

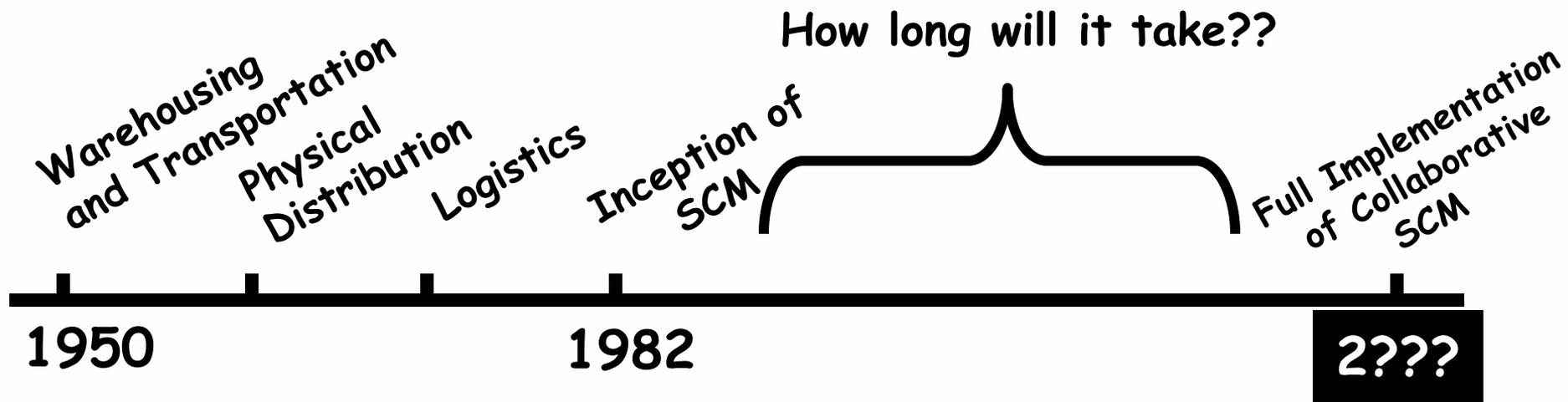
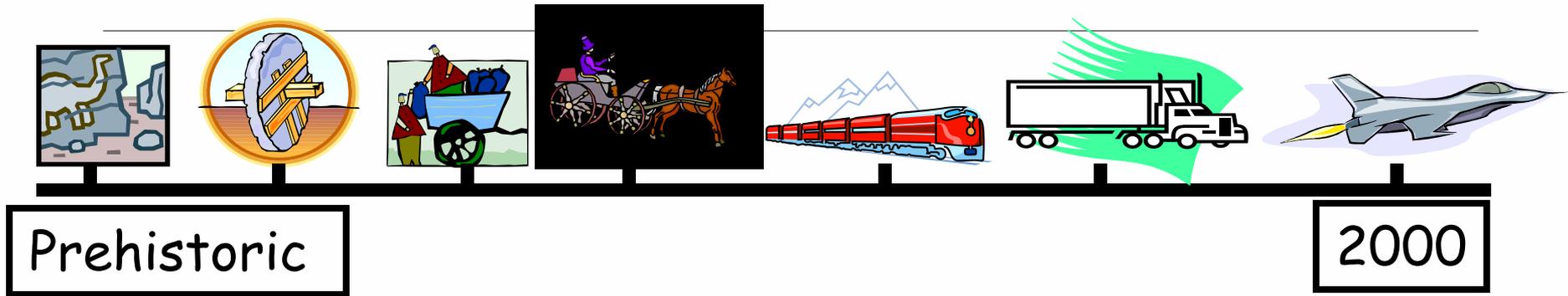


FRITZ  
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# Supply Chain Management From Tactical to Strategic

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# The Evolution of Commercial SCM (CSCM)



## Where is Commercial Supply Chain Today?

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- The SCM function is a *corporate necessity*, while at the same time *a growth vehicle* – a revenue generating engine
  - Flexibility and customer service are increasing as is *organizational agility*
  - SCM improves a company's financial position, making it more *cost-effective*
  - Significant educational *research activity*—university programs, association influences, etc.
  - The *stature and credibility* of SCM professionals is increasing
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# SCM Has Strategic Profit Impact

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A study by Georgia Tech showed that a company's stock price drops 8% when the company experiences a glitch in its supply chain.

A study at Miami University of Ohio showed that when a company adopts a new supply chain innovation the company's stock price increases.

A study by Bain & Company showed that companies employing sophisticated supply chain methods enjoyed 12 times greater profit than companies with unsophisticated methods.

Wall Street: New found respect for SCM. In one SCM MBA program in the US, 21/32 grads received job offers from Investment Banking firms because of the importance of SCM to their clients.

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# Commercial SCM: The Struggle to Making Value a Reality

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- All levels of Logistics/SCM recognize **VALUE** of the process – but it is a **COST** based view
  - Everyone struggles to **QUANTIFY** the value
  - Most identify the **NEGATIVE** consequences
  - Most C-Level stress **FINANCIAL** measures
  - Often companies are **REACTIVE** due to effects of logistics/SCM failures
  - **METRICS** are functional, and not understood as to how they relate to the strategy of the firm
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The focus must be on the CEO / C-level assessment of the *value of logistics* and its role in a supply chain context . . .

However, to *communicate effectively*, logistics managers must *understand* CEO and C-level *perspectives* and assess, measure, quantify, and *communicate* logistics *value* in *terms important to them*.

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# Leverage Private Sector Experience

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1- Understand CEO Perspectives

2- Assess, measure, quantify, and **communicate** logistics **value** in **terms important to them**

3- **Focus on the value of logistics** and its role in a supply chain context and strategy of firm

1-Understand CEO/ED Perspectives

2-Develop and implement measurement that shows the value of SC to the organization

3-Design and execute process to link SC to programs; establish **standards and benchmarks**

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