The Critical Importance of Supply Chains
Personal success and challenges for the next 10 years

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The Critical Importance of Supply Chains
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*Discussion Points*

• Are you important?
• What drives success?
• Opportunities for the next 10 years
• Mitigating risks and finding opportunities
• Achieving personal success
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Are Supply Chains Important? Are you important?

- Commerce does not exist without supply chains
  - Plan, source, make, move, store and deliver products and services
  - Right place, right time, right quantity and right price
  - Visibility and availability
  - Reach across functions and companies to facilitate transactions

- Backroom to boardroom
  - 2005 - only 30% of supply chains in C-Suite in or reported to C-Suite
  - 2017 – over 80%
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Are you important?

- Excellence expected and demanded

- Supply Chains are like utilities
  - Flip the light switch and the lights come on
  - Turn the tap and potable water flows out
  - Problem when it doesn’t work

- Most attention when things do not go right

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Are you important?

- Economic advantage in tough times

- Ability to influence both Bottom Line and Top Line
  - Bottom Line cost savings are 1:1
  - Top Line influence is marginal
  - Relationships matter

- No other function can do this like supply chain
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You help determine success or failure

- Inventory is 1st or 2nd most expensive asset
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• You help determine success or failure
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You help determine success or failure

- Inventory is 1st or 2nd most expensive asset
- Replace inventory with information
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“Not everything that counts can be counted, and not everything that can be counted, counts.”

- Albert Einstein
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You help determine success or failure

- Inventory is 1st or 2nd most expensive asset

- Replace inventory with information

- Primary custodian of customer satisfaction
  - Right product, right place, right time, right price
  - Top Line influence is important
  - Relationships matter

- Manage data and information
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You help determine success or failure

- Commerce, e-commerce and omni-channel
- Just "commerce"

- Supply Chain is the keeper of commerce continuity
  - Control the procurement of goods
  - Control the flow of goods
  - Primary interface with customers
  - Provide visibility
  - Provide data and information
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You change the world and people’s lives

- More edible food reaches tables and less waste is generated
- More clean water is available
- More building materials are available
- More electricity, gas and other fuels available

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Supply Chain and Logistics Industry Disruptors *

Supply Chain Industry

**Technology Adoption**
- Automation
- AI / Predictive Analytics
- Uberization
- The Internet of Things
- 3D Printing
- Alternative Fuels
- Blockchain

**Macroeconomic Trends**
- Globalization / Nationalism
- Sustainability / Circular Economy
- Climate disruption
- Urbanization
- Volatile commodity prices
- Natural disasters
- Infrastructure

**Consumer Requirements**
- “Want it now”
- Reliance on expedited service
- Personalization / customization
- Omni Channel
- Millennial Preferences
- Aging Consumers

**Operational Constraints**
- Labor shortages
- Driver shortages
- Free trade agreements
- Regulatory pressure
- Capacity issues
- Wage activism

*Adapted from CSCMP / ATK 2016 State of Logistics Report

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Supply Chain and Logistics Industry Disruptors *

Automation and Robotics
- Offset mundane activities to free-up humans
- More accurate and dependable
- Smaller footprint, smaller buildings

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Supply Chain and Logistics Industry Disruptors *

The Internet of Things

- Any device, anywhere to any person or device, anywhere
- Distributed data and information
- Integrating the physical world with the digital world

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Supply Chain and Logistics Industry Disruptors

Blockchain

- Taking collaboration to the next level
- Distributed data and information on private servers
- Continuously growing and linked information
- Visibility and documentation across the supply chain
- Public ledger for bitcoin transactions

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Supply Chain and Logistics Industry Disruptors *

Globalization / Nationalism

- It’s a global economy, get over it!
- Globilization and Nationalism are two ends of the spectrum
- Near-sourcing, re-shoring and cross-shipping accelerating

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Supply Chain and Logistics Industry Disruptors *

Infrastructure

- Much of world’s infrastructure is aging
- Investment is lagging capacity constraints
- Ports and railroads have more private investment support

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Supply Chain and Logistics Industry Disruptors *

Reliance on Expedited Service

- Consumer perception that service is free – it’s not!
- Is next day, same hour really necessary?
- John Lewis - UK

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Supply Chain and Logistics Industry Disruptors *

Millennials

- Completely different approach to business, life and buying
- Digital lifestyle
- New way of attracting and retaining talent

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Supply Chain and Logistics Industry Disruptors *

Labor Shortages
- 9 Billion people may not be enough
- Declining birth rates and escalating consumerism
- Deciding what can be automated will be key

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Supply Chain and Logistics Industry Disruptors *

Wage Activism

- Fueled by labor shortages and social activism
- Assault on skilled labor
- Economic killer that migrates business
- Automation accelerator

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Mitigating the Risk to Supply Chains

- Mitigating risk and finding opportunities go hand-in-hand
- Do not fear technology and automation
- Develop a strategic plan in 3, 5 and 10 year increments
- Scenario planning is critical
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“In preparing for battle I have always found that plans are useless, but planning is indispensible.”

-Dwight D. Eisenhower
34th President of the United States of America
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Mitigating the Risk to Supply Chains

- Mitigating risk and finding opportunities go hand-in-hand
- Do not fear technology and automation
- Develop a strategic plan for 3, 5 and 10 year increments
- Scenario planning is critical
- Plan for what you know; prepare for what you don’t know.
- “If / then” planning and virtual redundancy
- Collaboration – internal and external
- Make friends with the CFO
- Exit strategies – things don’t always work out
- Leadership
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Achieving Personal Success

Learning

Experience

Relationships
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Achieving Personal Success

My supply chain “overnight” success story

- Accidental, but lasting (53 years later!)
- 9 years in development
  - Paper delivery, grocery store, gas station
- 27 years in food manufacturing
  - General Foods, Kraft and H J Heinz
- 9 years in consumer retail
  - CVS Caremark
- 8+ years giving back and continuing to learn

*Find a job that you love and you’ll never work a day in your life.*
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How I Became a Successful Leader
In Spite of My Obvious Shortcomings

by
Kevin Smith
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Achieving Personal Success

Six Important Lessons I Learned

I. Honesty is the best policy
II. You control your own destiny and attitude
III. The cream rises to the top
IV. The truth, the whole truth…
V. Give credit and take blame
VI. Be the kind of leader you want to be
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Achieving Personal Success

Free supply chain career advice

- Seek help, accept help and give help
- Good leaders develop themselves and their team
- You can only teach yourself as much as you already know
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“Ancora Imparo” (I am still learning)
- Leonardo DaVinci
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Achieving Personal Success

My supply chain success story

- Seek help, accept help and give help
- Good leaders develop themselves and their team
- You can only teach yourself as much as you already know
- Network for a lifetime – beyond your career
- A single idea can save a company or make a career

You don’t have to be the smartest person in the room, but, it is nice if the other people think you are!
Thank you, and good luck in your career!

Kevin F. Smith
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