The People Link in the Supply Chain

Dr Dinesh Kumar
INTRODUCTION

Dinesh Kumar is a partner with SMC, a firm focused on providing operations (supply chain and procurement) strategic advisory and support services. Prior to SMC, Dinesh has led practices such as consumer goods/retail and operations practices. In addition, Dinesh has held leadership positions at Roland Berger, Accenture and KPMG.

Dinesh has 24+ years of expert and leadership experience in supply chain and procurement. In the capacity of an advisor, he has been involved with many multi-million dollars transformation projects, including strategic and operations excellence.

He has experience in setting up consulting practices in Americas, Europe, Africa and India. He has actively managed pre-sales, practice development and delivery portfolios. He was instrumental in establishing an Africa procurement hub with mandate on sales and delivery support for procurement engagements.

Dinesh, a CPIM and a CSCP professional from ASCM and a SCOR-P from SCC, is an invited presenter/speaker on operations strategy and management at national and international forums and journals. He has featured frequently in publications, at leadership forums and in media. Dinesh is also a guest faculty advisor for operations strategy and management at leading international business schools.
SESSION AGENDA

01 SUPPLY CHAIN
- Supply Chain in today’s context
- Evolving supply chain landscape

02 PEOPLE LINK
- Human aspect of supply chain
- Current dynamics

03 RESEARCH FINDINGS
- OMBOK framework
- Research setup and findings

04 VIEW AHEAD
- What lies ahead?
- What strategies are in place?
SESSION OBJECTIVES

1. Learn about Supply Chain Trends, current and evolving, shaping the industry; identify people impacting aspects of the supply chain

2. Learn about a relevant Research Setup; understand variables and elements of a global research study on supply chain

3. Learn steps to create a People Centric Supply Chain, supported by improved competencies and skills advantages to enable growth and support corporate goals
01. SUPPLY CHAIN
UNPREDICTABLE MARKETS

Today's complexity challenges and requirements for modern supply chains

Increasing complexity along the supply chain, e.g.
- Global operations
- Manifold partners
- Complex interrelationships
- Differing business units and functional interests
- Shorter product life cycles
- More volatile customer demand
- Real-time availability of information

Rising customer requirements

- Lead times
- COST
- Flexibility
- Reliability
- Supply chain performance as a differentiator

Commodity trap
- Increasing commoditization of products
- Differentiation via supply chain performance

Industry 4.0
- Preparation for "lot size one"
- Use of new technologies
SEVERE EVENTS

Examples of risk events highly disruptive to supply chains, 2019-2022

- US and Chinese trade war and tariff increases
- Coronavirus outbreak
- Semiconductor shortage
- Flooding in Europe/China, Wildfires in US/AUS
- Congestion at major ports in US & China
- Stuck container ship causes Suez blockage
- Packaging materials shortage
- Raw materials shortages
- Shipping delays
- Runaway inflation
- Russian invasion of Ukraine
- Record prices of oil/commodities
- Major weather events (Due to climate change)

Source: RiskMethod
CHALLENGES & EXPECTATIONS

Supply chain challenges and outlook overview

Pressure points faced by supply chains

1. Poor Response Times
2. Lack of Visibility
3. Conflicting Priorities
4. Supply Chain Disruptions
5. Inefficient Fulfillment Model
6. Inflexible Technology
7. Talent Scarcity
8. Many Repetitive Tasks

Growing expectations from supply chains

1. Enable growth
2. Increase agility
3. Deliver operational efficiency
4. Create sustainable solutions

1) Refers to enterprise technology, systems and IT
The new normal in supply chain

The new normal ...

- **fragmented supply chains** with local warehouses/factories to increase flexibility, resilience and reduce risk to global disruption

- A radical push towards **end-to-end digitalization** from consumers back to suppliers along with integrated steering of operations

- Establishes **supply chain management as a cross-functional bracket**, coordinating individual functional requirements and capabilities

- More **responsible leadership** and approach to supply chain management, with **higher investment** in supply chain planning, operational efficiencies and digital supply chain

- Implementation of levers for supply chain **resilience and agility** to mitigate more frequent supply chain disruptions

Source: Accenture
02. PEOPLE ASPECT
SKILLS FOCUS

Supply chain management – functional deep dive

Skills key considerations
- Scarce capacity among supply chain functions
- No strategic positioning of supply chain organization
- Heterogeneous supply chain organizations
- Siloed skills and competencies
- Limited progression in ladder and cross-pollination
- Varied maturity of skills focus among supply chain functions
- High churn of planners and unharmonized incentive systems

THE LEADING EVENT IN AFRICA FOR SUPPLY CHAIN PROFESSIONALS
FURTHER TRENDS

Trends influencing supply chain skills

New business models challenge and change supply chain management

Adoption of digital technologies is accelerating...

- Internet of Things (IoT) value predicted to reach $12.5 trillion by 2030
- Annual big data analytics traffic to be more than 7.75 trillion by 2030
- Global Cloud computing traffic to be more than $1.55 trillion by 2030

Latest technological applications driving rapid transition in supply chain management

Flexport
Cloud based operating system for global trade

Semender
Digital freight forwarding

Matchory
Data based supplier analytics

Artificial Intelligence enhances collaboration and planning across all interfaces

- Next generation ERP and WMS\(^1\) as solutions for optimizing product and delivery flows in production and warehouses
- Next generation TMS\(^2\) enables autonomous driving trucks and optimized supply chain efficiency
- Connection of external databases allows inputs and insights from autonomous information sources

Automation of flows and processes expands across the entire supply chain

- Fixed and handling robots and automated processes will be vital parts of supply chains
- Each step in the value chain, from procurement to production to sales and delivery will apply dedicated solutions to leverage benefits of (process) automation

1) Warehouse management system; 2) Transportation management system

THE LEADING EVENT IN AFRICA FOR SUPPLY CHAIN PROFESSIONALS
COMPETENCY FRAMEWORK

Source: ASCM OMBOK
Research setup for the study

155 one-on-one interviews with supply chain representatives

Breakdown by role

∑ = 155 representative interviews

Breakdown by regions

∑ = 155 representative interviews
RESEARCH FINDINGS

Findings as per the competency framework

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Findings as per the competency framework

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Findings as per the competency framework

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<td>Customer relationship management</td>
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<td>Applying Lean / Six-sigma tools</td>
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RESEARCH FINDINGS...

Findings as per the competency framework

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FUNCTIONAL FINDINGS

Findings specific to the functions

* Inputs based on information collected during interviews and data analyzed
Supply chain is becoming a vertically integrated process...

...while the supply chain function occupies a more central role in the organization and is in charge of ensuring cross-functional alignment.
To uplift from current ‘basic’ maturity will require a phased approach.

Uplift Current Maturity across business functions

House in Order
Supply Chain, Procurement, Finance
- Optimize skills within individual functions
- Local deep learning and skills development
- Standardized processes

Integrated Value Chain
Supply Chain, Procurement, Finance, Sales
- Maturity levelled across the value chain
- Supported by shared analytics and reporting
- Integration with back-end progression model

Transferrable Value across Value Chain

Mature Value Chain Across Organization
- Transferable skills across functions
- Organization wide learning model
- Creation of ecosystem to drive innovation

Quick Wins focus

Outlook for the maturity up-lift

Organizations need to internally optimize within functions/internally before optimizing overall value chain.
Develop an action plan/recommendations on bringing the framework to life by launching a series of initiatives to address the framework segments.
GLOBAL PERSPECTIVE...
45th Annual SAPICS Conference
Century City Conference Centre, Cape Town, South Africa

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