

Supply chain is, of course, a collaborative endeavor and that trading partners need to share information with one another in order to produce efficient supply chains. However, the best way for individual companies to maximize their own benefit in simulations of the prisoners' dilemma is by playing "tit-for-tat," mimicking other players' moves but never offering more than what the other party offers you. So wouldn't supply chain leaders have to be naïve to trust their supply chain partners and collaborate by volunteering data and forecasts of orders, shipments, and inventories?

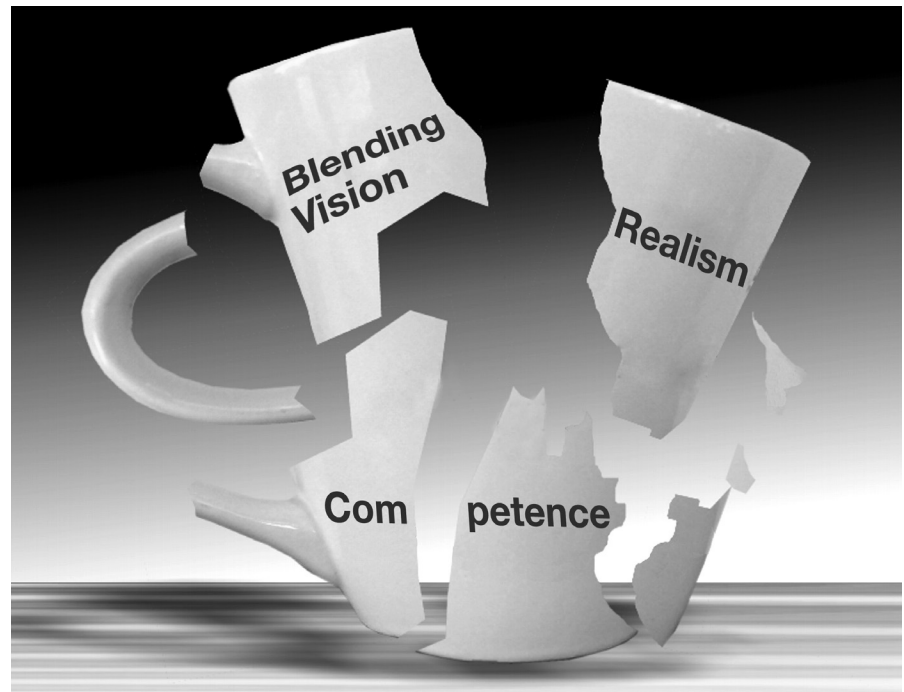
Collaboration is important, but blind faith in partners' reciprocation is foolish. Few companies are visionary, realistic, and competent at the same time, which means that following their lead may result in disappointments. General Motors tried for decades to implement lean manufacturing, but ultimately failed to match its Japanese rivals because the company lacked the vision of what it wanted to become. Wal-Mart made bold attempts at implementing RFID across its extended supply chain, but lacked realism about implementation costs and adoption rates among its smaller suppliers. Millions of smaller companies such as a US-based medical systems company (call it "MedDevice" to protect its confidentiality) lack the tools and data to be effective at managing supply chain. These companies still use homegrown spreadsheets and fragmented databases to manage customer data, shipments, routing and scheduling, and production.

Bold supply chain collaboration is based on credibility, which is earned based on consistent exceptional performance. Supply chain leaders need to not only project a vision of an integral supply chain, but demonstrate realism and competence as well. Realism means taking smart risks, and competence means using the right tools and data for the job.

Some companies have demonstrated vision, confidence, and competence in supply chain management, which makes them excellent partners for collaborative transformation efforts. For example, GE demonstrated bold vision with its goals related to Chinese sourcing and local investment. Kimberly Clark demonstrated realism in its leadership within the collaborative planning,

Leading Supply Chain Transformations with Credibility Blending Vision, Realism, and Competence

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forecast and replenishment movement by incrementally sharing important data within a structured framework. UTC demonstrated competence in the application of reverse auctions by pioneering the tools needed to accomplish major business objectives.

Shell demonstrated vision, realism and competence in the oil and gas supply chain through its massive and long-term efforts in part standardization, which saved both design and manufacturing costs. Chevron has had a longstanding Lean Six Sigma program that has saved hundreds of millions of dollars to date. Baker Hughes underwent a massive inventory rationalization and transportation outsourcing. Schlumberger made a bold acquisition of Smith International that will help it offer both products and services in bundled solutions that will add higher value to its oil company customers

than either products or services would have on their own.

Supply chain transformation efforts require an extraordinary amount of resources and time, and inevitably require collaboration with customer and suppliers, so why waste the effort with weak partners? Choose strong partners that have demonstrated vision, realism, and competence. Look for external and unbiased validation of outstanding performance, such as Boston Strategies International's annual supply chain awards. **D**

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