

**The era of network
competition**

**COMPETITION
TIME!!!**



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Nosirova**



The new organisational paradigm

Collaboration in the supply chain

Managing the supply chain as a network

Seven major business transformations

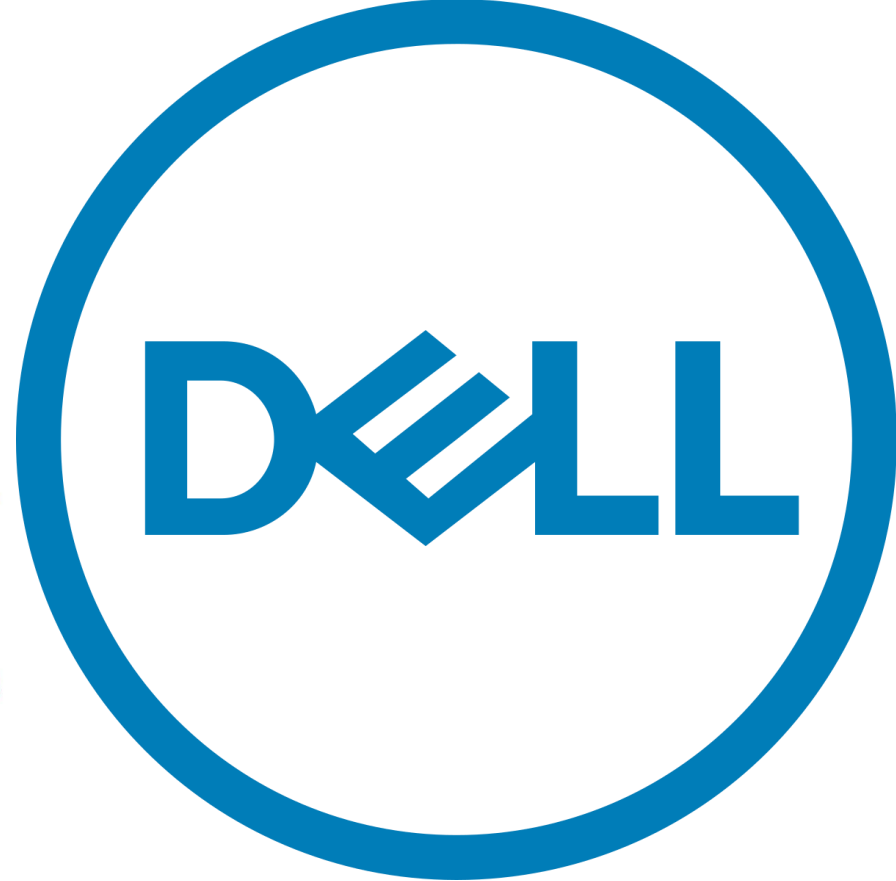
The implications for tomorrow's logistics managers

Supply chain orchestration

From 3PL to 4PL™



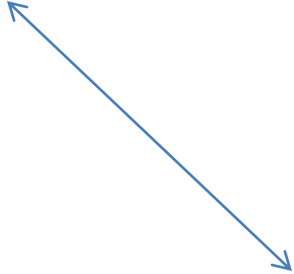
xerox



NOKIA
Connecting People



AMR



Based on an analysis of the leading companies in the survey the have identified six consistent characteristics exhibited by those companies:

•Outside-in focus

Leading supply chains are designed from the customer backwards and are demand driven.

•Embedded innovation

This implies a close integration between product design, manufacturing and logistics to ensure that the supply chain begins on the drawing board.

•Extended supply chain

A recognition that in today's world of global supply chains and outsourcing that the close management of relationships from end-to-end is essential.

•Balanced Metrics

In order to achieve high levels of agility and responsiveness there has to be a realisation that there will be trade-offs across the business. To achieve the best overall outcomes requires a set of key performance indicators (KPIs) that reflect the need for balance.

•Attitude

A culture that extends across the organisation based on the recognition that internal silos must be removed and that external relationships need to be managed in a spirit of partnership

•Supply chain talent

Supply chains are as much about people as anything. Leading companies actively seek to develop the skills and capabilities that will enable success on the previous five elements.

The new organisational paradigm

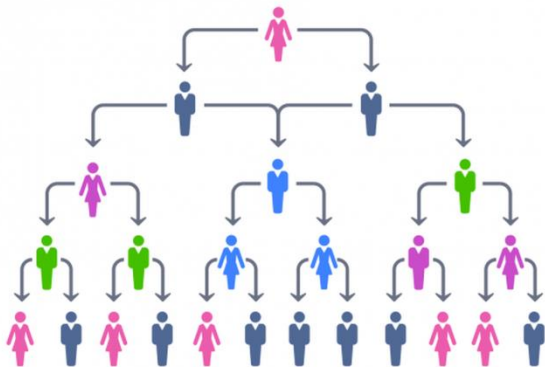


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|| VERTICAL.

Most of us work in organisations that are hierarchical, vertical and functionally defined

HIERARCHICAL ORGANIZATIONS



The need for new business models



network
competition

virtual

visibility

seamless

just-in-time

transactional

speed



Collaboration in the supply chain

Figure 1 The prisoner's dilemma: penalty options (years in jail)

		You	
		Confess	Don't confess
Partner	Confess	2,2	1,5
	Don't confess	5,1	0,0

co-makership



partnership sourcing



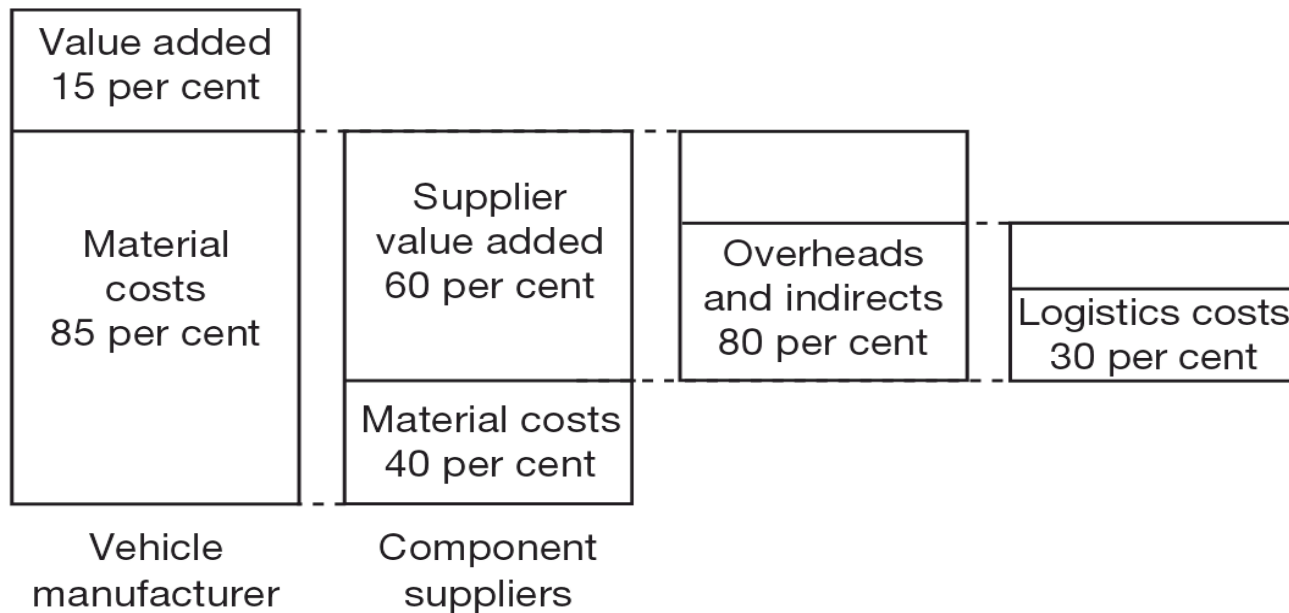
seamless

supplier development teams



win-win

Figure 2 The impact of suppliers' logistics costs on the costs of a car



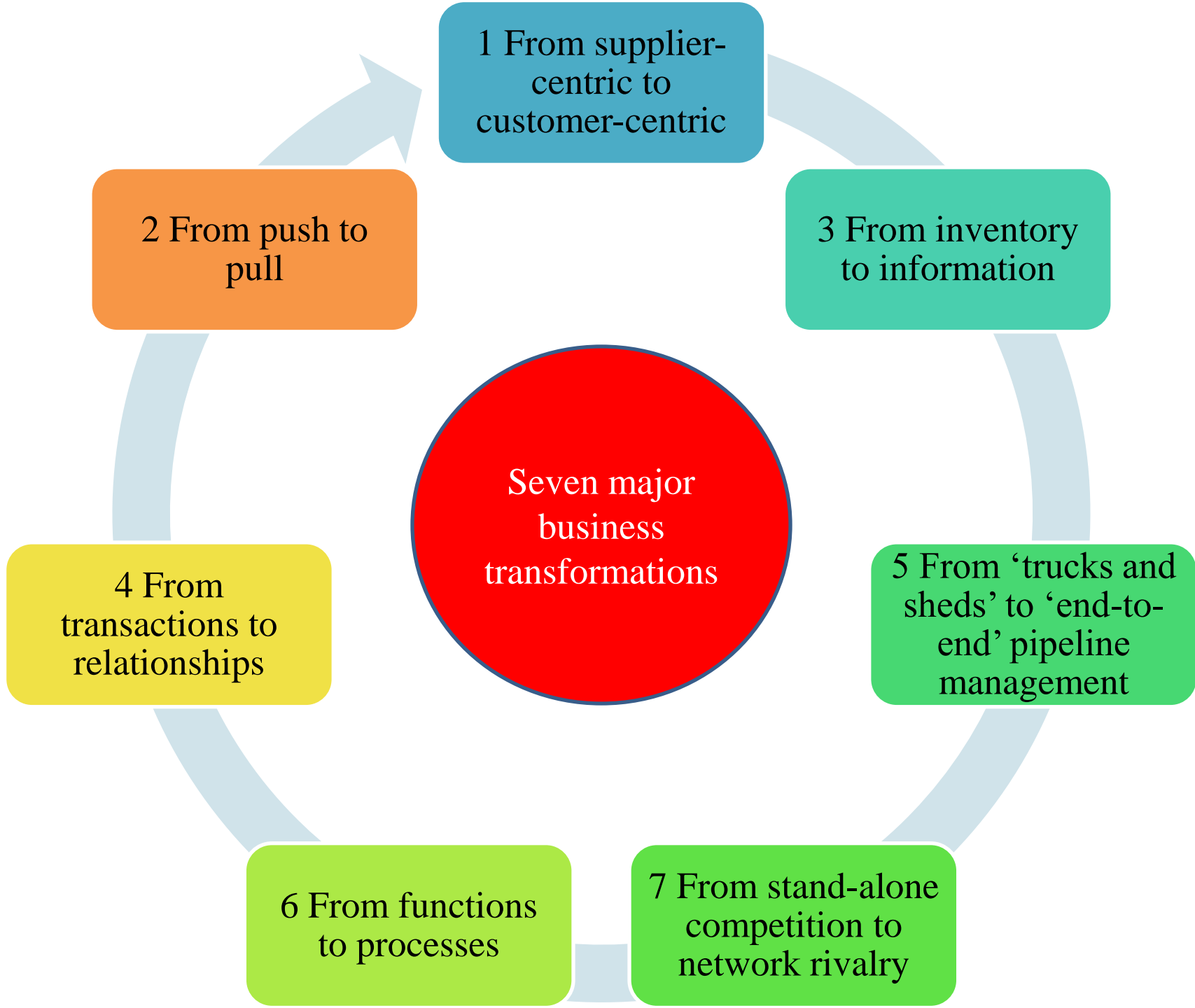
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graph TD; A[Managing the supply chain as a network] --- B[1 Collective strategy development]; A --- C[2 Win-win thinking]; A --- D[3 Open communication];
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Managing the supply chain as a network

1 Collective strategy development

2 Win-win thinking

3 Open communication



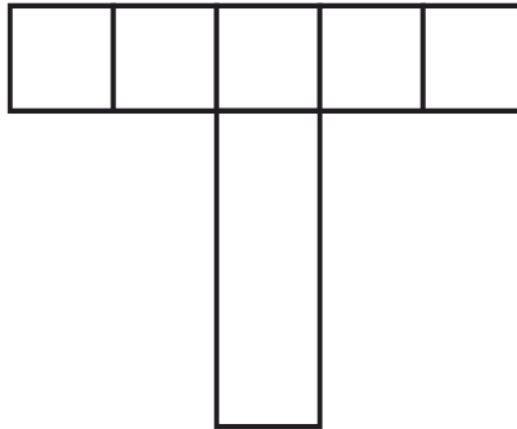
The implications for tomorrow's logistics managers

Table 11.1 The key business transformations and the implications for management skills

Business transformation	Leading to	Skills required
From supplier-centric to customer-centric	The design of customerdriven supply chains	Market understanding; customer insight
From push to pull	Higher levels of agility and flexibility	Management of complexity and change
From inventory to information	Capturing and sharing information on real demand	Information systems and information technology expertise
From transactions to relationships	Focus on service and responsiveness as the basis for customer retention	Ability to define, measure and manage service requirements by market segment
From 'trucks and sheds' to 'end-to-end' pipeline management	A wider definition of supply chain cost	Understanding of the 'cost-to-serve' and timebased performance indicators
From functions to processes	The creation of crossfunctional teams focused on value creation	Specific functional excellence with crossfunctional understanding; team working capabilities
From stand-alone competition to network rivalry	More collaborative working with supply chain partners	Relationship management and 'win-win' orientation

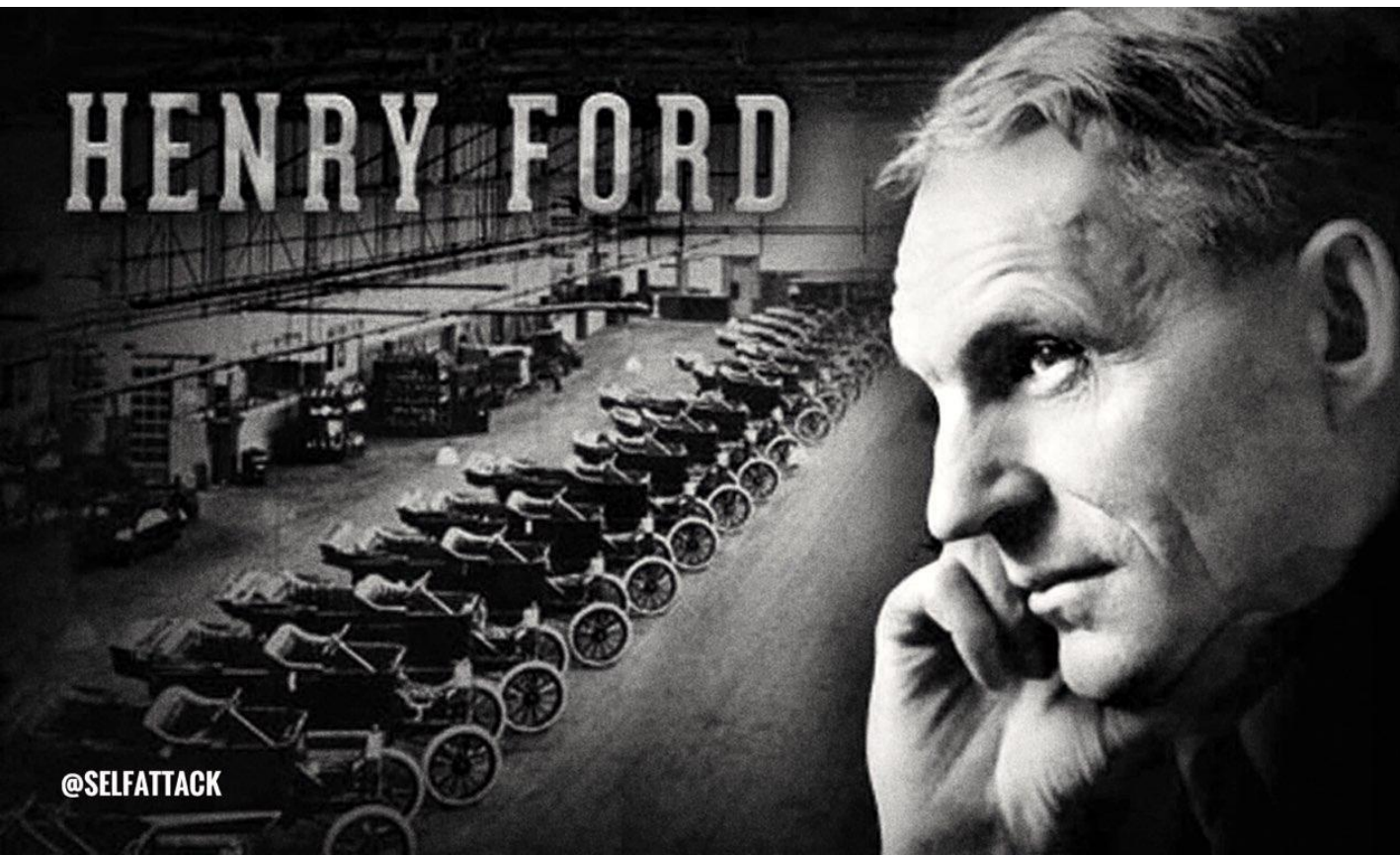
Figure 3 Creating a T-shaped skills profile

Effective process management requires significant cross-functional skills



Managers have in-depth expertise on one discipline combined with enough breadth to see the connections with others

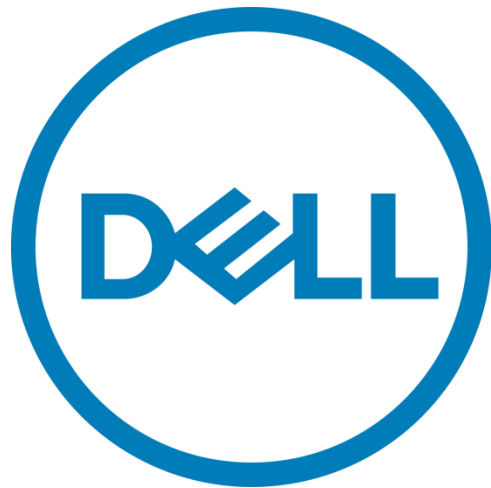
Supply chain orchestration





LI & FUNG

Walmart 



From 3PL to 4PL™

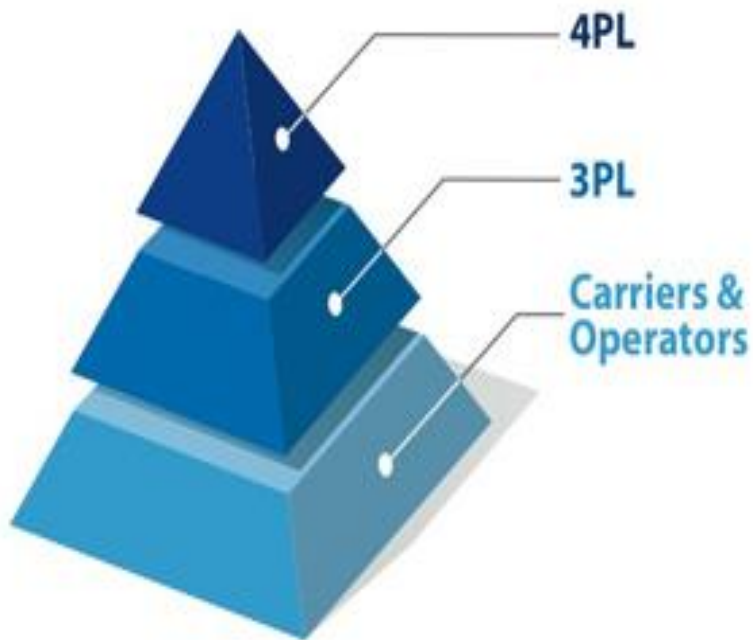


Figure 4 The 4PL Concept

Primary client's contribution

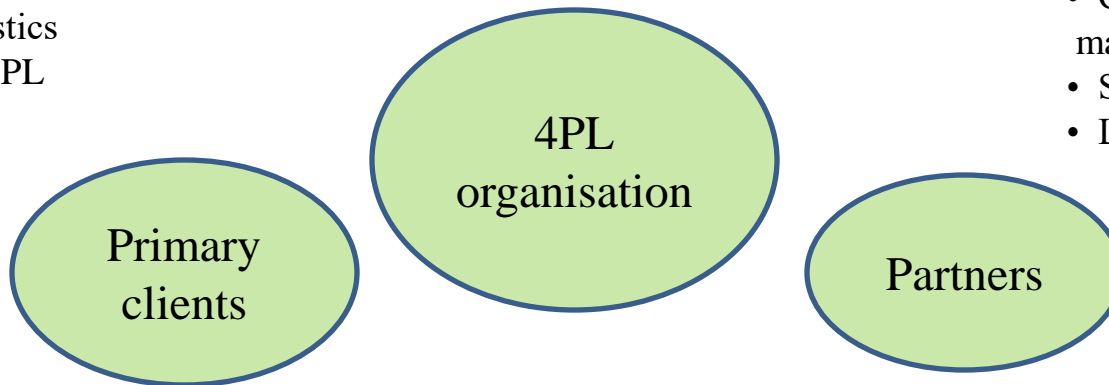
- Start-up equity
- Assets
- Working capital
- Operational expertise
- Operational staff
- Procures logistics services from 4PL organisation

3PL service providers' contribution

- Transportation services
- Warehouse facilities

Partner's contribution

- Set-up equity
- Logistics strategy
- Re-engineering skill
- Best practice benchmarks
- IT development
- Customer service management
- Supplier management
- Logistics consultancy



Key characteristics

- Hybrid organisation – formed from a number of different entities
- Typically established as a JV or long-term contract
- Alignment of goals of partners and clients through profit sharing
- Responsible for management and operation of entire supply chain
- Continual flow of information between partners and 4PL organisation
- Potential for revenue generation

Whether the 4PLTM be a joint venture or some other model there are four key components that must be in place:

1

- Systems architecture and integration skills

2

- A supply chain 'control room'

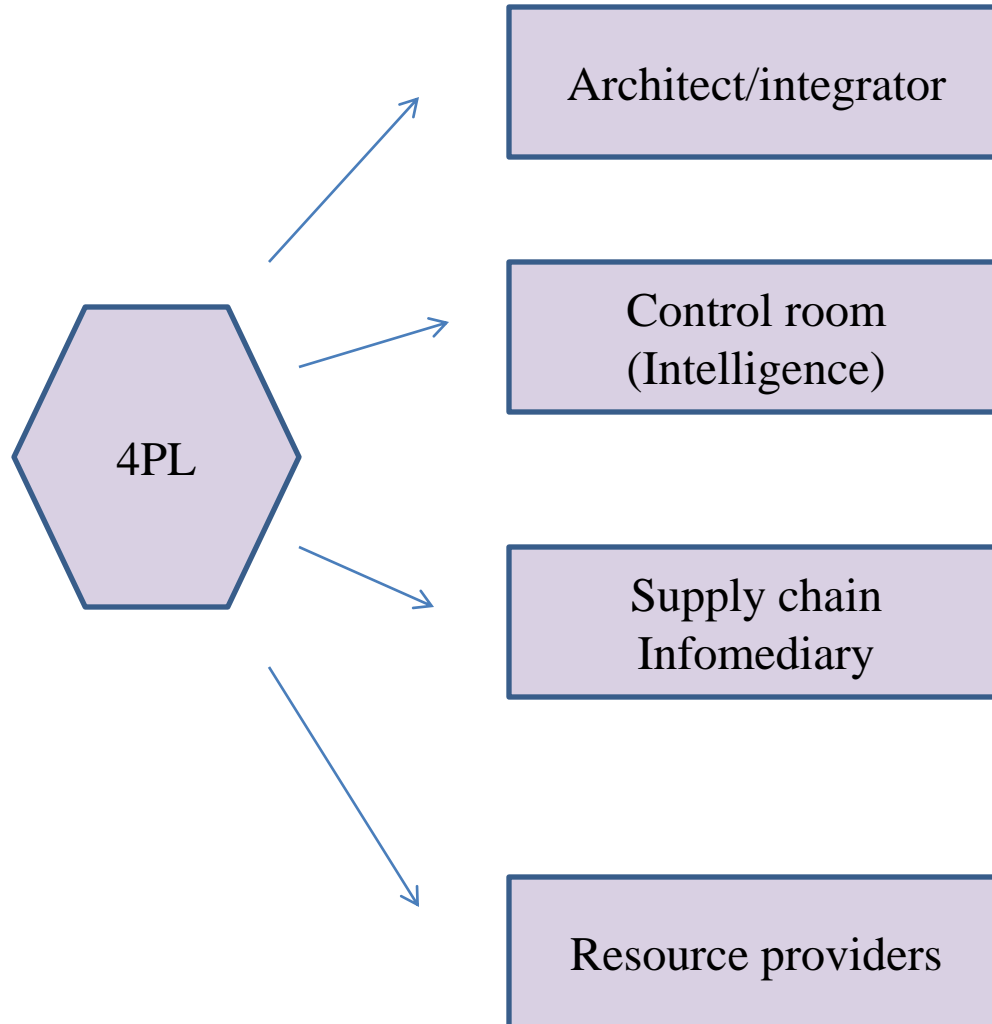
3

- Ability to capture and utilise information and knowledge across the network

4

- Access to 'best of breed' asset providers

Figure 5 Four key components a 4PL must assemble



Change Leader

- Supply chain visionary
- Multiple customer relationship
- Deal shaper and maker
- Supply chain re-engineers
- Project management
- Service, systems and information integrator
- Continuous innovation

Decision makers

- Experienced logisticians
- Optimisation engines and decision support
- Neutral positioning
- Manage multiple 3PLs
- Continuous improvement

Information nervous system

- IT system integration
- IT infrastructure provision
- Real-time data to information
- Convert data to information
- Provide info to point of need
- Technical support

Assets

- Transportation asset provider
- Warehouse, cross-dock, property facility
- Manufacturing – outsourcing
- Procurement service
- Co-packing service

