

Supply Chain Resilience VUCA World

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Executive Summary

Today's global Business environment is getting tough & rough and supply chain management plays a significant role in securing the present & shaping the future so, organizations are trying to survive through attracting the best talents and standing up their operations & infrastructures to be more resilient against risks & disruptions.

We will define the **true supply chain game**, **supply chain resilience** and ways to mitigate risks in supply & demand in the **VUCA** world where everyone is practicing the supply chain management naturally in the daily routine.

Agenda

- 1 Everyone is a SC Practitioner by nature
- 2 Supply Chain
- 3 Supply Chain Management
- 4 Supply Chain disruptions In the "VUCA World"
- 5 Supply Chain Resilience
- 6 Supply Chain Gurus and Success Stories
- 7 Integrated SC Pro Characteristics

Interaction

Q&A

Contents

- Everyone is a Supply Chain Practitioner by Nature



- Supply Chain (Natural Practice --> Art --> Science)
-

- Supply Chain Management
-

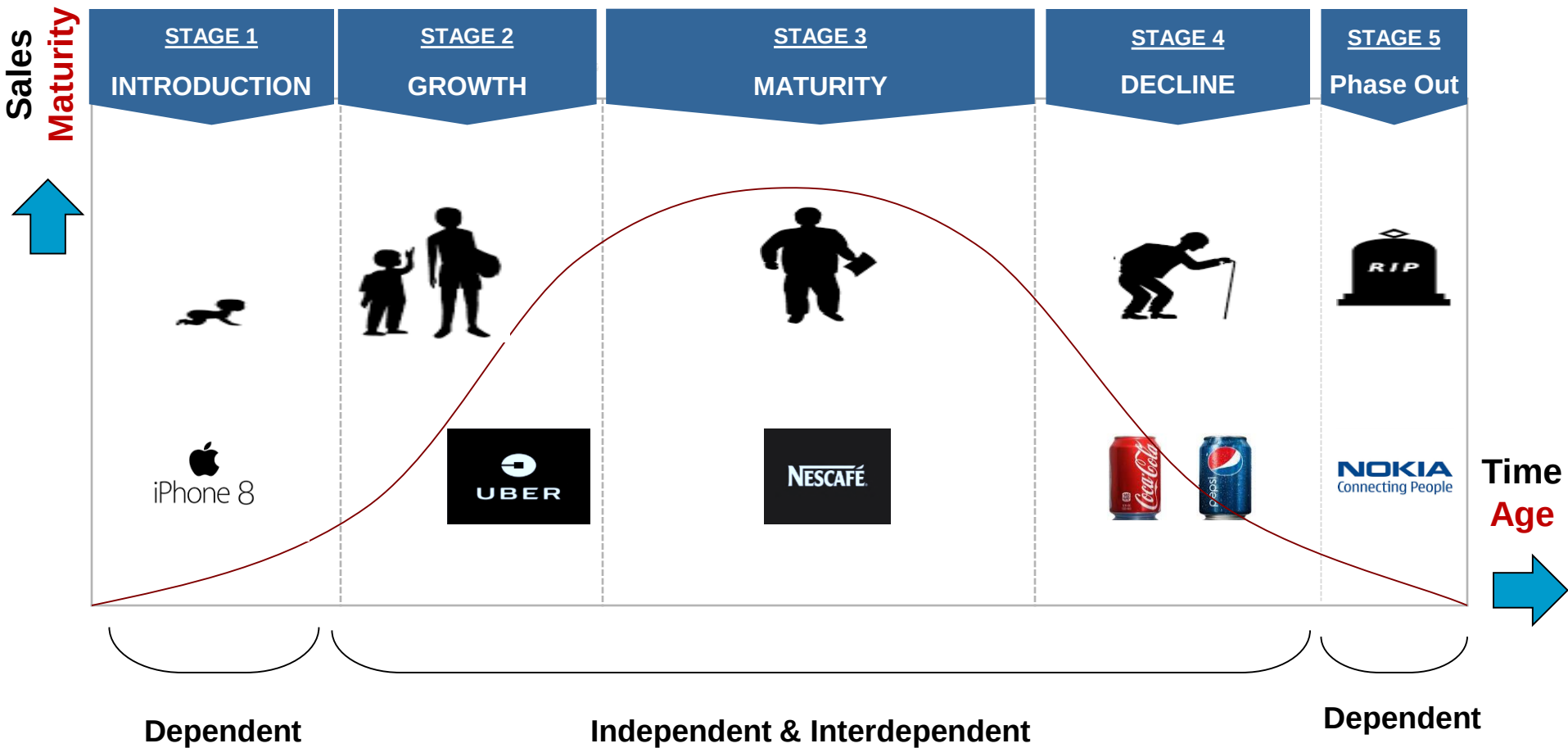
- Supply Chain disruptions in the “VUCA World”
-

- Supply Chain Resilience
-

- Supply Chain Gurus and Success Stories (From SCM to CEO)
-

- Integrated SC Leader Professional Characteristics
-

Everyone is a Supply Chain Practitioner by Nature



Product Life cycle looks similar to Human Life Cycle

In PLC, products life may vary from months to more than 100 years Like *Pepsi*

In HLC, Human life may vary from days to average 65 years

Everyone is a Supply Chain Practitioner by Nature

Human Body is practicing the independent & dependent supply chain

SC Goal is Life / Survival



Brain is the supply & demand planner



Blood Flows is the logistics network



Arms & Legs are kind of purchasers



Stomach is a warehouse and contain the WIP



Mouth is the receiving warehouse and a maker



Heart is the distributor and **Liver** is the a maker



Human Body is the Customer

Food / Water is raw material

Fats are the losses

Demand plan is 3 meals & 2 liters of water daily

There is a waste

N.B: Dependent Practice exists when human brain (Supply & Demand Planner) is not working.

Everyone is a Supply Chain Practitioner by Nature

Human Body is practicing the inter-dependent supply chain with many other stakeholders

Strategic
planning

Marriage, having baby, relocation
Career shift, buying asset

(S&OP)

Balance his requirements
with resources (cash / credit card)

Demand

Food, water, clothes, house
W&D, entertainment & etc

Serve
Customers

Satisfy Family needs



Buy
Source
Shop

From retailers, malls, outlets
Agencies & etc

Plan
Capacity

Food Delivery

Make

Cooking,

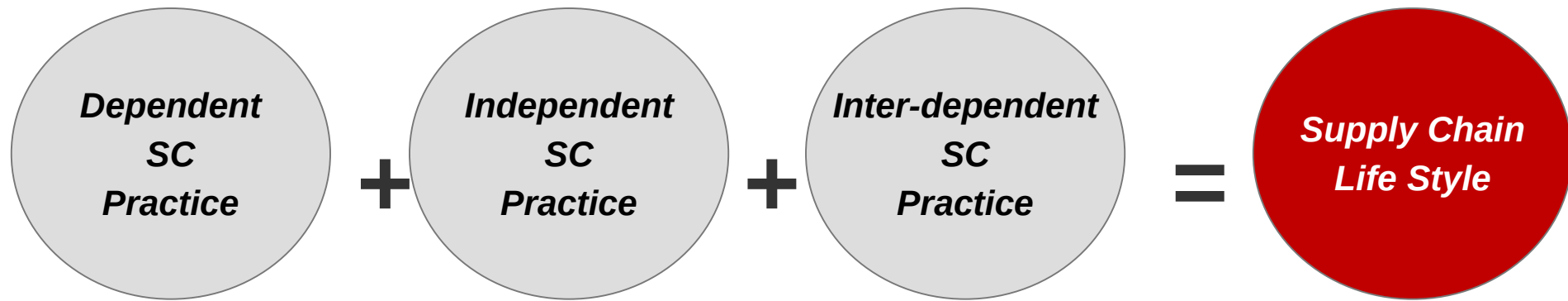
Plan
Inventory

Ramadan

Store

Store in fridges, cupboard

Everyone is a Supply Chain Practitioner by Nature



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General Supply Chain

Supply chain —The global **network** of **organizations** that integrate together to deliver products and services from raw materials (**END**) to Customer / consumers (**END**) through an engineered flow of information, physical distribution, and cash.

Network consists of **nodes**, **Flows** and **values** flow in between.

Nodes



- ☐ Suppliers
- ☐ Manufacturers
- ☐ Service Entities
- ☐ Warehouses
- ☐ Distributors
- ☐ Retailers
- ☐ Port / Airport
- ☐ IT Infrastructures
- ☐ Customers / Consumers

Flows

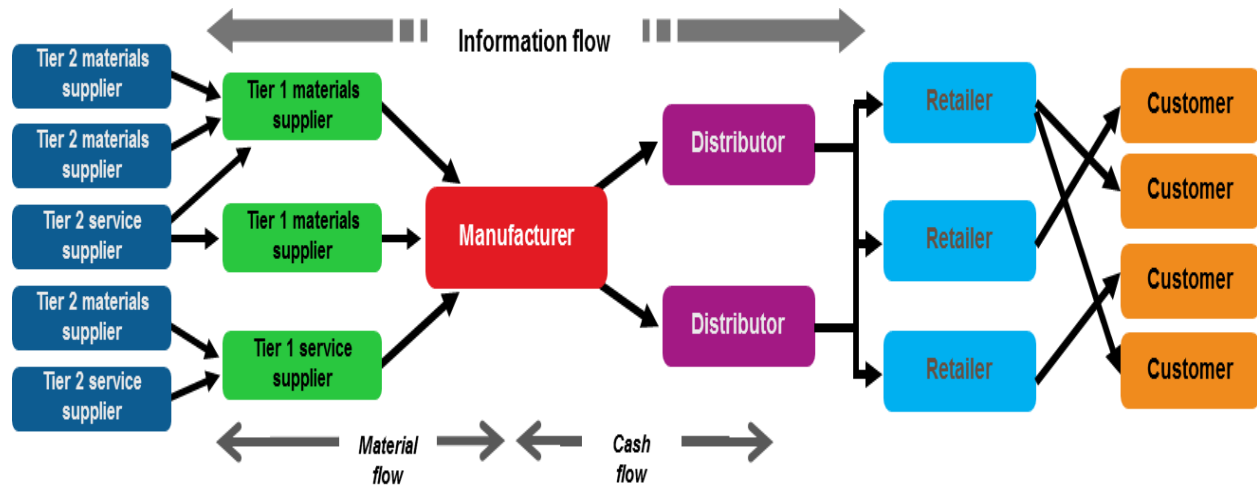


- ☐ Material / Goods
- ☐ Reverse-Material / Goods
- ☐ Cash
- ☐ Reverse-Cash
- ☐ Information (Cycle)

Value



- ☐ Raw Material
- ☐ Information
- ☐ Cash or equivalents
- ☐ Finished Products
- ☐ Semi-Finished Products



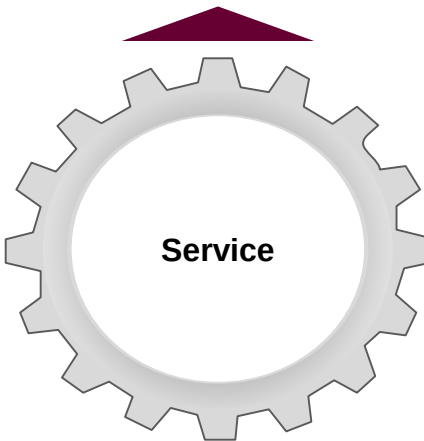
Supply Chain Types

Supply Chain Types



Manufacturing

- **Like:** GM / Nestle
- **Challenges:** Globalization, Complexity & etc.
- **Goal:** Customer Service, Business Growth, Shareholders Satisfaction
- Harsh Competition
- Differentiated Strategies
- Provide Tangible Products



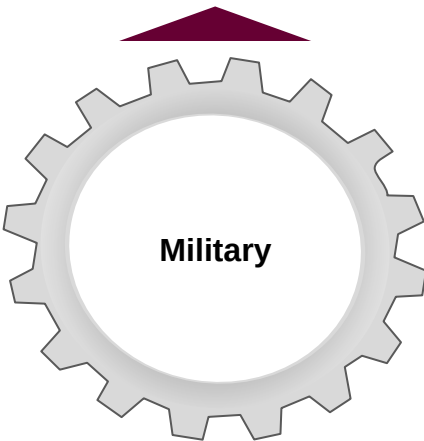
Service

- **Like:** Dar Elfouad Hospital / Amazon
- **Challenges:** Globalization, Complexity & etc.
- **Goal:** Customer Service, Business Growth, Shareholders Satisfaction
- Harsh Competition
- Differentiated Strategies
- Provide intangible Service / Mix



Humanitarian

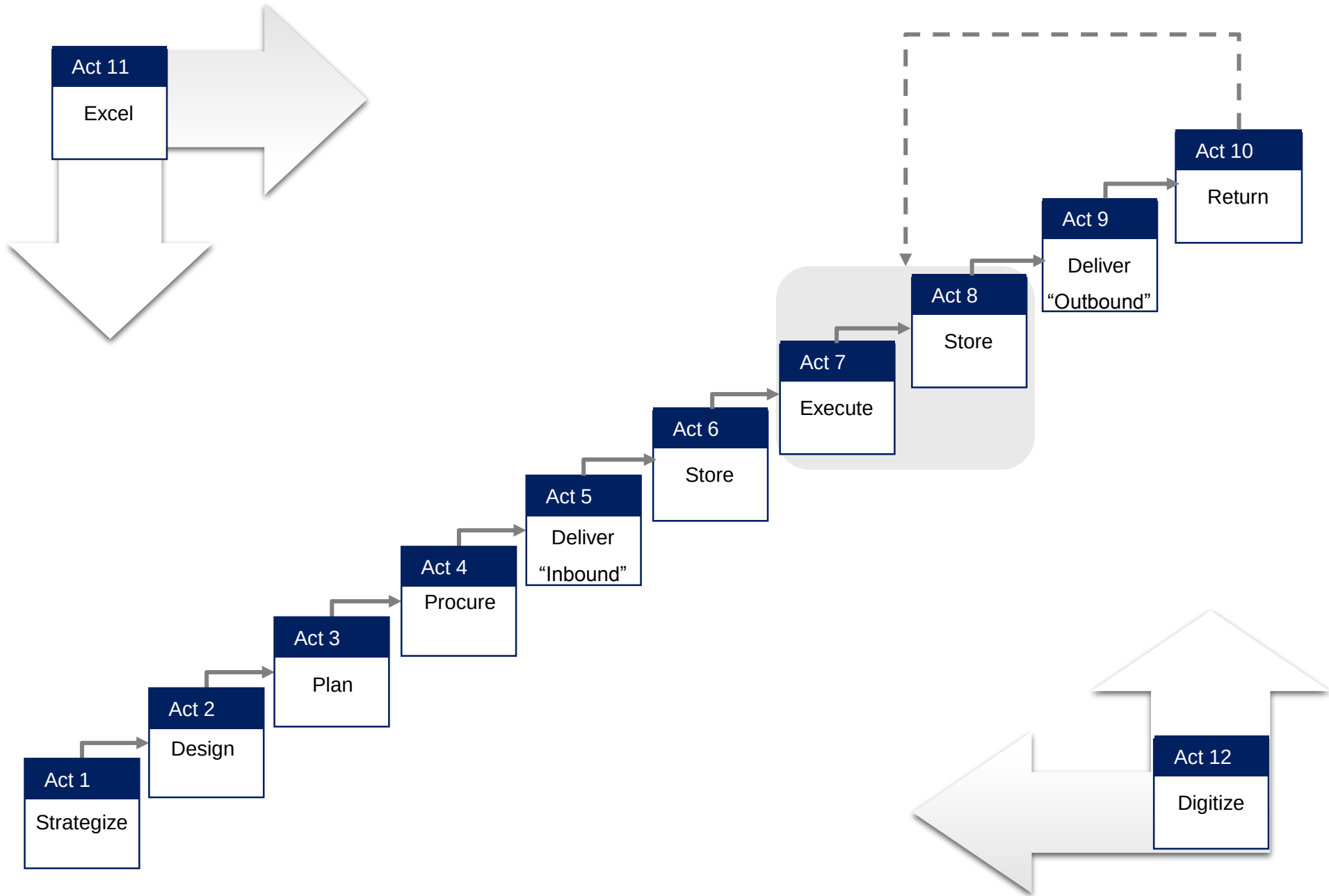
- **Like:** ICRC / FEMA
- **Challenges:** Availability, High Cost of Failure & Responsiveness
- **Goal:** Peace
- No Competition
- Focused Strategy



Military

- **Like:** Military Supply Authority
- **Challenges:** Availability , High Cost of Failure & Responsiveness
- **Goal:** Peace
- No Competition
- Focused Strategy

Supply Chain Core Activities



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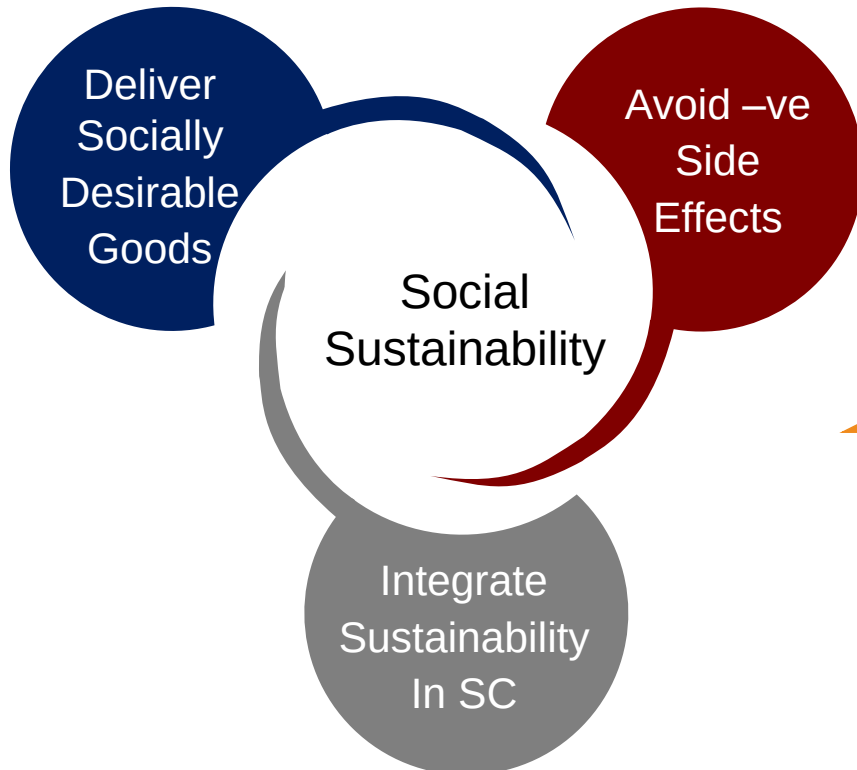
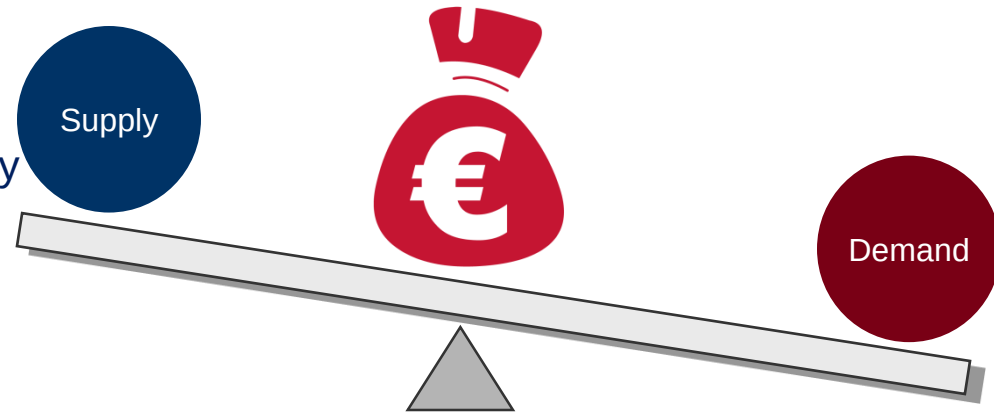
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Supply Chain Management

Supply chain Management — The design, planning, execution, control, and monitoring of supply chain activities integrating all nodes in supply chain, using different **approaches / models / strategies** with the objective of

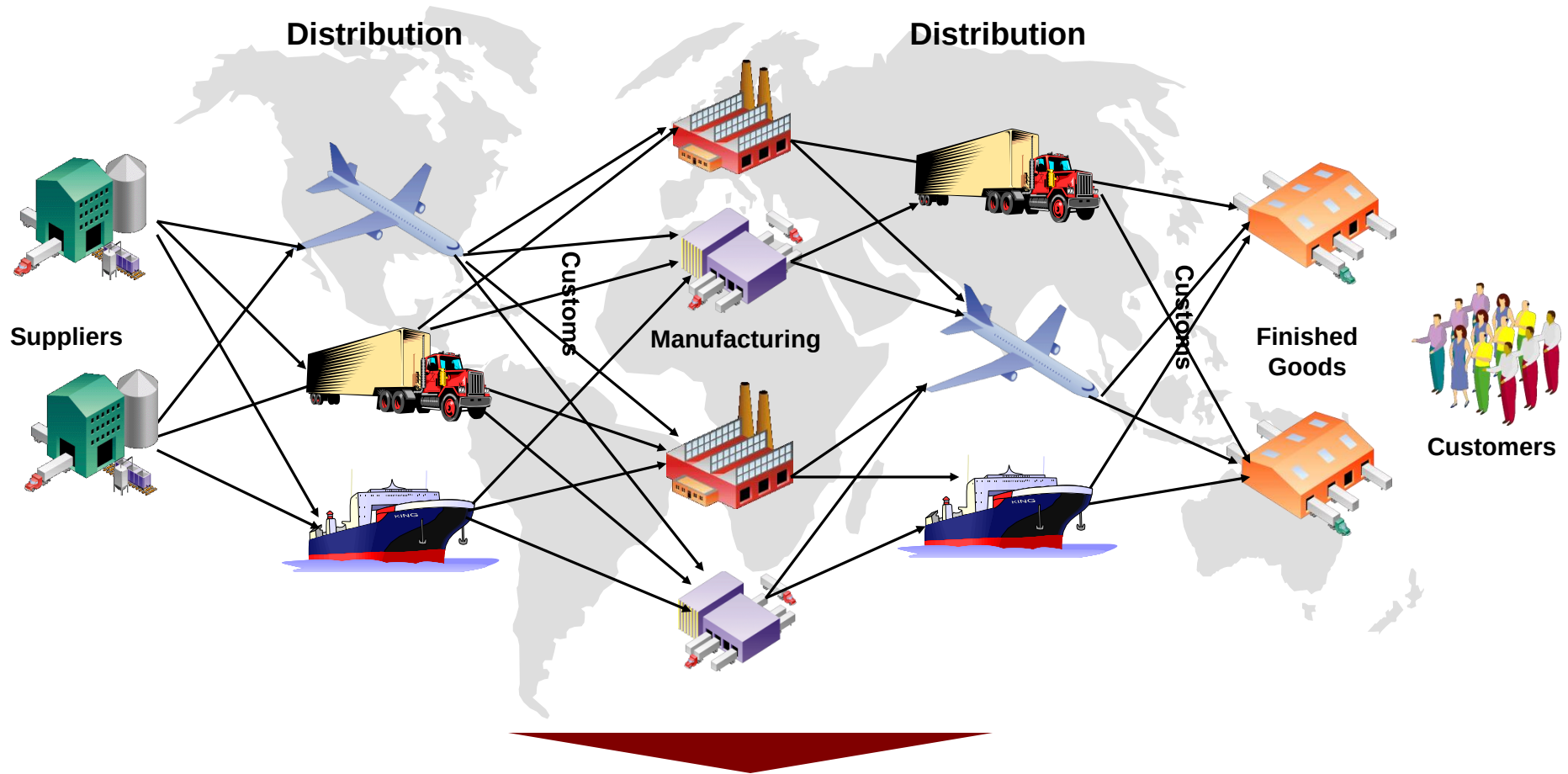
- 1) Orchestrating **supply** with **demand**
- 2) Creating Net Financial Value & Sustainability
- 3) Creating Customer Value & Sustainability
- 4) Creating Social Value and Sustainability.



Quality Affordability Availability Service Sustainability



Supply Chain Management Issues



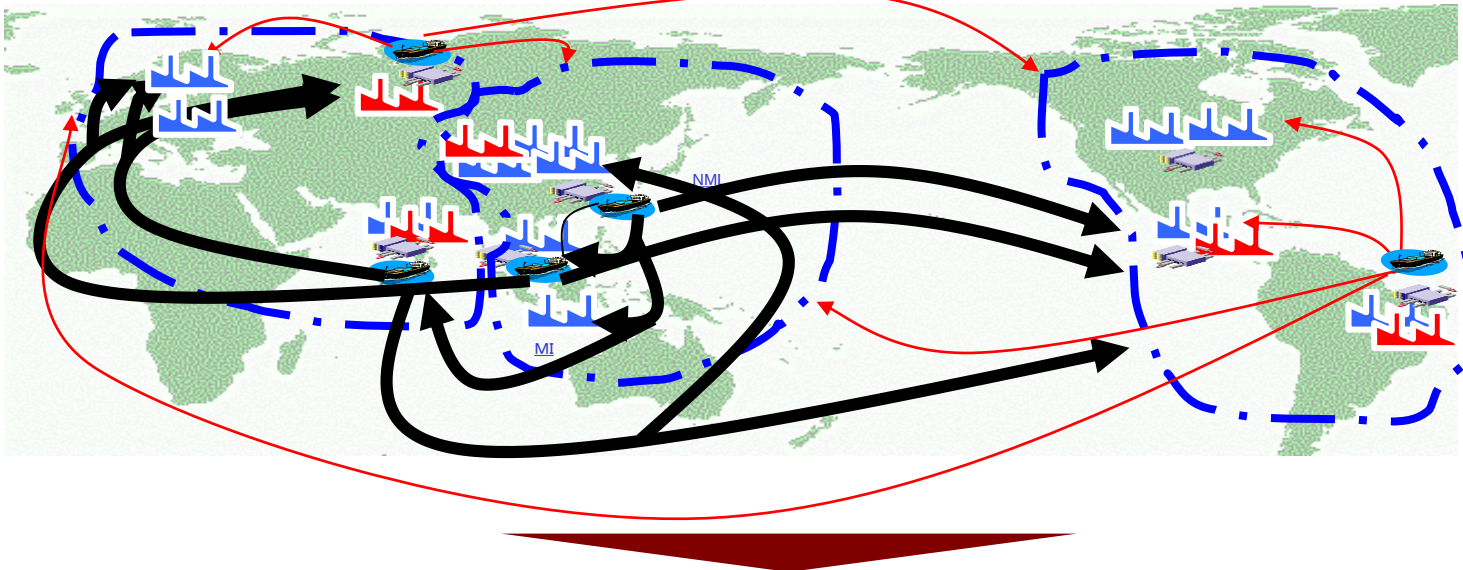
Globalization + Localization = Glocalization

Supply Chain Management Issues



- Fierce Dynamic Global competition
- Complex Economic, government, and regulatory influences
- Variable & Changing Customer expectations

HCC --->LCC Sourcing Expansion



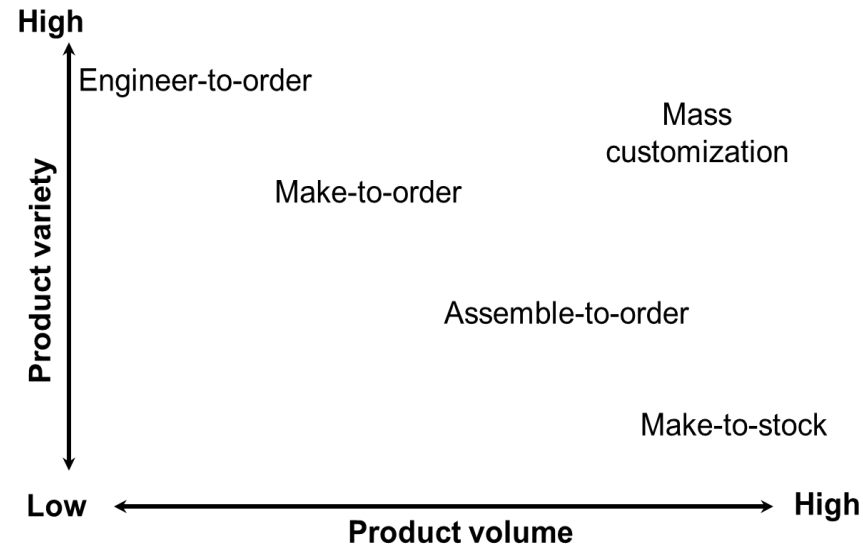
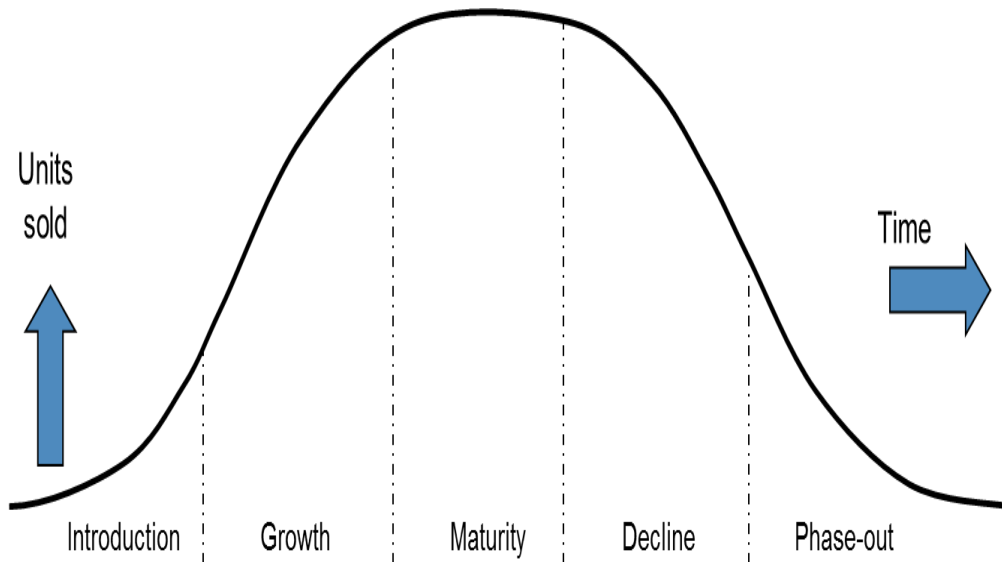
Complexity

Tough Competition

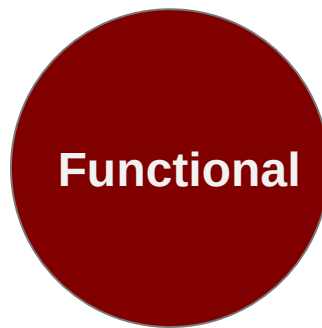
Variabilities

Supply Risk

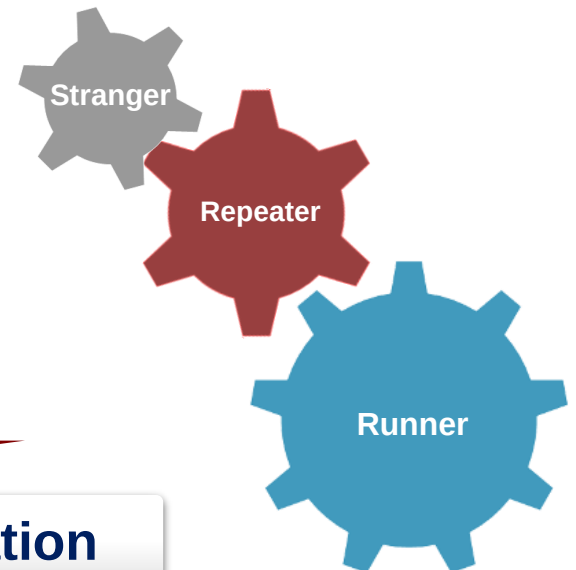
Supply Chain Management Issues



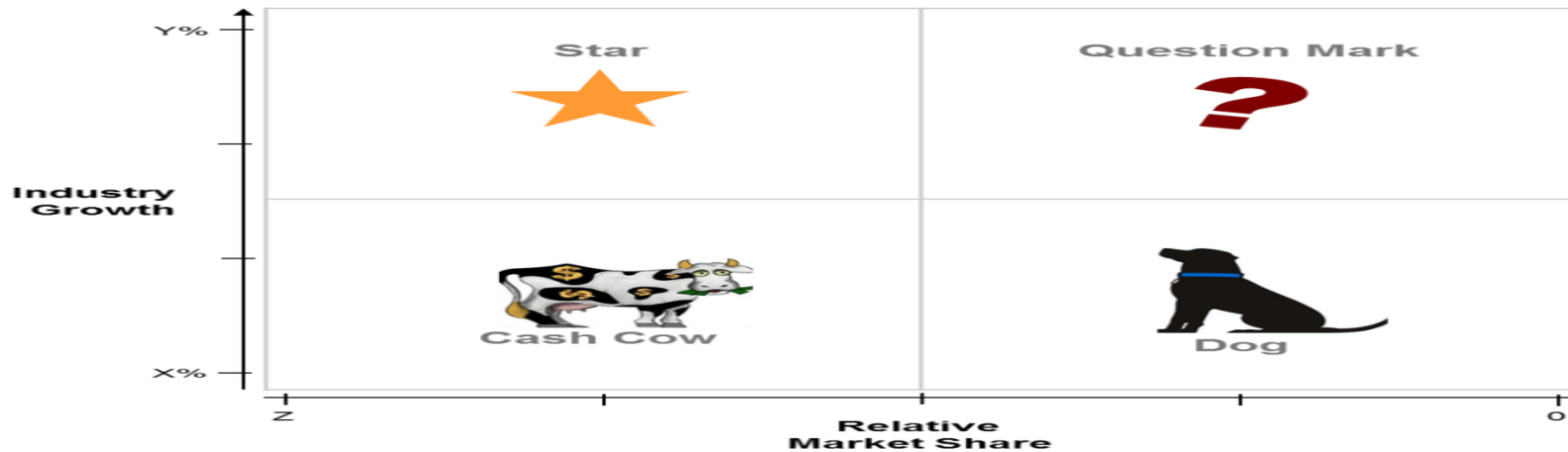
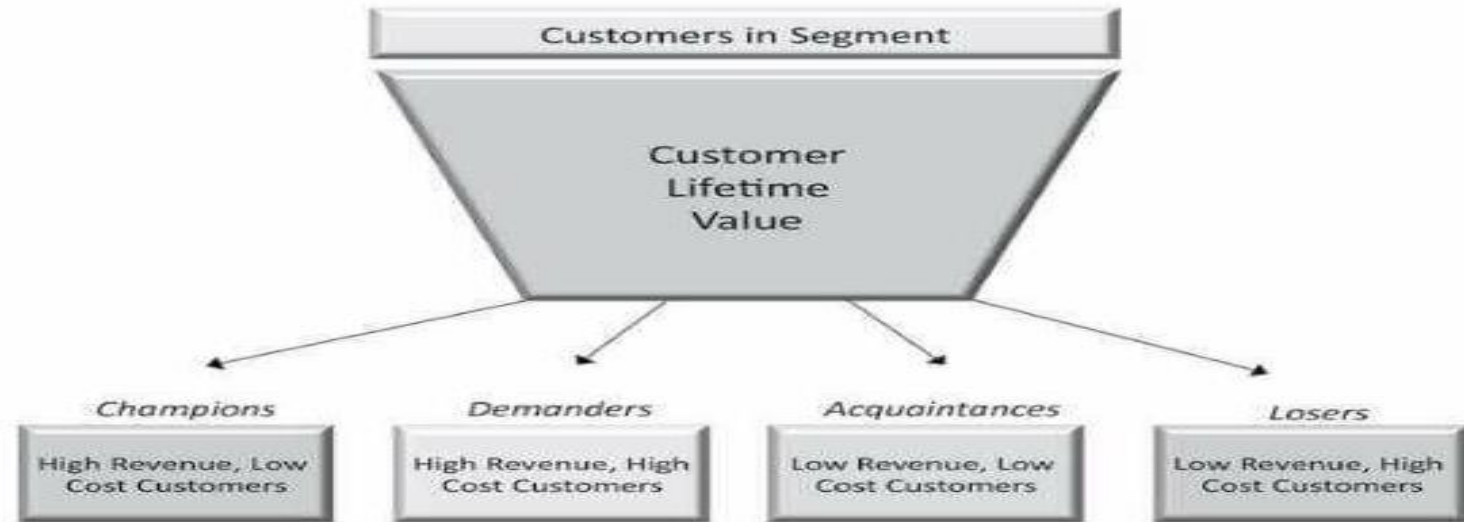
VS.



High Level of Differentiation



Supply Chain Management Issues

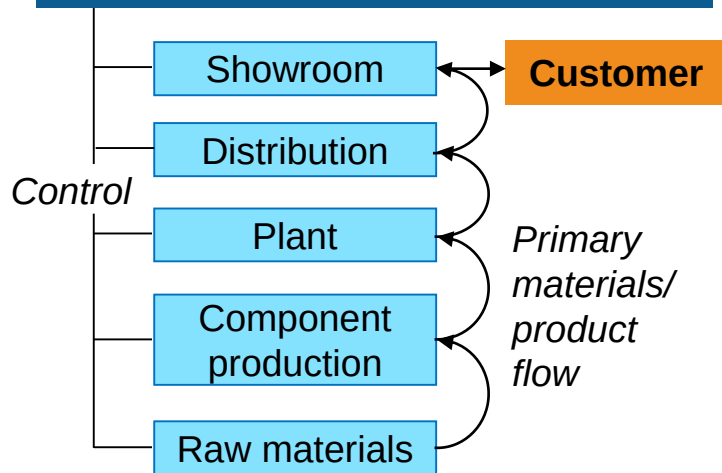


High Level of Differentiation

Supply Chain Management Issues

Vertical Integration

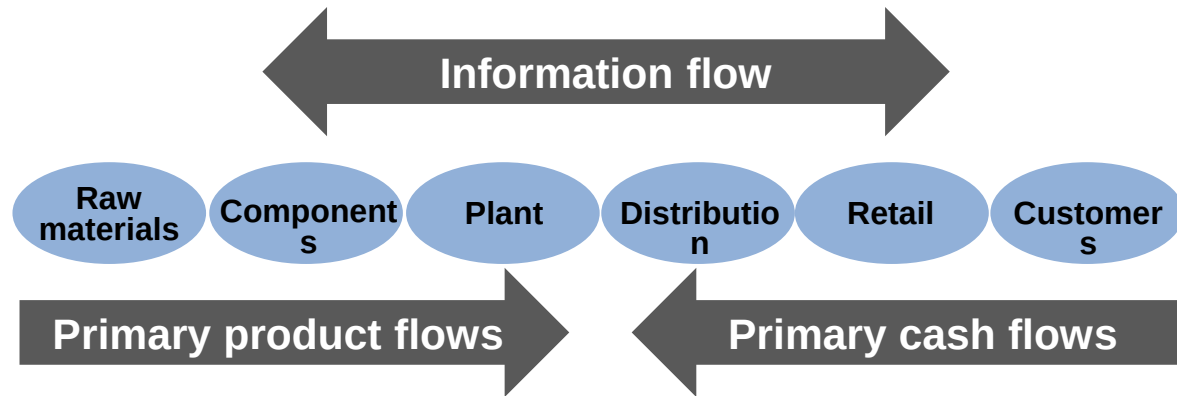
Integrated automotive company:
ownership, management,
marketing/sales, finance



Benefits

- No dealing with competitors for supplies, etc.
- Enhanced visibility into operations
- Same ownership and management for all activities in supply chain

Horizontal Integration

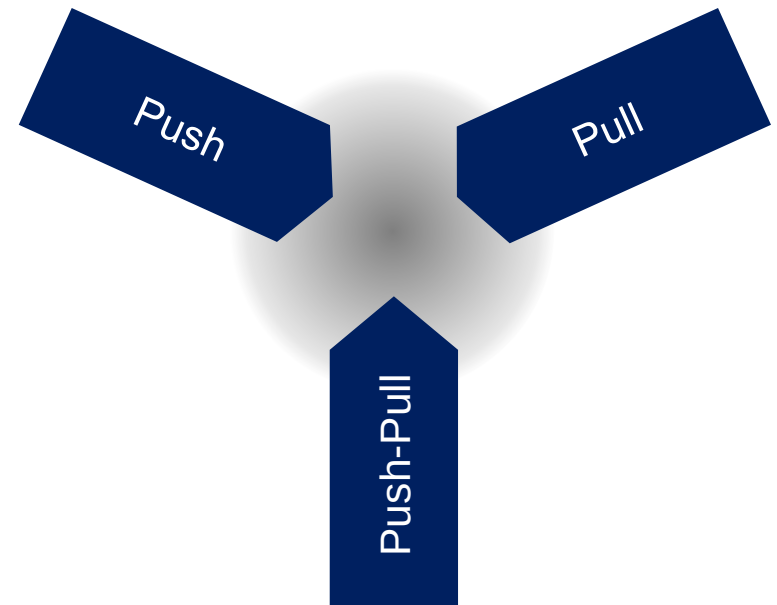
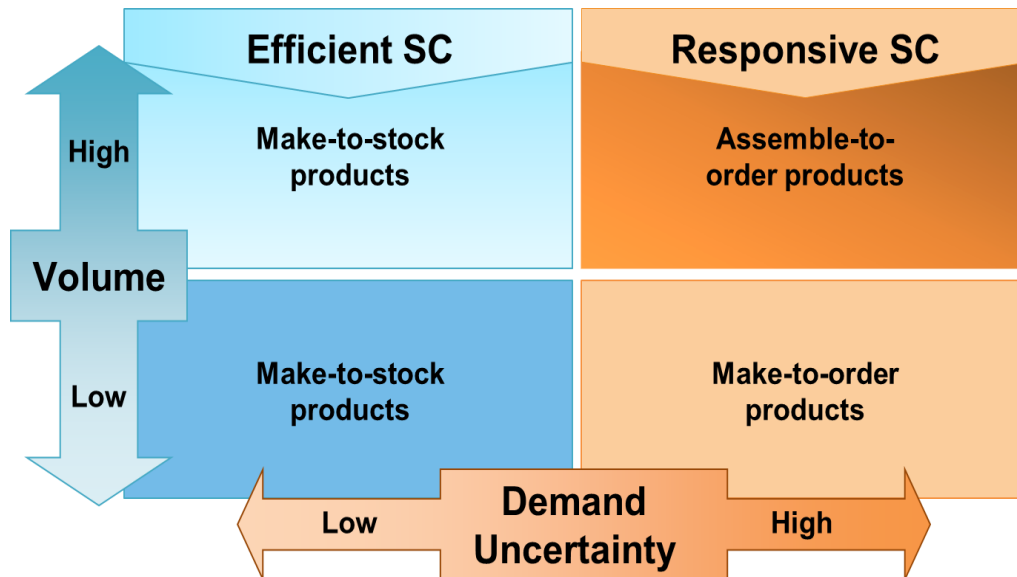
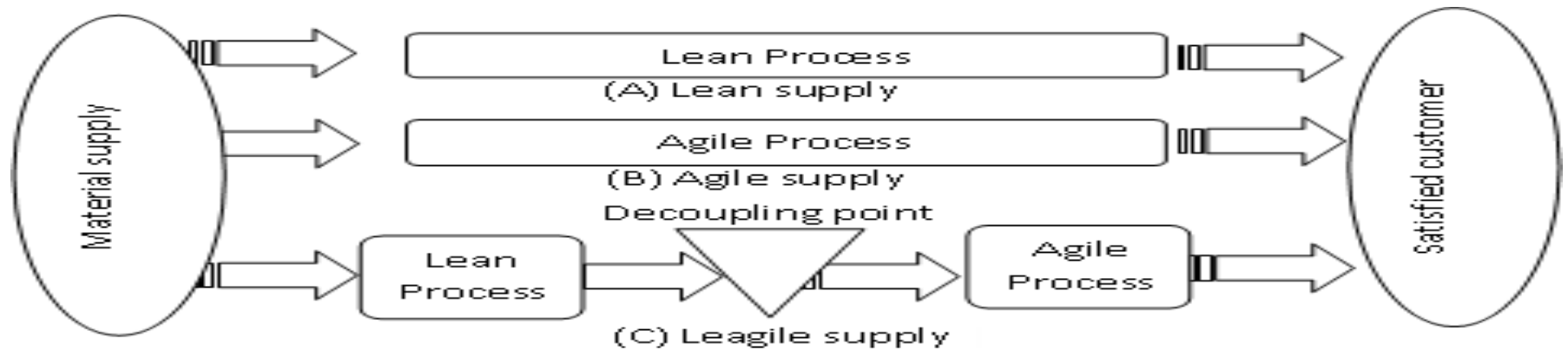


Benefits

- Economies of scale and scope
- Improved business focus
- Leveraging communication and production competencies

Different Types of Integration

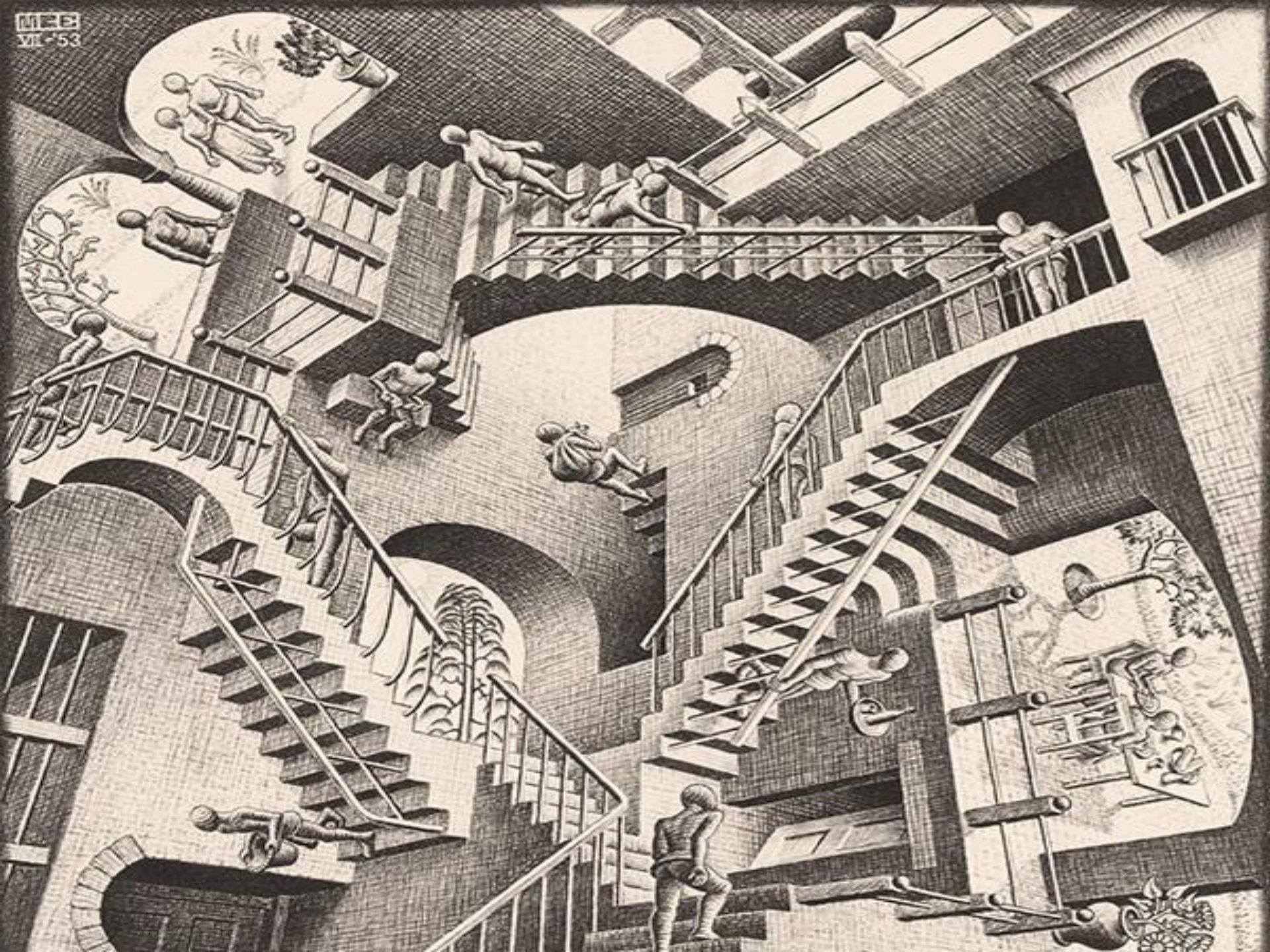
Supply Chain Management Issues



Different SC Strategies aligned with business Strategies

Supply Chain Game ..! “Synchronization”





VUCA

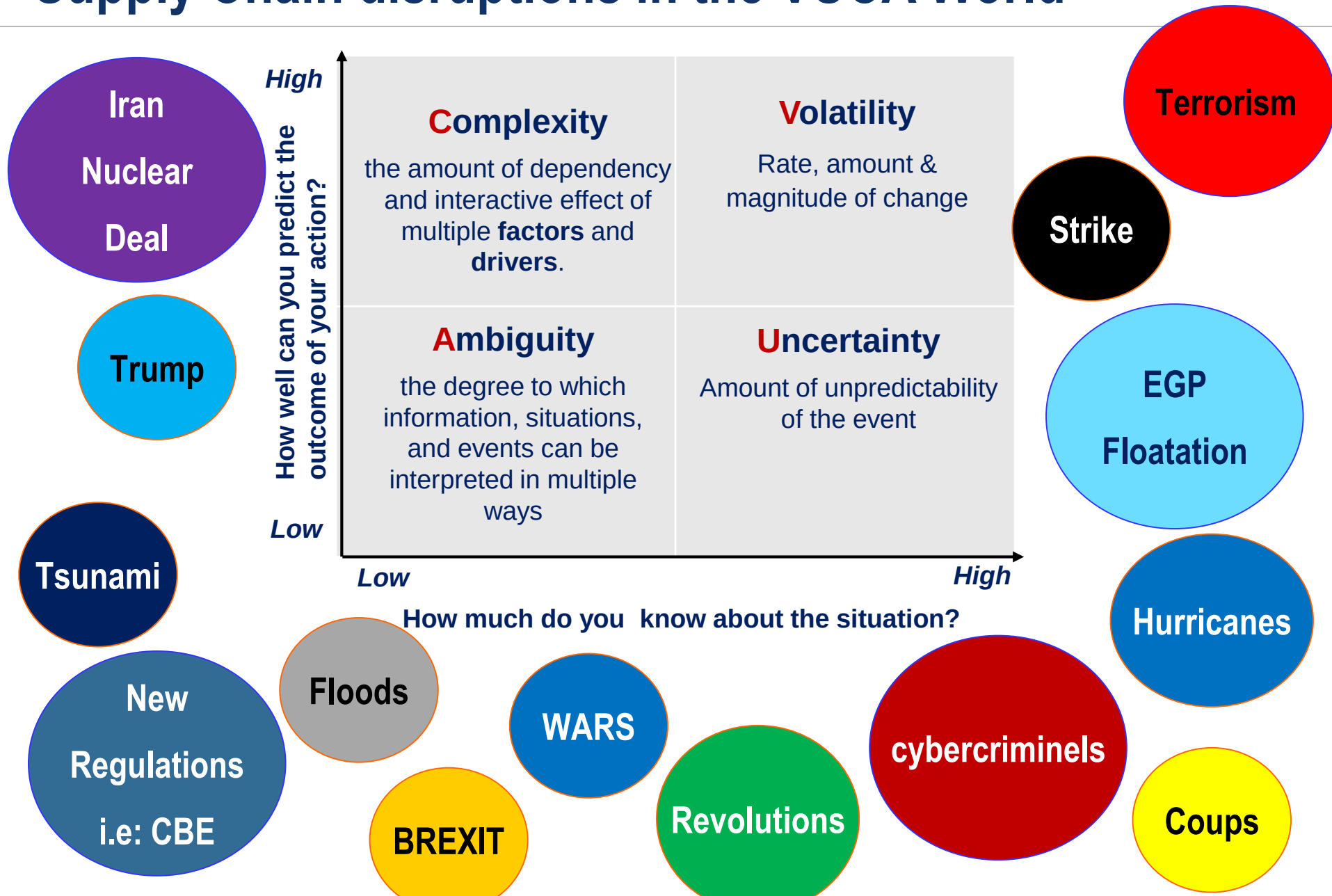


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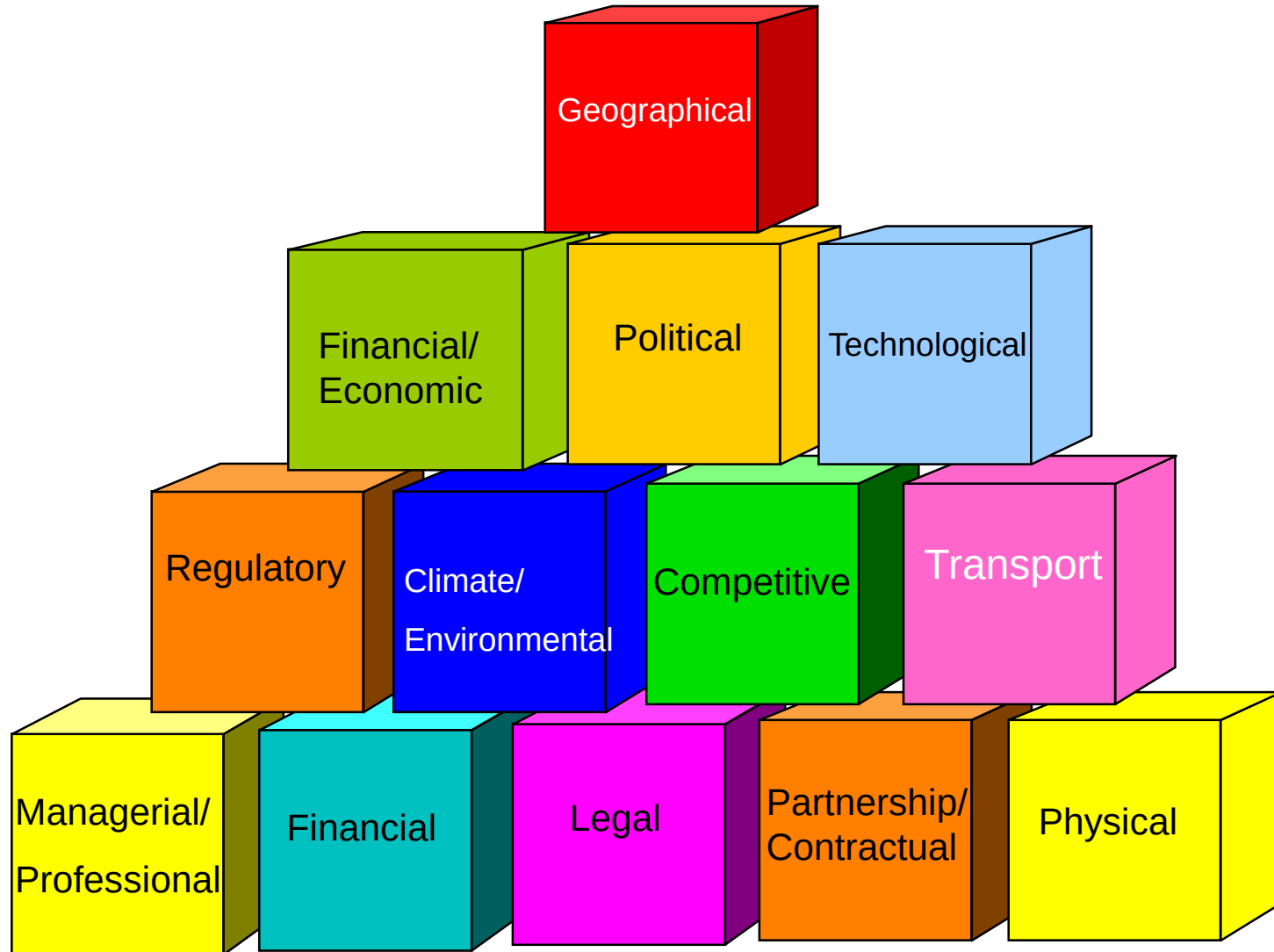


Supply Chain disruptions in the VUCA World



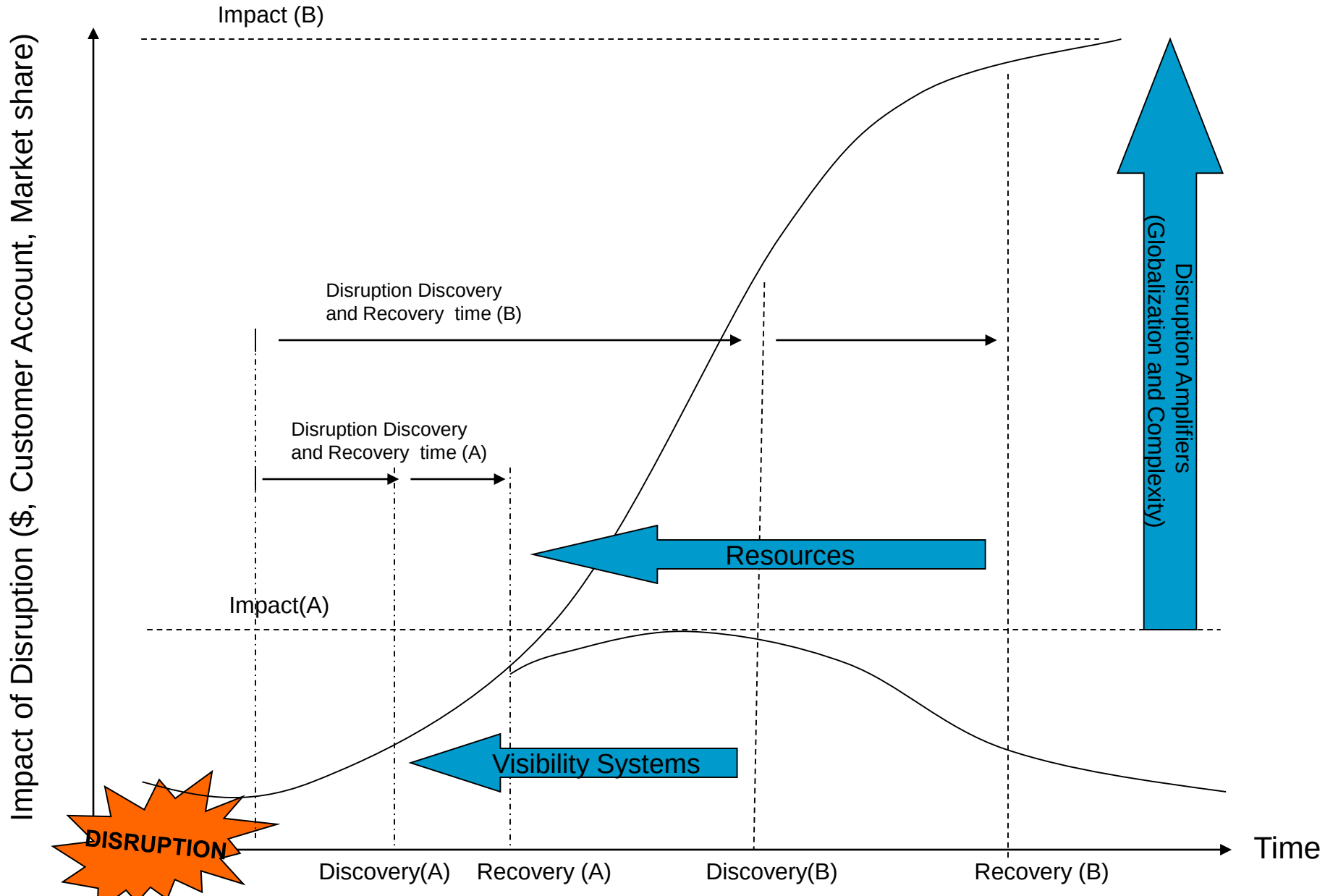
Supply Chain disruptions

Disruption is disturbance or problems which interrupt a SC event, activity, or process



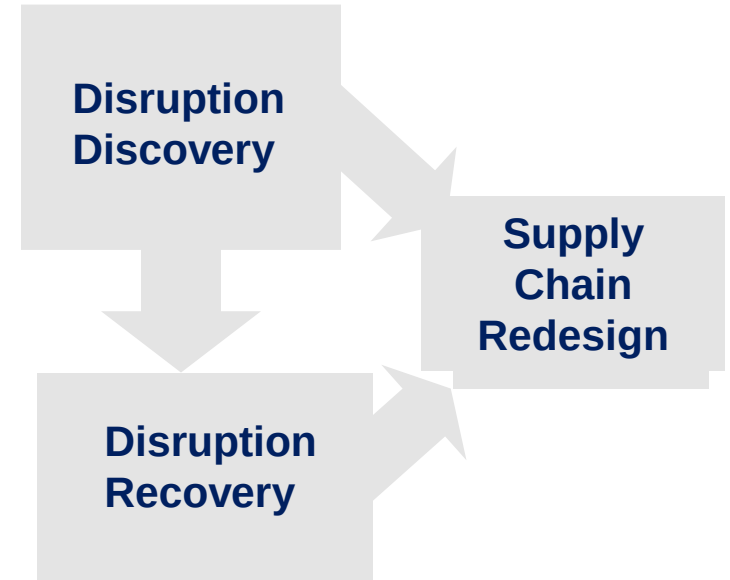
Sources of Disruptions

Supply Chain Disruption Discovery & Recovery Scenarios



Supply Chain Disruptions Management

- **Disruption Discovery:** What type of detection / intelligence does a firm need to detect disruptions?
(Sudden / Anticipated)
- **Disruption Recovery:** Once the disruption is discovered, how does a firm effectively recover from a disruption? (Reactive / Proactive)
- **Supply Chain Redesign:** How can a company strategically re-design its supply chain over time to become more resilient and avoid or easily mitigate future disruptions?



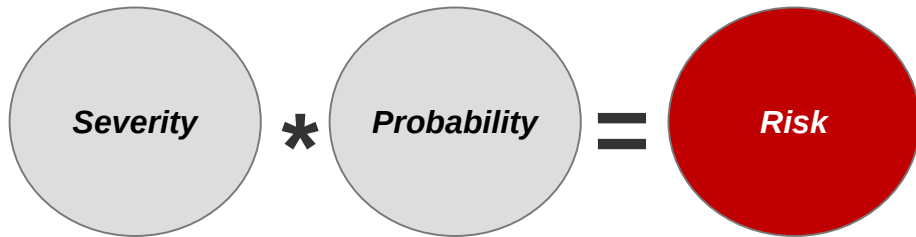
Supply Chain Disruptions Triad

Discovery	Recovery	Redesign
– Understanding current status of supply chain internally & externally and vertically & horizontally – Example: Weekly updates by region on political issues, carrier issues, vendors, port issues – Enabler is VISIBILITY	– Reacting & Pro-acting to disruptions – Enabler is TALENTS. Alternative RESOURCES, Risk Mitigation Plans in Place	– Enabler is Collaboration. SC Intelligence, Supply Chain Security

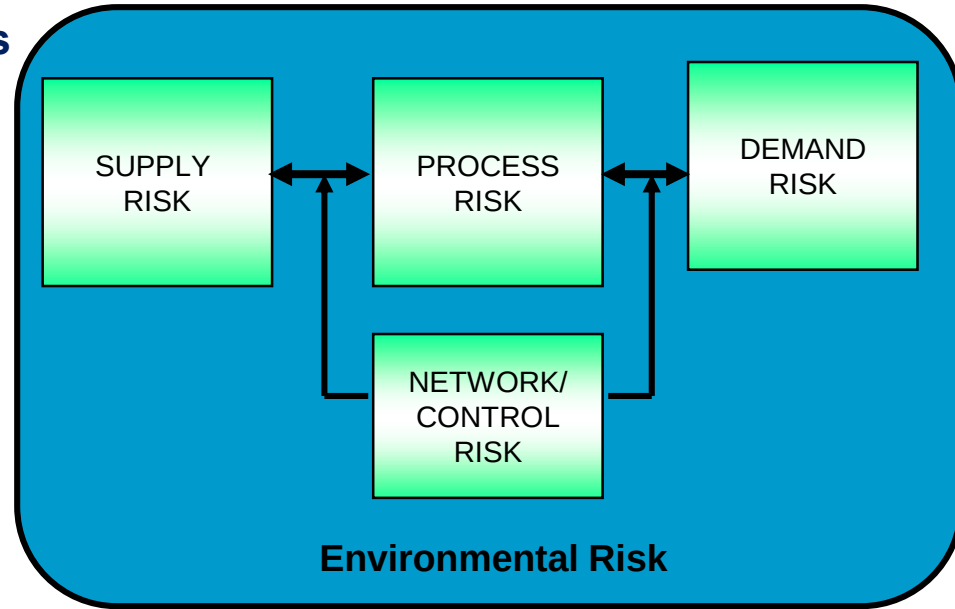
Supply Chain Risks

Risk is the probability of an unwanted outcome happening

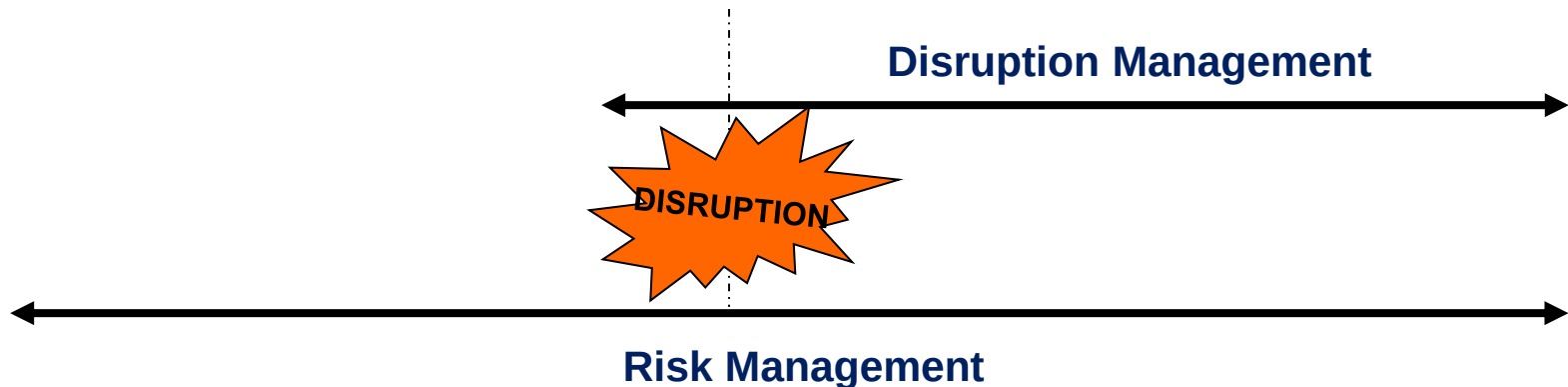
- It's **Impossible to contain all types of risks**
- Risk Management is a **proactive** activity
- Environmental risks are outside our control, but systemic risk is created through our own decisions



Risks Formula

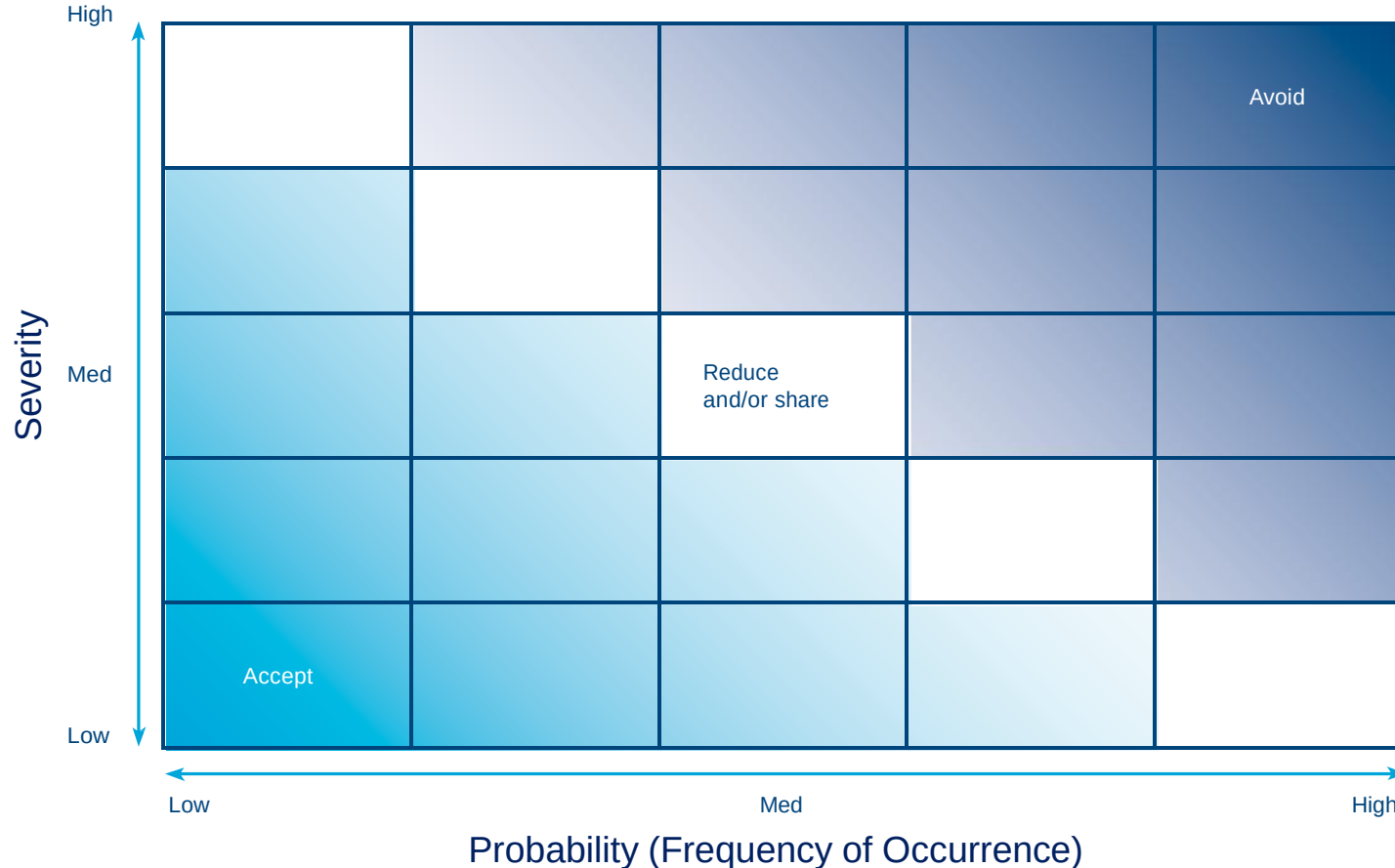


Risks Location in SC



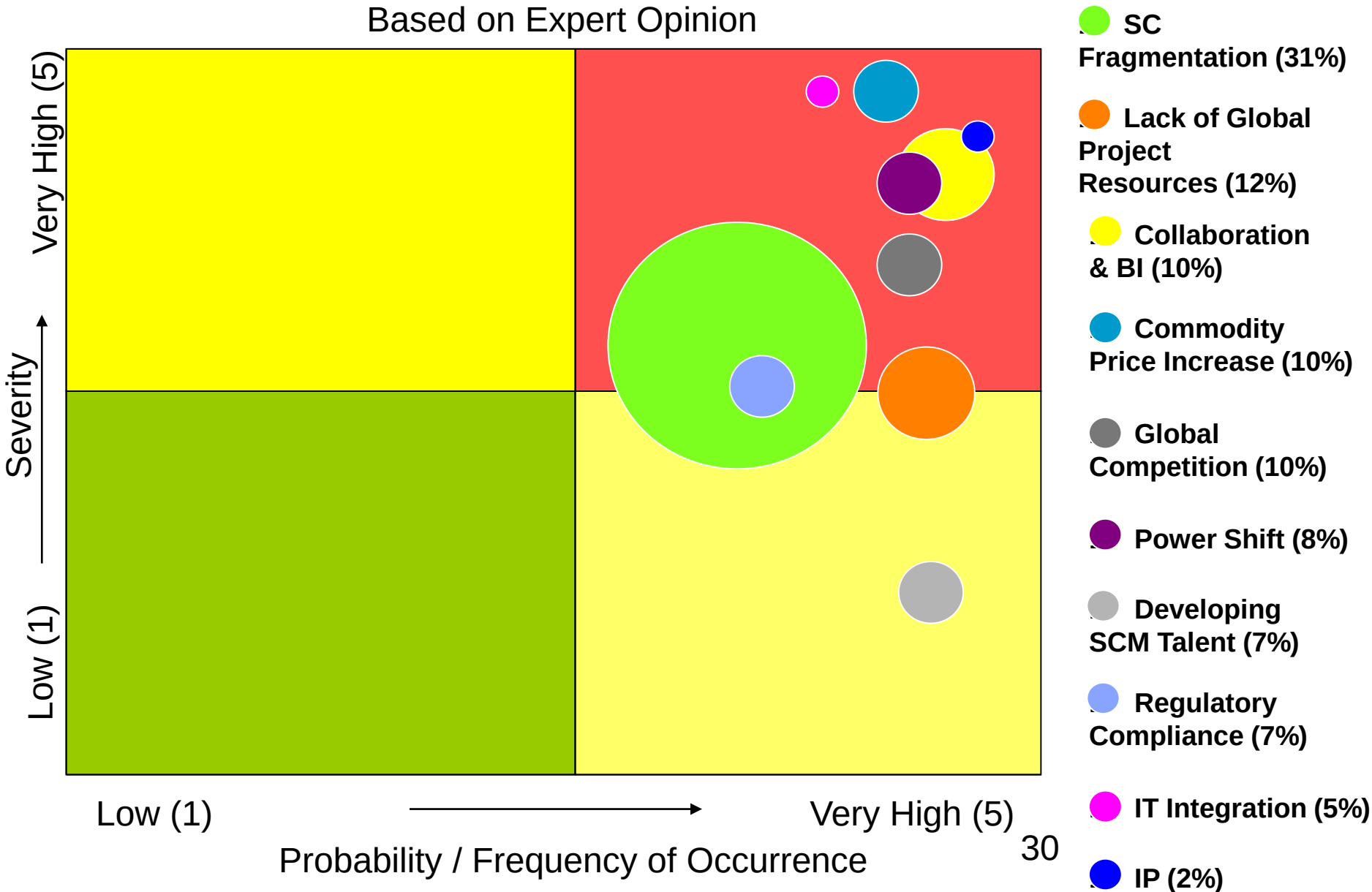
Supply Chain Risk Management

Risk Management is systematically setting the best course of action under uncertainty by identifying, assessing, understanding, acting on and communicating risk issues



Stats (USA) on Supply Chain Risks

Based on Expert Opinion



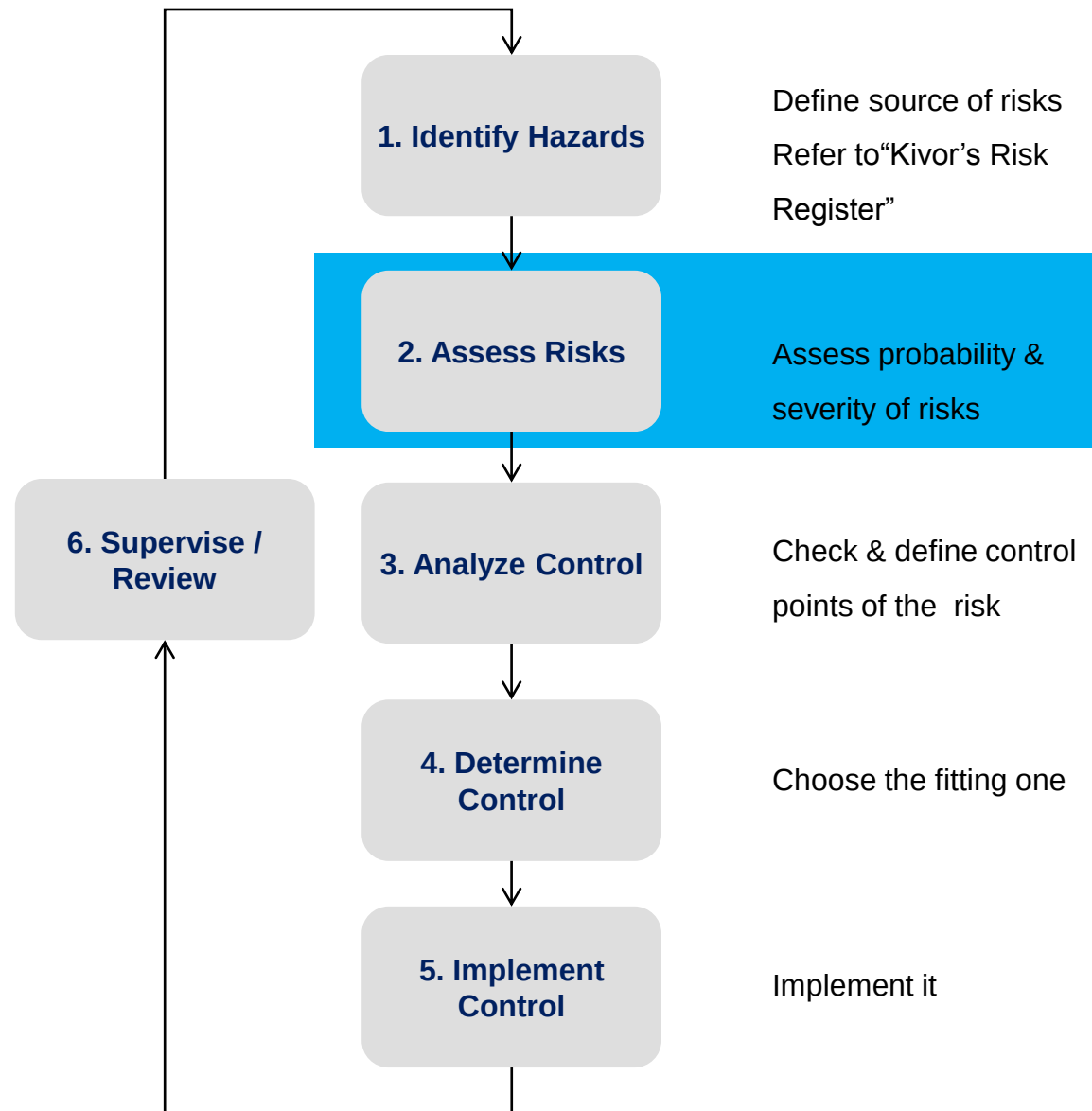
Supply Chain Risk Management

**Neither Disruption
management nor Risk
management best fit the
VUCA world**

But

**A characteristic needed to
be added to your supply
chain**

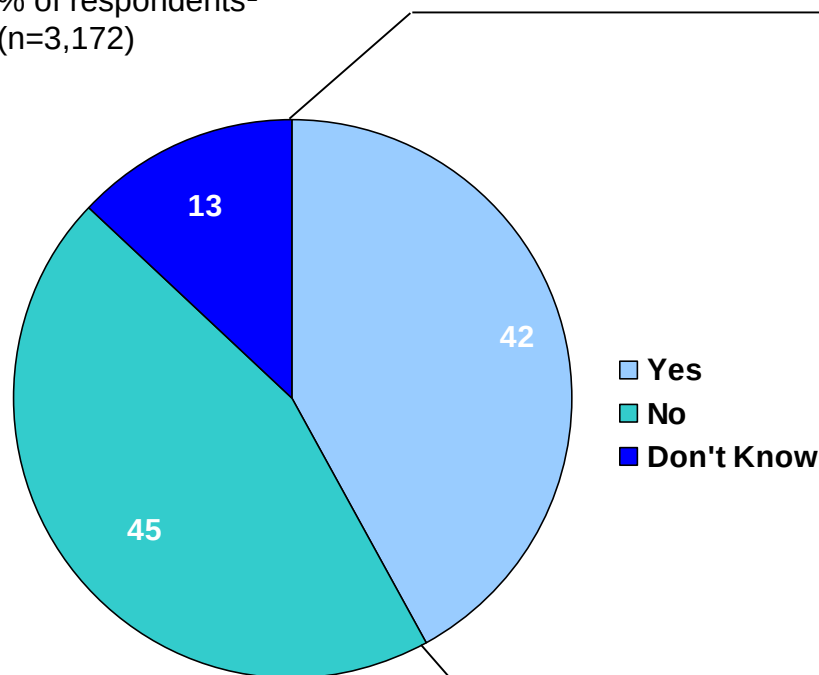
**It's
RESILIENCE...!**



Stats (USA) on Supply Chain Risks

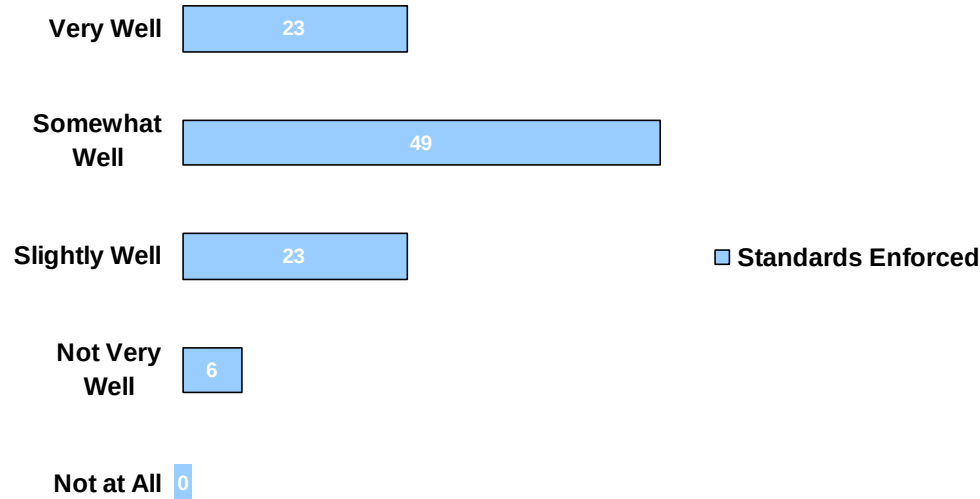
Does your company have in place corporate standards and practices for overseeing the **mitigation of supply chain risk**?

% of respondents¹
(n=3,172)



How **strictly enforced** are those standards and practices?

(n=1,301)²

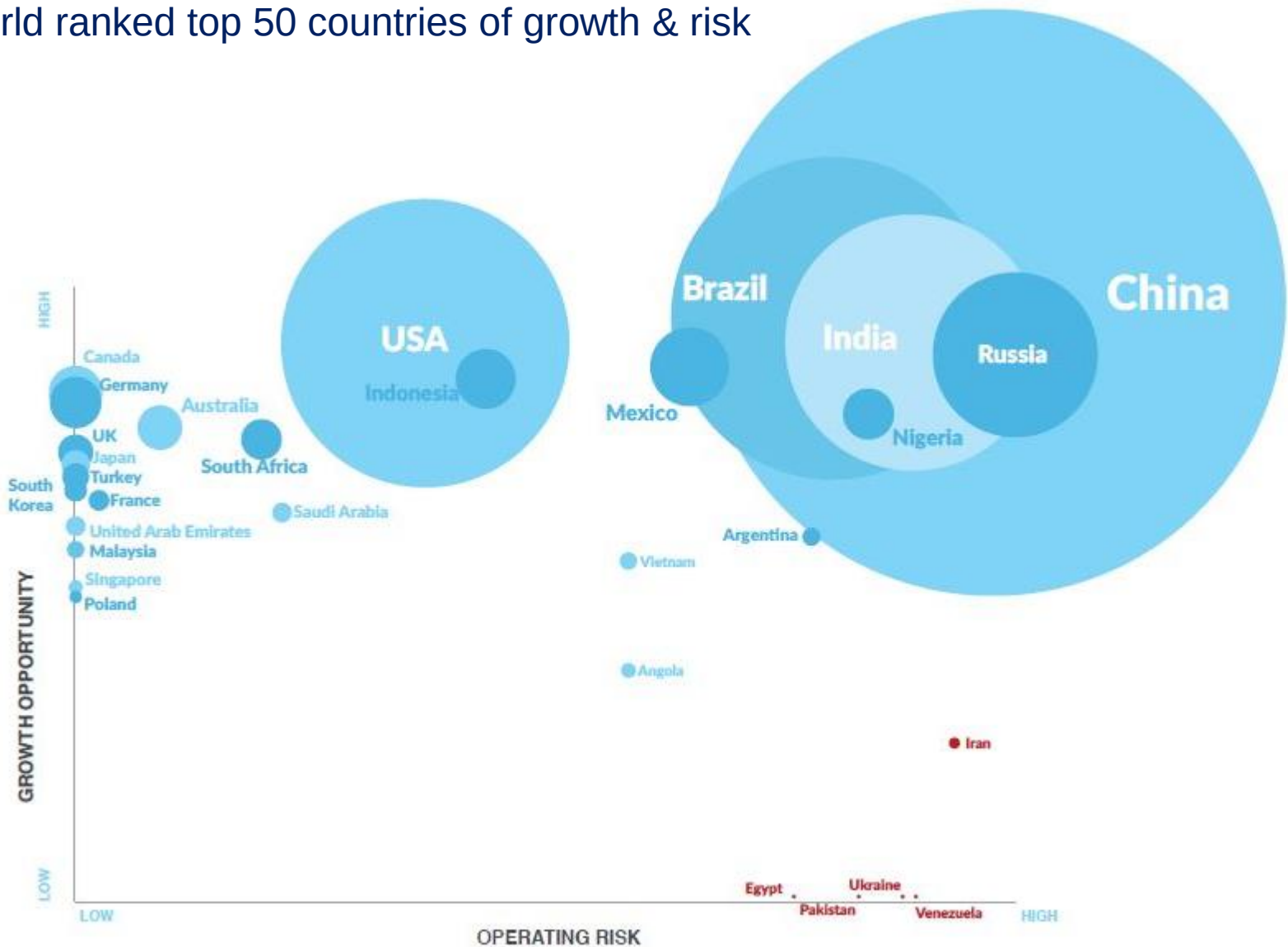


¹ All data weighted by GDP of constituent countries;

² Figures do not sum to 100%, because of rounding; excludes respondents who answered "don't know."

Stats on Supply Chain Risks

SCM World ranked top 50 countries of growth & risk



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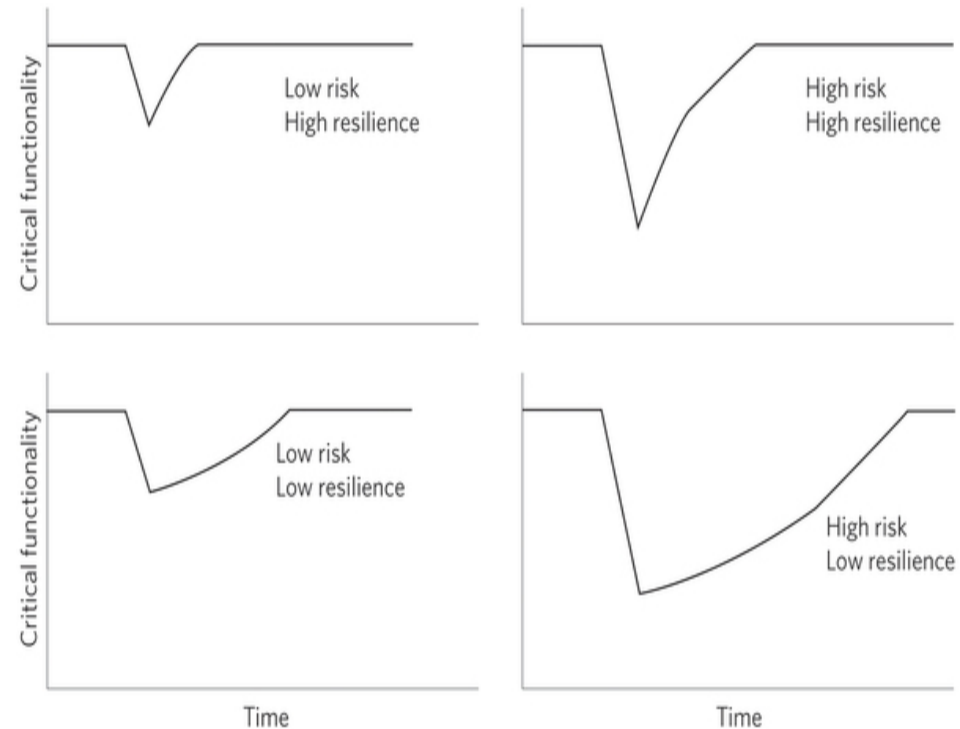
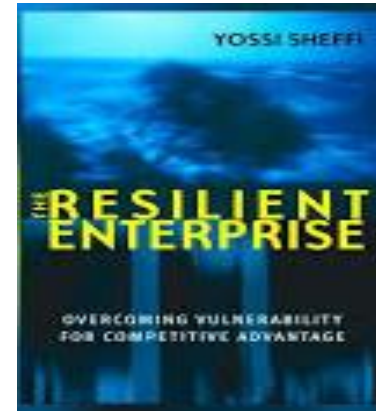
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Supply Chain Resilience

Supply Chain Resilience is

- Containment of disruption and recovery from it
- Ability of a system to return to its original state or move to a new desirable state after being disturbed



Supply Chain Resilience

Business World getting More Tough & Rough

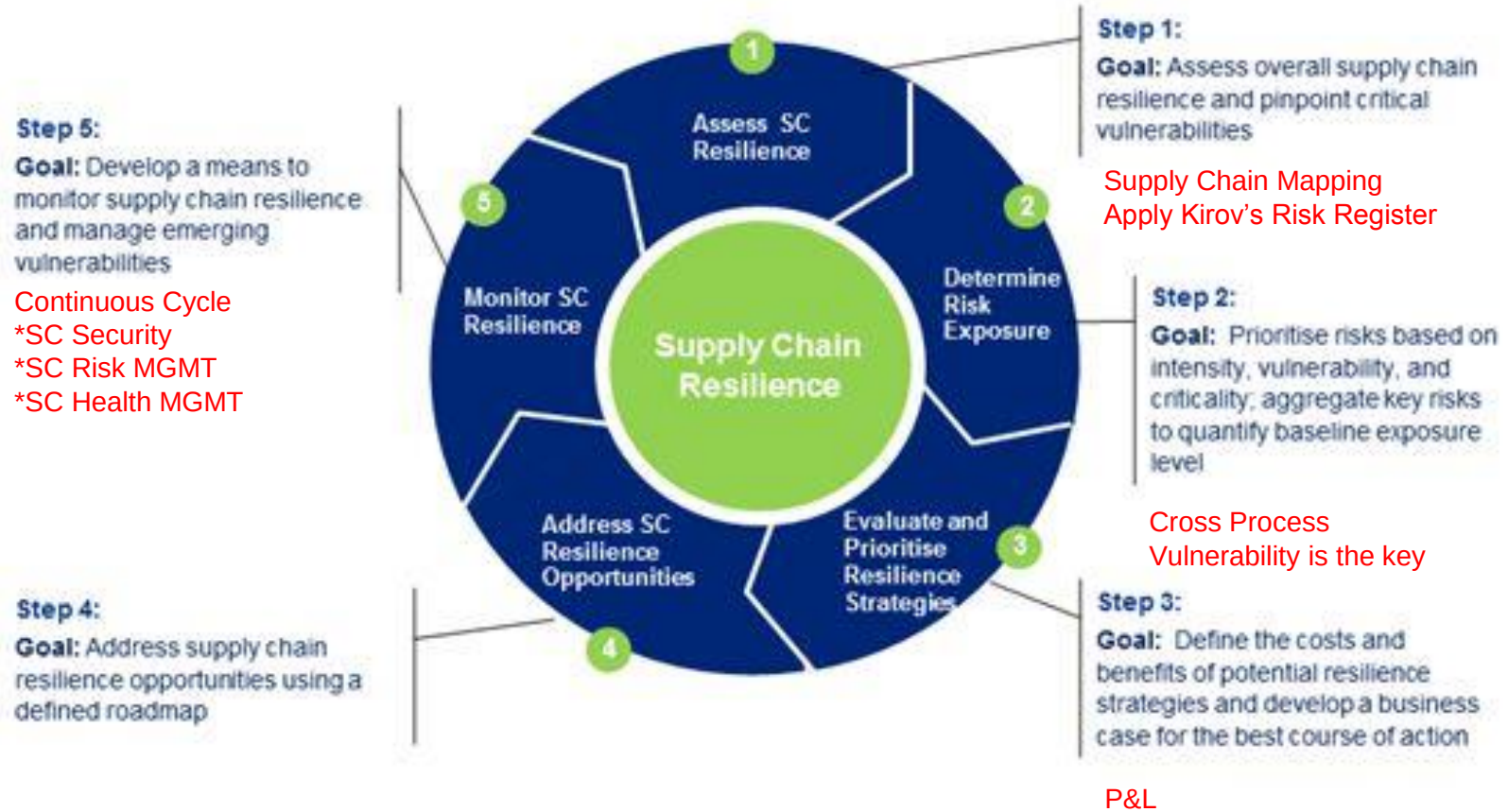
Supply Chain Management game getting Harder

**Pressure to save money, be leaner, be ethical, outsourcing increases,
globalization extends, complexity increases**

So, Vulnerability Increases..!

So, Resilience became a necessity..!

Supply Chain Resilience Building



Resilient Supply Chain Behavior (4Rs)

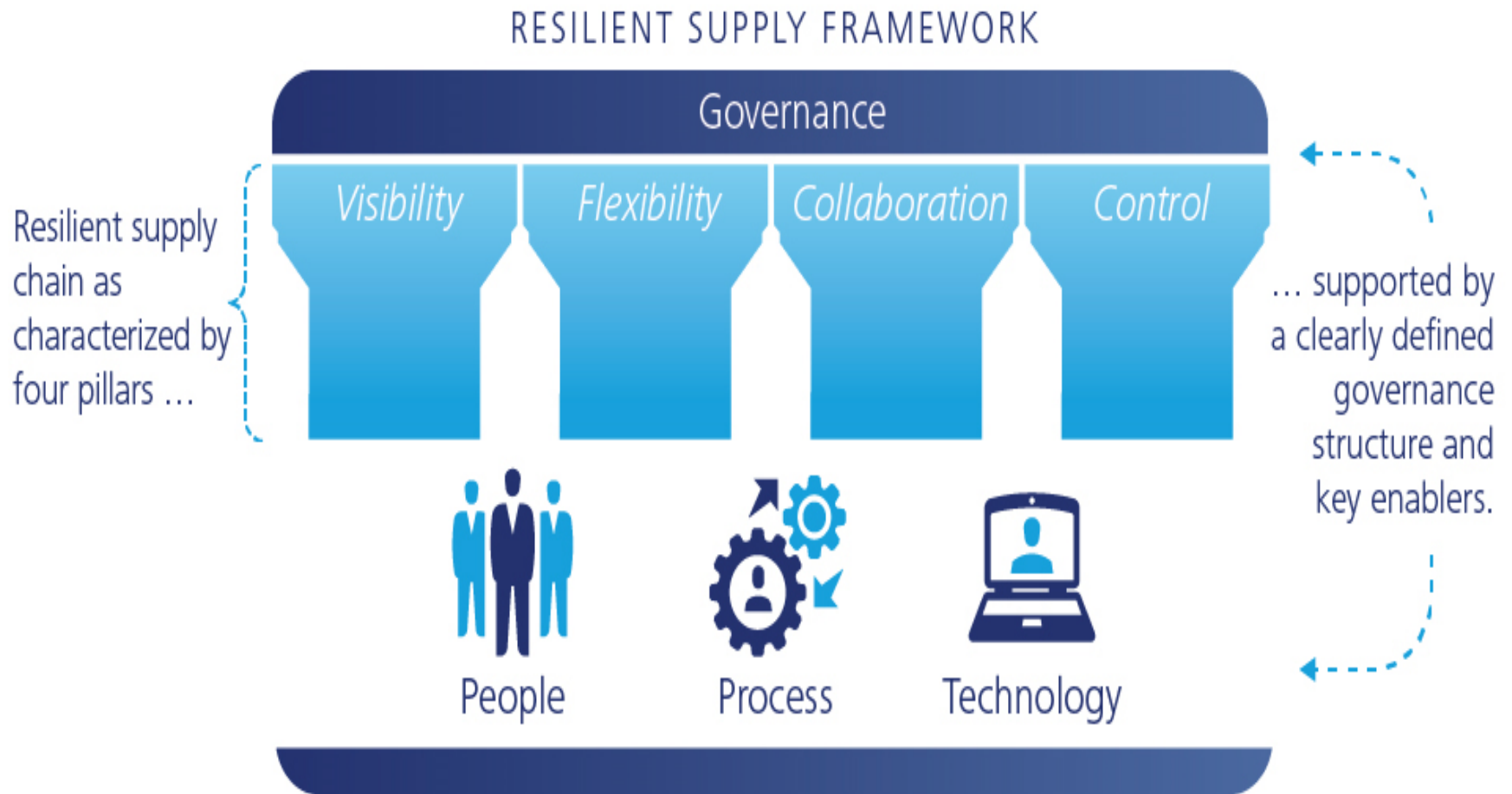


Resilient **organisations**



Resilient **supply chains**

Supply Chain Resilience Framework





Tim Cook
CEO - Apple Inc.
(2011 – Till Now)

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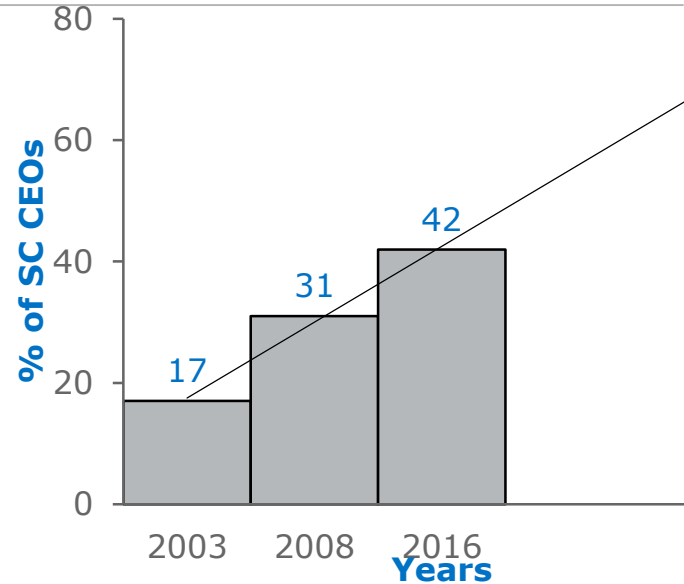


Tim Cook ! “The Integrated SC Leaders” in Points

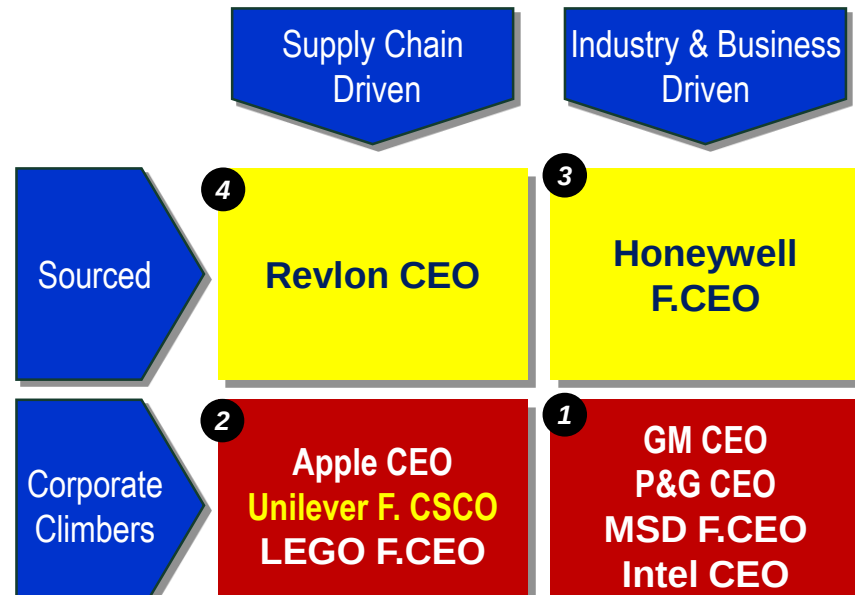
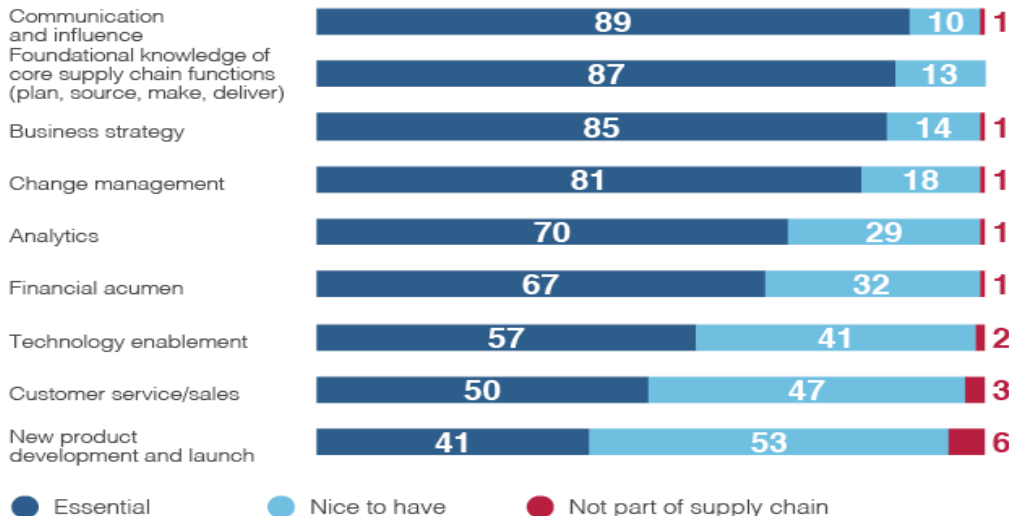
- American, born in 1960 and graduated from *Auburn University* in **industrial engineering** division
- Got his MBA from *Duke University*
- Joined **IBM** and spent 12 years to be North America Manufacturing & Distribution Director
- Joined **Intelligent Electronics** as Corporate **COO**
- Joined **Compaq** as **VP for Supply Chain**
- Joined **Apple 1998** as **VP for global operations** and worked with Steve Jobs on his return
- **Promoted** to Lead all global sales & operations then Apple **COO**.
- **In 2011, named as Apple Inc. Chairman & CEO after Steve Jobs Death**
- Within his tenure in Apple,
 - a. Tim redesigned Apple supply chain and closes / opened factories, outsources operations, reduced supplier network from 100 to 24, closed 10 warehouses, established long term supplier partnerships, shifted operations from USA (HCC) to China (LCC) and reduced inventory days from 2 months to 3 days. “He treated Apple products like **dairy business**”
 - b. Apple considered as **No.1 and master of supply chain globally according to Gartner since 2007 till now**
 - c. In **2016, Apple is the most profitable company**

From Supply Chain Management to CEO..!

- The game changed after 2008 financial crises with support of globalization, Complexity & Digitization
- World Economic Forum recently points out, the CSCO makes a great choice in determining tomorrow's CEOs
- Evolution of **Integrated SCM** "Development to Delivery" view
- CSCOs control more than **50% of company annual spending** and **66% of employees are reporting to him**
- They are multi-skilled and see beyond the horizon
- **In 2016, 33% of CEOs are Engineers**



Source: Spencerstuart & Crist/Kolder Associates



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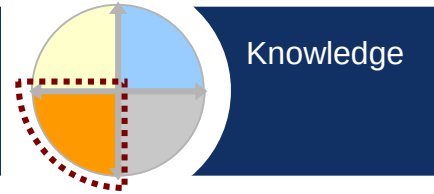
Integrated Supply Chain Professional Characteristics



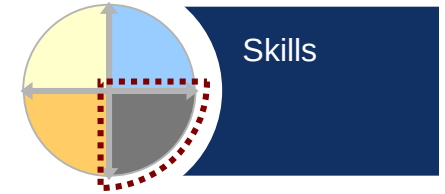
- E2E SC Experience
- S&OP Management
- Supplier Development
- Logistics Management
- Green / Sustainable SC
- Project Management
- SC Performance Management
- CFT Oriented
- System Thinking



- Written / Verbal Communication
- Influencing / Inspiring Leader
- Negotiator
- Analytical
- Cold in Crises
- Integrity
- Challenging Spirit
- Ownership Spirit
- Innovative



- OpEx (Lean, TQM, 6 Sigma, TOC, WCM)
- Negotiation
- Regulations
- Politics
- Business Oriented
- Finance
- Marketing / Sales
- Economy
- Data Driven



- People Manager
- Strategist
- Executor
- Coach
- Conflict Resolution
- Partnership Builder
- Customer Centric
- Personal Effectiveness
- Productive than minute
- Emotional Intelligence
- Goal Oriented



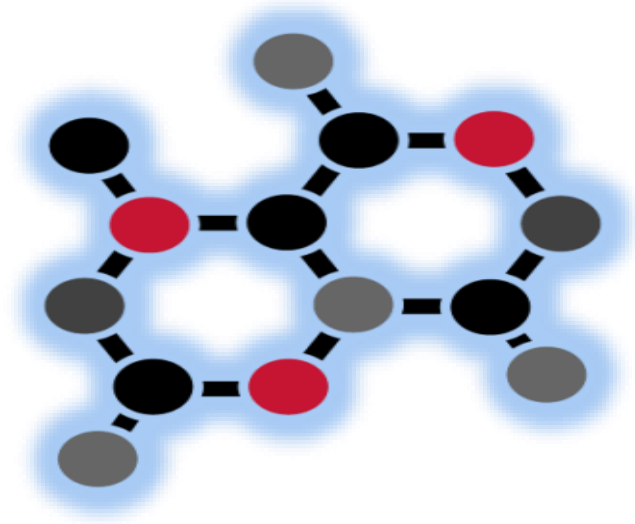
Never-Ending Development
CR7



THANKS!

Any Questions?

Connect



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