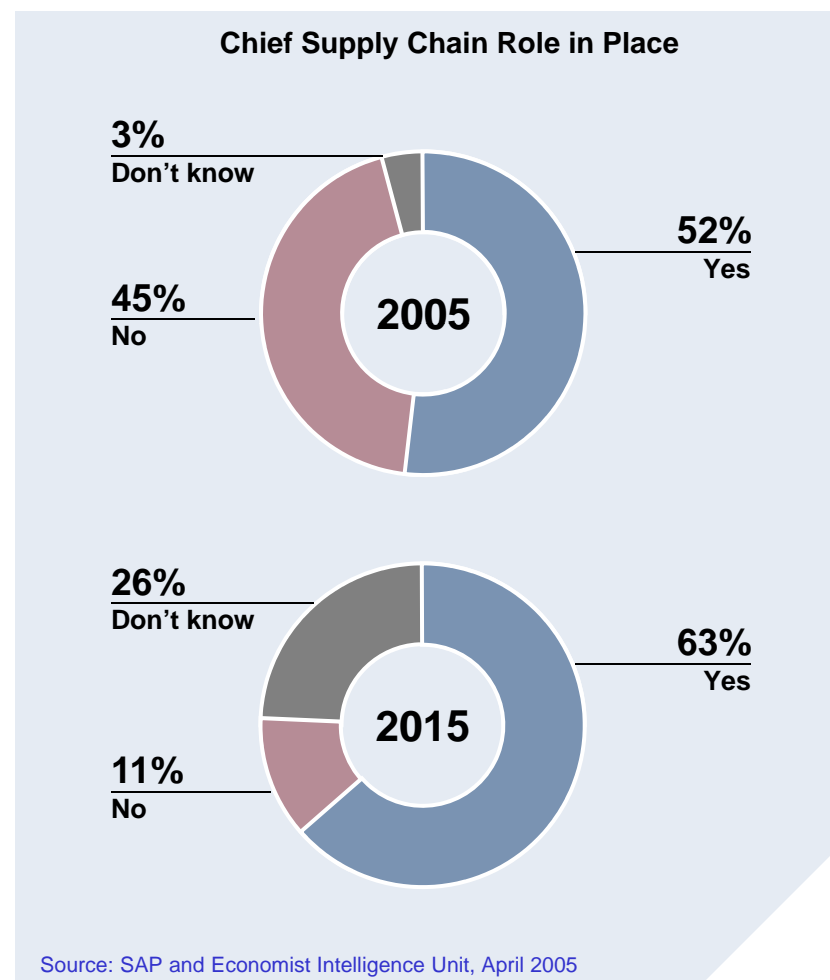
- Financial evaluation
- Cost-benefit
- Sharing and allocating SC costs and benefits
- Purchasing and committing under conditions of volatility
- Decision science
- Risk optimization and mitigation



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



Training required

Topics Addressed by Selected Professional Supply Chain Certification Programs

#	Topic Area	CPM	CPIM	CIRM	CSCP	CPSM	CSCA	CTL
1	Procurement, Strategic Sourcing, And Replenishment	✘			✘	✘	✘	
2	New Product Development			✘	✘	✘		
3	Manufacturing, Lot Sizing		✘	✘				
4	Quality		✘	✘	✘	✘		
5	Logistics And Inventory Management	✘	✘	✘	✘	✘	✘	✘
6	Network Design							✘
7	Transportation	✘					✘	✘
8	Demand Management, Including S&OP		✘	✘	✘	✘	✘	
9	Integrated SCM			✘	✘		✘	
10	CRM, Customer Service			✘	✘		✘	
11	Pricing						✘	
12	Risk Management					✘		
13	Project Management		✘	✘		✘		
14	Leadership, People Management		✘	✘		✘		
15	IT				✘		✘	

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**

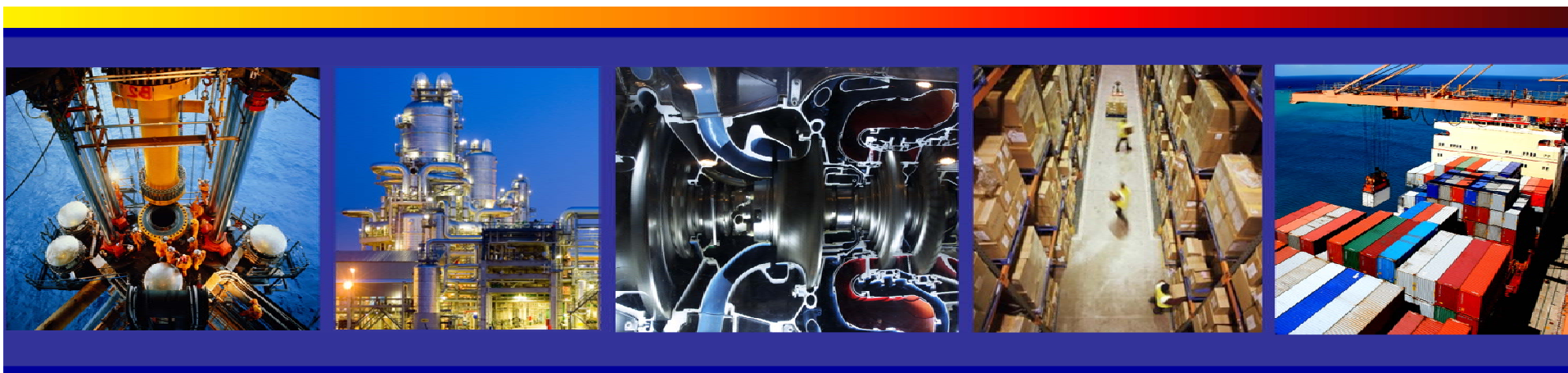
Boston Strategies International

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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



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