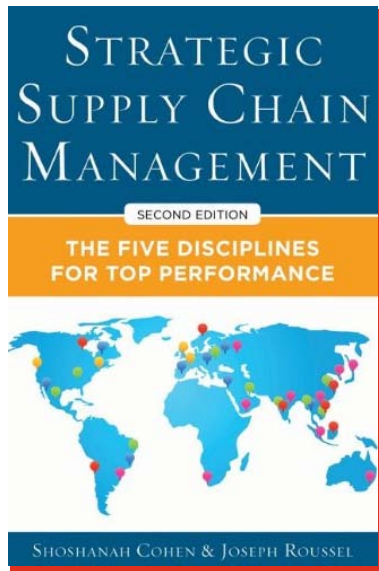

Strategic Supply Chain Management

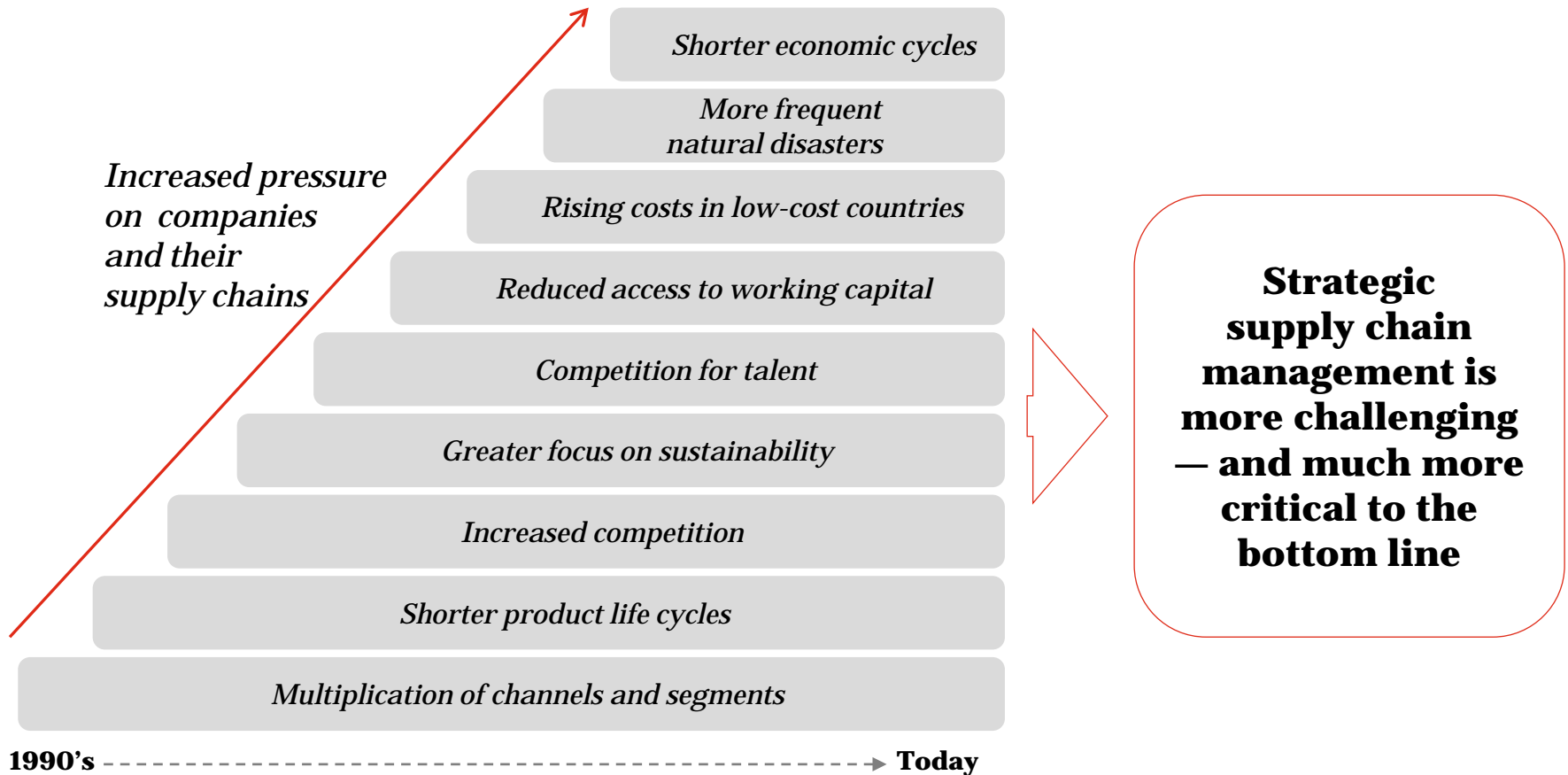
***Medical Device Supply Chain Council
1 October 2013***



Section 1

***Why is strategic
supply chain
management
important?***

Strategic supply chain management is more important than ever



Leading companies have a specific focus in their supply chains

Design the supply chain from the “customer in” – tailoring structure, operating models, and practices to maximize customer value

Obsessively drive excellence in **Execution** to deliver increasing customer value at lower cost

Make the supply chain a strategic asset

Acquire and develop the best supply chain **Talent** with the right mix of skills to handle today’s more challenging activities

Plan the supply chain - integrating with business plans and collaborating with suppliers and customers

Unlock the full power of **supply chain Information** to enable the best decision making, from the boardroom to the shipping dock

Leaders reap significant benefits from strategic supply chain management as ...

... it improves the top line

Best-in-class companies' (BICC) sales growth is almost 50% higher than non-BICC

Sales growth



... it improves the bottom line

Best-in-class companies have 20% higher profitability than non-BICC

Profitability



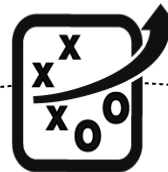
Section 2

Strategic supply chain management's five core disciplines

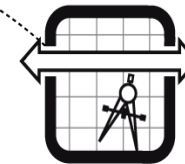
The book details the five core disciplines that drive performance

Design the supply chain around a defined basis of competition to enable the overall business strategy

1. View your supply chain as a strategic asset



Develop integrated supply chain processes and systems that interface efficiently with the rest of the enterprise



2. Develop an end-to-end process architecture

Develop and maintain organizational structure and skills to define and manage the supply chain of the future



3. Design your organization for performance

Use metrics to measure the health of each core supply chain process and identify problem areas



5. Use metrics to drive supply chain performance

Understand core competencies and choose partners to maximize focus and profitability

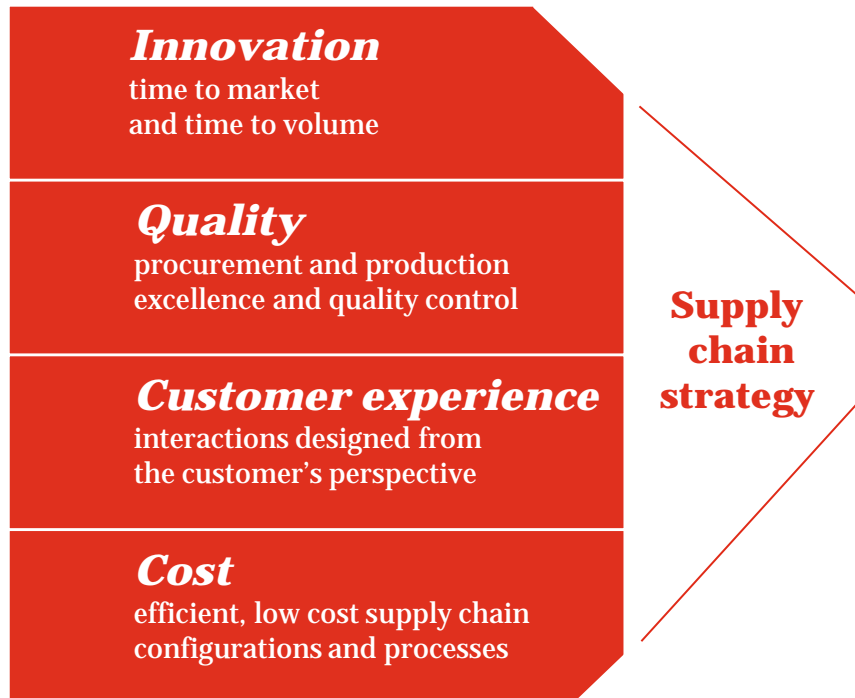


4. Build the right collaborative model



Core Discipline 1: View your supply chain as a strategic asset

Four primary bases of competition



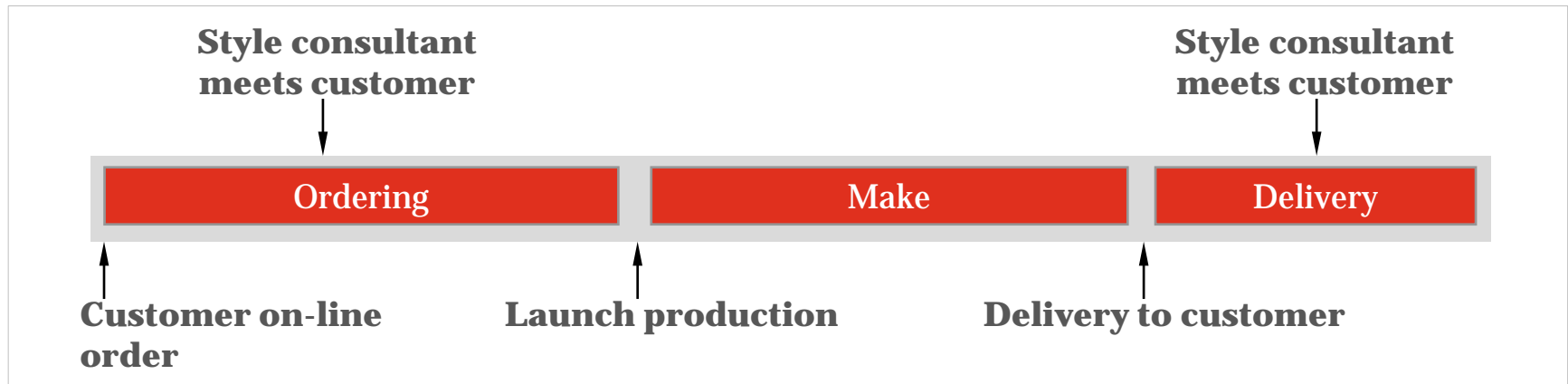
**Align your supply chain
with your business strategy
and your primary basis of
competition**



Core Discipline 1: View your supply chain as a strategic asset

Case in point: Luxury menswear company

- Custom orders in US, fabrics designed in Italy and garments made in China
- Operates with the philosophy that “custom-fitted clothes can be provided at the cost of off-the-shelf garments”

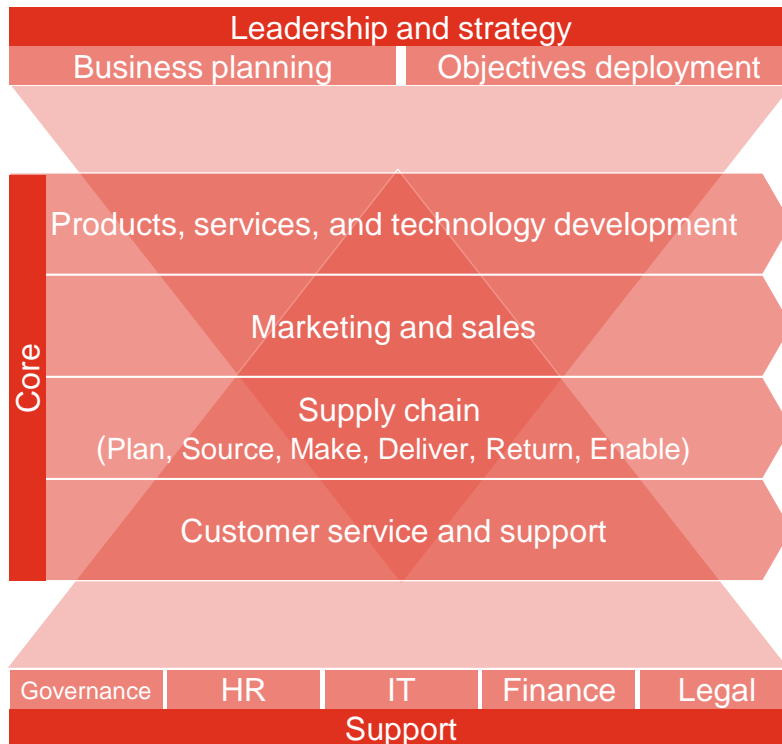


Source: *Strategic Supply Chain Management: The 5 Disciplines for Top Performance*, second ed., McGraw-Hill, 2013, p.6



Core Discipline 2: Develop an end-to-end process architecture

Enterprise process model



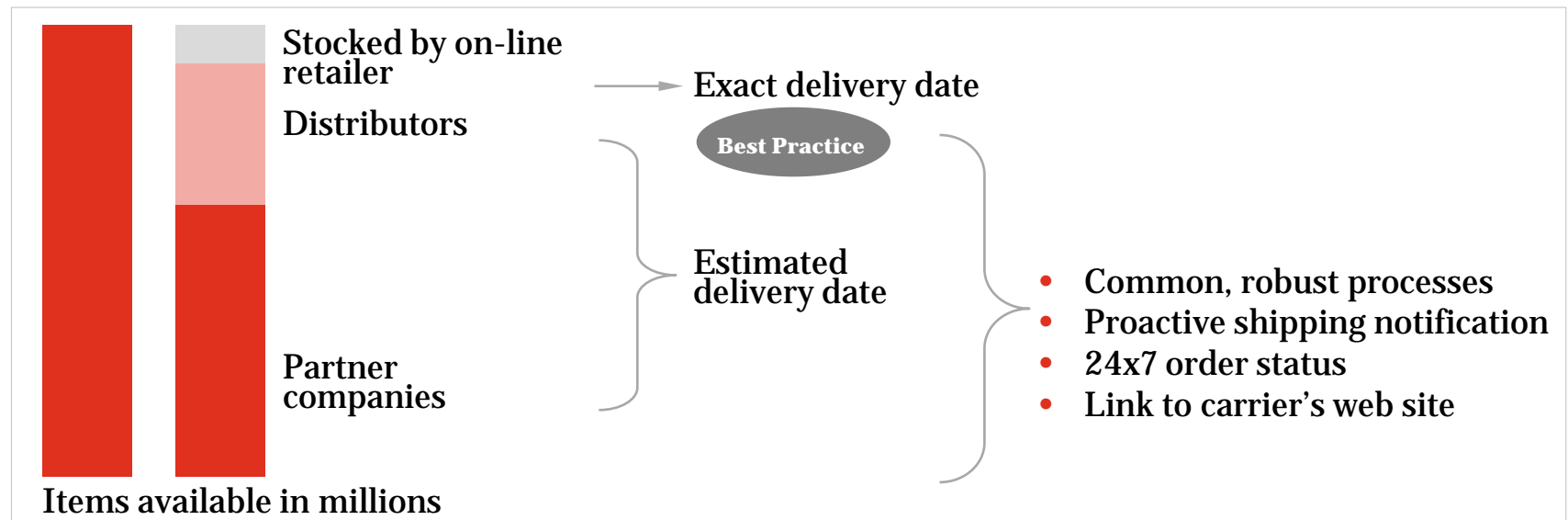
Use your basis of competition to choose and prioritize specific activities and practices



Core Discipline 2: Develop an end-to-end process architecture

Case in point: Global on-line retailer

- Offers “the Earth's Biggest Selection”
- Seeks to be world's most customer-centric company, where customers can find and discover anything they may want to buy online

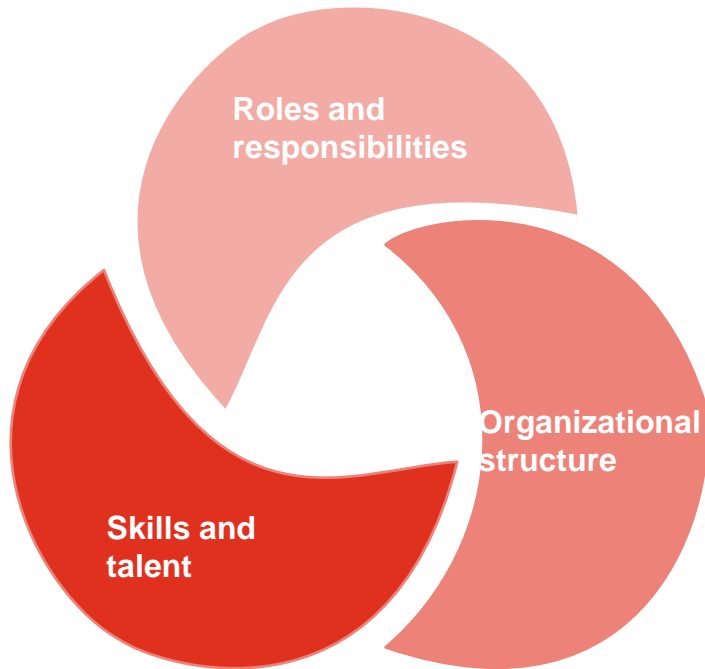


Source: *Strategic Supply Chain Management: The 5 Disciplines for Top Performance*, second ed., McGraw-Hill, 2013, pp.63-64



Core Discipline 3: Design your organization for performance

Designing a Supply Chain Organization



Ensure the talent mix and pipeline cover execution, planning and enabling activities

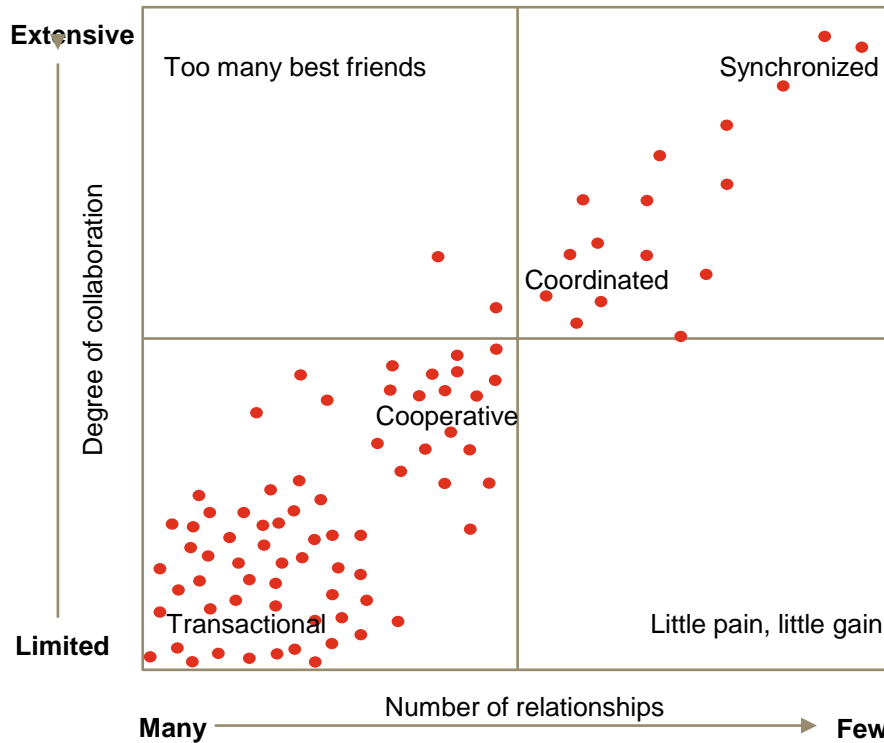
Consider context, culture and complexity when designing your supply chain structure (centralized, decentralized and hybrid)

Insist on clarity in accountabilities, with a priority on cross-functional roles & activities



Core Discipline 4: Build the right collaborative model

The Collaboration Spectrum



Master internal collaboration as an enabler for collaboration with external partners

Segment supply chain partners to determine the needed type of relationship

Trust your partners while ensuring that you manage your interests



Core Discipline 5: Use metrics to drive supply chain performance

Level 1 Metrics

	Performance attributes				
	Focused on the customer			Internally focused	
Level 1 metrics	Reliability	Responsiveness	Agility	cost	Assets
Perfect order fulfillment	✓				
Order-fulfillment cycle time		✓			
Upside supply chain flexibility			✓		
Upside supply chain adaptability			✓		
Downside supply chain adaptability			✓		
Total cost to serve				✓	
Overall value at risk			✓		
Cash-to-cash cycle time					✓
Return on supply chain fixed assets					✓
Return on working capital					✓

Measure from your customer's perspective

Choose the metrics that will drive your supply chain strategy forward

Ensure your metrics are balanced and comprehensive

Benchmark to understand potential performance levels

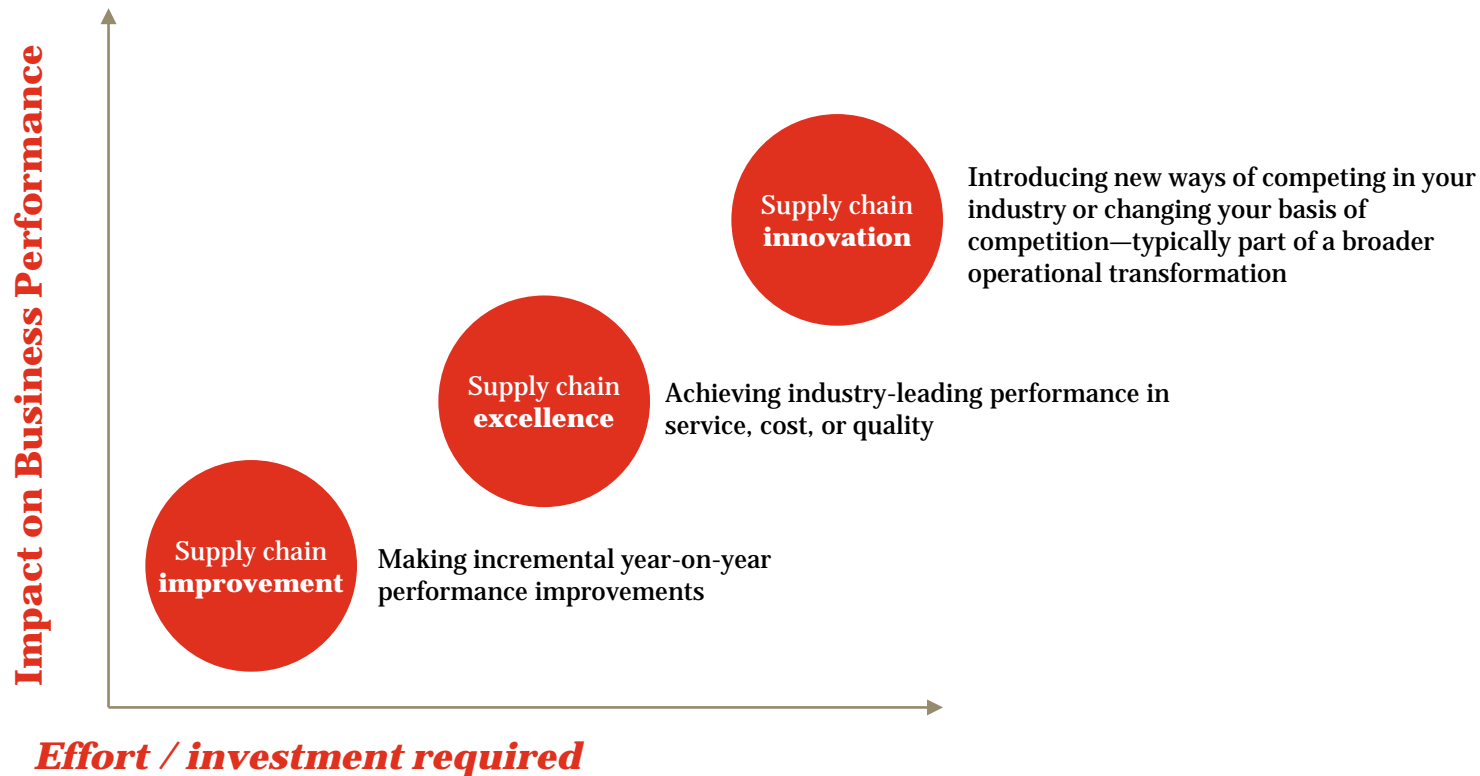
Source: Supply Chain Operations Reference Model, Supply Chain Council

Section 3

Transforming the supply chain

Leaders start with a clear understanding of the type of change needed

Types of Supply Chain Change



Leaders use a comprehensive approach for supply chain transformation

The unique challenge of supply chain transformation

Cross-functional involvement

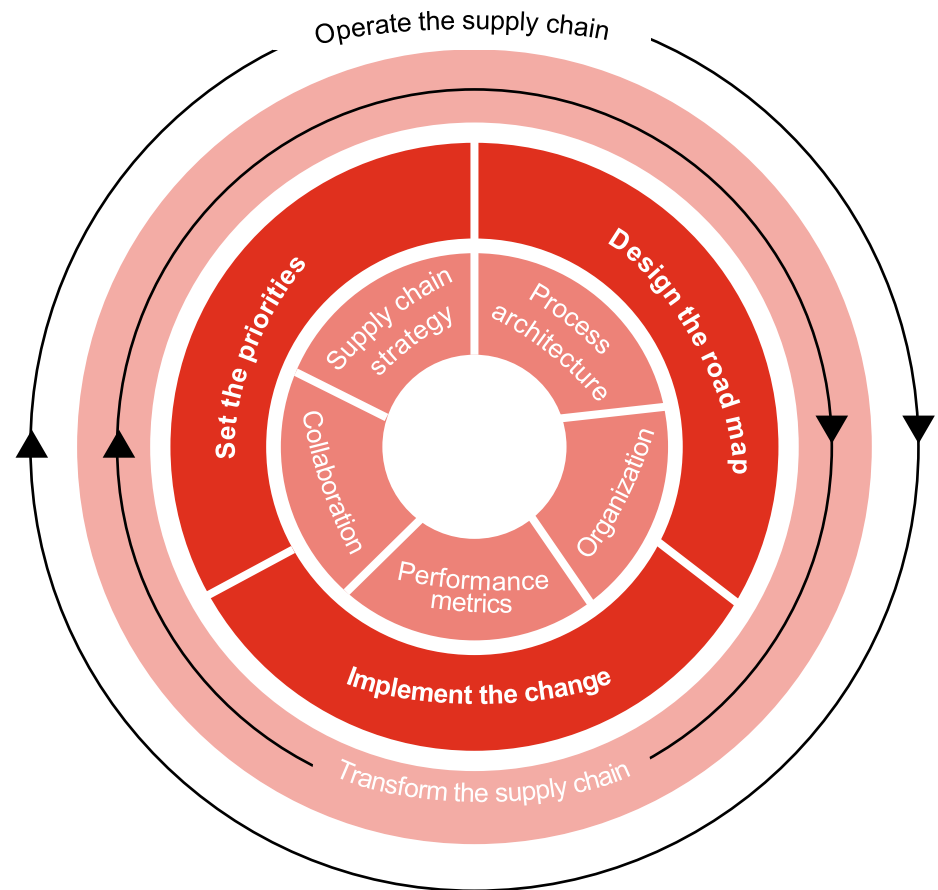
End-to-end outcomes

Interfaces with other core enterprise processes

Multiple teams and sites around the globe

Involvement of customers and suppliers

Operations continuity is essential



Strategic supply chain management – a different mindset and a focus on making change happen – can enable superior performance and industry leadership

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