# 2008 AMR Research Top 25 Supply Chains

Apple Nokia Dell Procter & Gamble IBM Wal-Mart Stores Toyota Motor **Cisco Systems** Samsung Electronics Anheuser-Busch Pepsico Tesco The Coca-Cola Company **Best Buy** Nike Sony Ericsson Walt Disney Hewlett-Packard Johnson & Johnson Schlumberger **Texas Instruments** Lockheed Martin **Johnson Controls Royal Ahold Publix Super Markets** 

### Best-in-Class Companies as perceived by Survey Responses



## Top Supply Chain Companies cited by Multiple Sources in Either 2007 or 2008

	Number cit	of times ed	2007		2008				
Company	2007	2008	AMR	Our Survey	MSU MBA	AMR	Our Survey	MSU MBA	SCD
ЗM	0	2				1	1		
Amazon.com	1	2		1			1	1	
Anheuser-Busch	2	2	1		1	1		1	
Apple	3	3	1	1	1	1	1	1	
Best Buy	3	3	1	1	1	1	1	1	
Boeing	1	1		1		1			
Caterpillar	0	2				1	1		
Cisco Systems, Inc.	2	3	1	1		1	1	1	
Coca-Cola, Co.	1	4	1			1	1	1	1
Costco	0	2						1	1
CVS	0	2						1	1
Dell Inc.	1	3		1		1	1	1	
Hewlett-Packard	2	2	1	1		1	1		
Honda Motor	0	2				1	1		
IBM	1	2	1			1	1		
Intel	0	2				1	1		
Johnson & Johnson	2	2	1	1		1	1		
Kimberly-Clark, Co.		2			1			1	1
Kraft Foods		2					1		1

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Kroger Co.		2						1	1
Motorola	2	2	1	1		1	1		
Nestle		2					1		1
Nike		2	1			1	1		
Nokia	2	3	1		1	1	1	1	
Paccar	2		1		1	1			
Pepsi Co. Inc.		3	1			1		1	1
Procter & Gamble		2	1			1			1
Publix Super Markets Inc.		3	1			1		1	1
Rockwell Collins Corp.		2					1	1	
Super Value		2						1	1
Target		4		1		1	1	1	1
Tesco		2	1			1	1		
Toyota Motor	2	2	1	1		1	1		
Unilever Group		3					1	1	1
Wal*Mart	2	4	1	1		1	1	1	1
Walgreens		2				1		1	
Zara		2		1			1	1	

### Summary Comparison: Leaders, Followers, and Laggards

#### Leaders

- Have an executive in charge of SCM
- Develop a SC plan as part of a business plan
- Spread best practices across the network
- Involve external advisors to enhance processes
- Use metrics that are customer-centric
- Bring global aspect to supply chain

#### Followers

- Assign responsibility to a willing manager
- Build SC initiatives into meeting business objectives
- Keep best practices within four walls
- Resist sharing data externally
- Base metrics on volume and throughput
- Still working on an enterprise view

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#### Laggards

- Assign supply chain to sourcing or logistics
- Chase cost improvement and call it supply chain
- Don't document best practices
- Believe that seeking external advice is a weakness
- Metrics support a "push" system stuck in "local" perspective
- Getting internal ops under control

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# **Supply Chain Maturity Model**



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### **Performance Intelligence**





	The Drivers of Strat	egic Supplier Managem	ent			
	The Twin Tracl Del	ks of SRM Value				
Financial P	erformance	Business Growth				
<ul> <li>Cost Management</li> <li>Margin Management</li> </ul>	<ul> <li>Capital Productivity</li> <li>De-Risking Supply</li> </ul>	<ul> <li>Customer Response</li> <li>Operational Excellence</li> <li>Business Drivers</li> </ul>	<ul> <li>Revenue &amp; Innovation</li> <li>Corporate Reputation</li> </ul>			
<ul> <li>Profit Margin Management</li> <li>Cost to Revenue Targets</li> <li>Reduce Cost of Goods Sold</li> </ul>	<ul> <li>Reduce Working Capital</li> <li>Outsourcing, Offshoring</li> <li>Mitigating Value at Risk</li> <li>Lean Supply Chain</li> </ul>	<ul> <li>Customer Responsibility</li> <li>Service Excellence</li> <li>Cycle Time Reduction</li> <li>Six Sigma Quality Targets</li> </ul>	<ul> <li>Maximizing Top Line Growth</li> <li>NPD, R&amp;D Design Speed</li> <li>Regulatory Compliance</li> <li>CSR &amp; Ethical Standards</li> </ul>			
Maximizing Free Cash						
<ul> <li>Typical Metrics</li> <li>% Impact on Margin</li> <li>% Impact on Cash Flows</li> <li>% Cost Down per Category</li> <li>% Cost Down per Project</li> </ul>	<b>Typical Metrics</b> • Actual Cost Release • Impact on Cost Ratios • Number of Risk Audits • Net Reduced Total Cost	<ul> <li>Typical Metrics</li> <li>% Reduction in Lead Times</li> <li>Speed to Market (Days)</li> <li>% on Time, in Full Delivery</li> <li>% of Customera</li> </ul>	<ul> <li>Typical Metrics</li> <li>Impact on Sales Revenue</li> <li>% of Sourced Innovations</li> <li>Two-Way Relational Pating</li> </ul>			
Project		<ul> <li>% of Customers</li> <li>Satisfied</li> </ul>	External CSR Scorecard			

# **Barriers to Effective Collaboration**

Barrier	Barrier Breakers
Relational and cultural barriers	<ul> <li>Long term values and orientation</li> <li>Common, explicit, high level goals</li> <li>Focus on the customer or opportunity</li> <li>Training in various social and cultural norms</li> <li>Shared desire to develop trust</li> </ul>
Organizational and hierarchical barriers	<ul> <li>Cross-functional team structures</li> <li>Permeable organizational boundaries</li> <li>Peer to peer access</li> </ul>
Physical and temporal barriers	<ul><li>Co-location</li><li>Communications technologies</li></ul>
Knowledge, information, and data management systems related barriers	<ul> <li>Standardized knowledge codification</li> <li>Identification and location of "experts" in partnering firms</li> <li>Compatible information systems</li> </ul>

# **Integrated Value Chain**

