



BOOK REVIEW: “GUIDE TO SUPPLY CHAIN MANAGEMENT,” BY DAVID JACOBY

David Jacoby. *Guide to Supply Chain Management: How Getting it Right Boosts Corporate Performance (The Economist)*. Bloomberg Press, 731 Lexington Avenue, New York, NY 10022. Sept 9, 2009. 262 pages. ISBN: 978-1-57660-345-1. US \$29.95.

First impressions can be very misleading. At a quick glance, *The Guide to Supply Chain Management* appears to be another book geared toward grabbing the eye of the CEO. But don't be deceived; this little book packs a significant punch! There is meat in this guide, presented in a straightforward organized way as an excellent reference for CEO and supply chain student as well. It is intended to get to the core of SCM by being clear, objective, relevant, and effective and includes numerous real world examples. In great measure, this book succeeds in solidly delivering on those goals.

The author matches years of experience with anecdotes, examples, and research derived from an impressive list of corporations, professional organizations, and academics. The book starts with a short history of SCM, highlighting the key problem of balancing supply and demand. Along the way, the author examines cost, security, legislative compliance, consumer safety, and environmental protection issues in making supply chain management the “hot topic” that it is today.

The focus of this guide though is on supply chain strategy. Supply chain strategy is an evolving and dynamic activity to which specific SCM tools, techniques, and metrics must be aligned. Even the organizational positioning of the supply chain function within the firm is critical to implementing a successful strategy. There is a clear distinction between supply chain management and supply chain strategy. Supply chain management provides customer benefit through increased efficiency, reliability, flexibility, and innovation. Supply chain strategy is all about putting these principles into action. Supply chain strategy flows from the business strategy and for successful firms, requires careful consideration.

This guide integrates that strategy through a framework containing four individual sequenced strategies – rationalisation, synchronisation, customisation, and innovation.

Rationalisation is the first strategy explored, focusing on low cost competition. Among the key elements discussed are strategic sourcing and outsourcing, lean manufacturing with all its familiar tenets, and product standardization and simplification. Consignment practices, vendor managed inventory, transportation mode selection, cross-docking, by-passing inventory tiers and equipment pooling are among the many other rationalisation techniques described in the text.

The follow-on strategy is synchronisation – competing on reliability of service. Techniques such as constraint management, just-in-time inventory, the Perfect Order, Make-to-Order practices, Sales and Operations planning, and risk management are among the techniques described in synchronisation, and in most cases, illustrated with real world examples.



Flowing from synchronisation is the customisation strategy or competing on customer intimacy. The guide highlights techniques such as control of the customer relationship, value analysis, and customer knowledge management and profitability management. Customisation places an emphasis on personal interactions and the goal of closely linking supply chain partners over time through value-adding services. Again, the author relies heavily on real world anecdotes and examples to illustrate these concepts.

The final strategy – which follows from customisation – is the innovation strategy or competing through a rapidly changing supply chain. Continuous feedback, product development, prototyping and product life-cycle management are among the practices described for successfully competing in an innovative environment. Firms that compete with innovative supply chains are identifiable not only by top tier positioning with the firm, but also by the amount of synergy and integration built into the organization.

The guide follows the strategy framework discussion with a chapter on organizing, training, and developing the staff to support each individual strategy. One of the highlights here is the linking of each supply chain strategy to the placement of SCM within the organizational structure of the firm. As strategy moves from rationalisation to innovation, the seat of the supply chain function moves closer to the top of the organization with the focus becoming more horizontal than vertical. Typical organization charts included here help to emphasize these points.

Of course, no strategy is workable without a set of enablers such as information technologies and metrics systems and the guide illustrates these using an enterprise resource planning system as the starting point. The book offers a selection of top-level corporate metrics as well as specific metrics linked to each strategy within the integrated framework. The guide concludes with an insightful discussion of the challenges for SCM in the future.

This guide covers a lot of territory, but does so in a very clear and objective manner. If the reader is looking for an in-depth discussion specific SCM techniques or strategic issues, this is not the text – there are other works that can provide that detail. But for corporate leadership or the SCM student looking to link the basics to a strategic framework, this guide in an excellent resource and would be a great addition to the practitioner's library.

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