



APICS2018

Supply Chain 2.0

New Developments in Supply Chain Management

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APICS 2018 Session Evaluation

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Overview

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The changing facing of supply chain

Supply Chain 1.0

Delivery oriented

Cost/Quality/On-time delivery

Tactical



Supply Chain 2.0

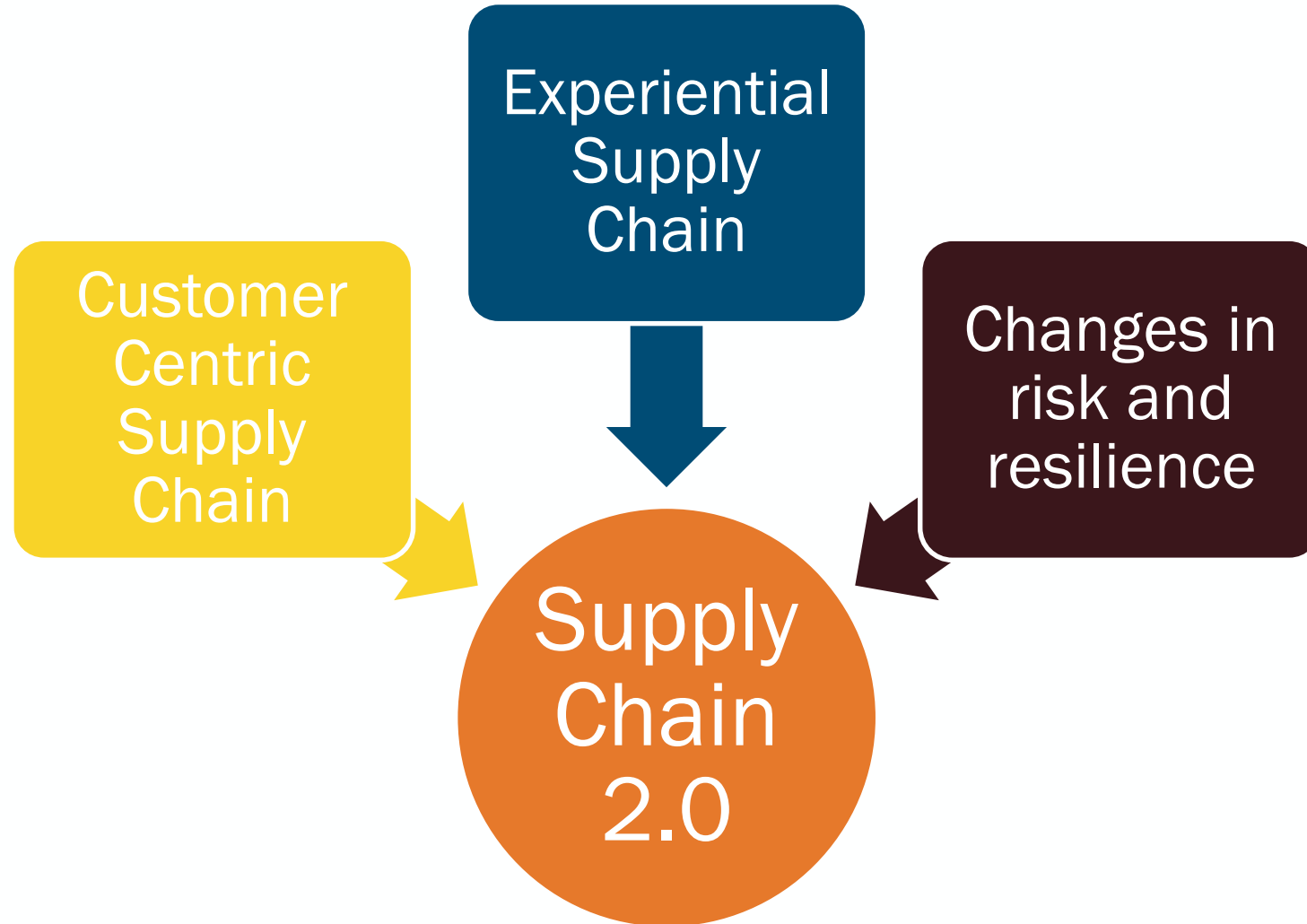
Visible to the customer

A strategic weapon

More complex

Dynamic

Why the Change



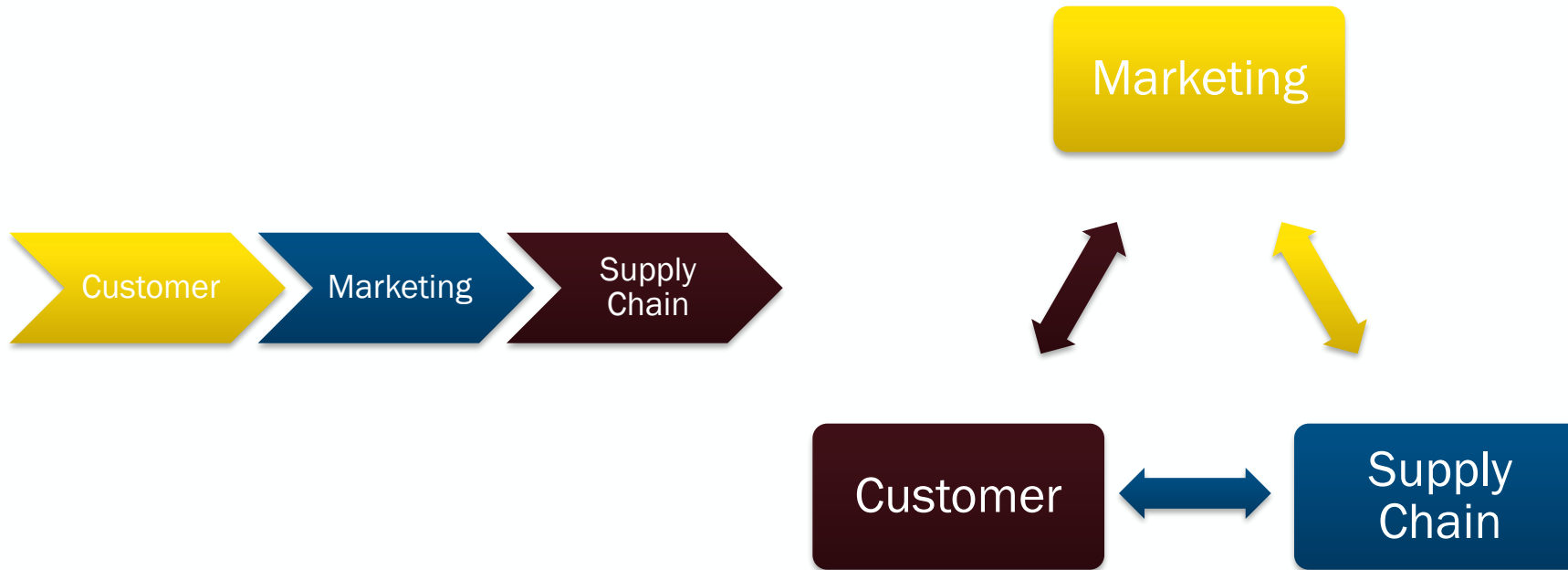


The Customer Centric Supply Chain

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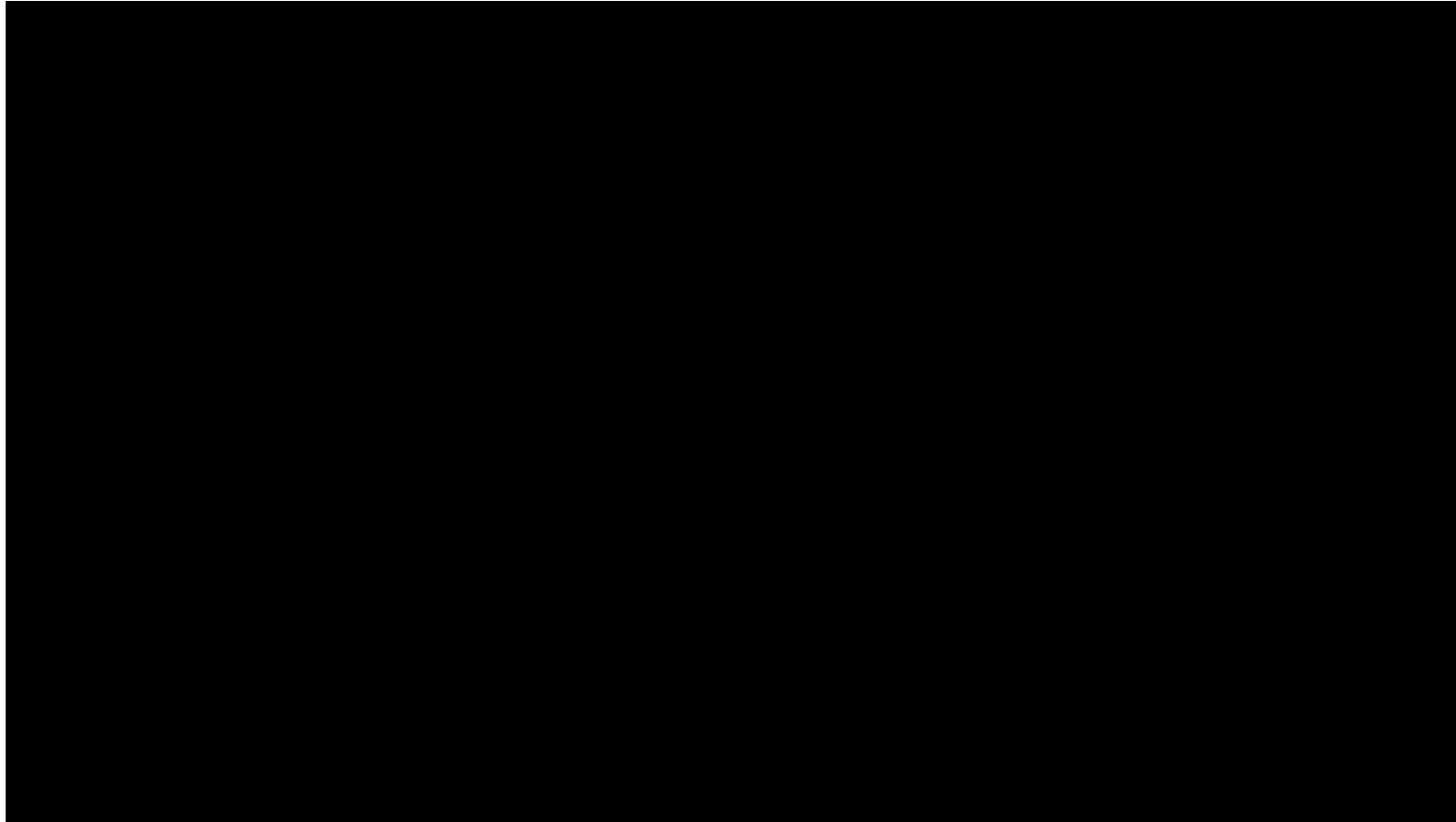
Straight lines to Triangles

Traditional



Key Take-away

Supply Chains → Moment of Truth

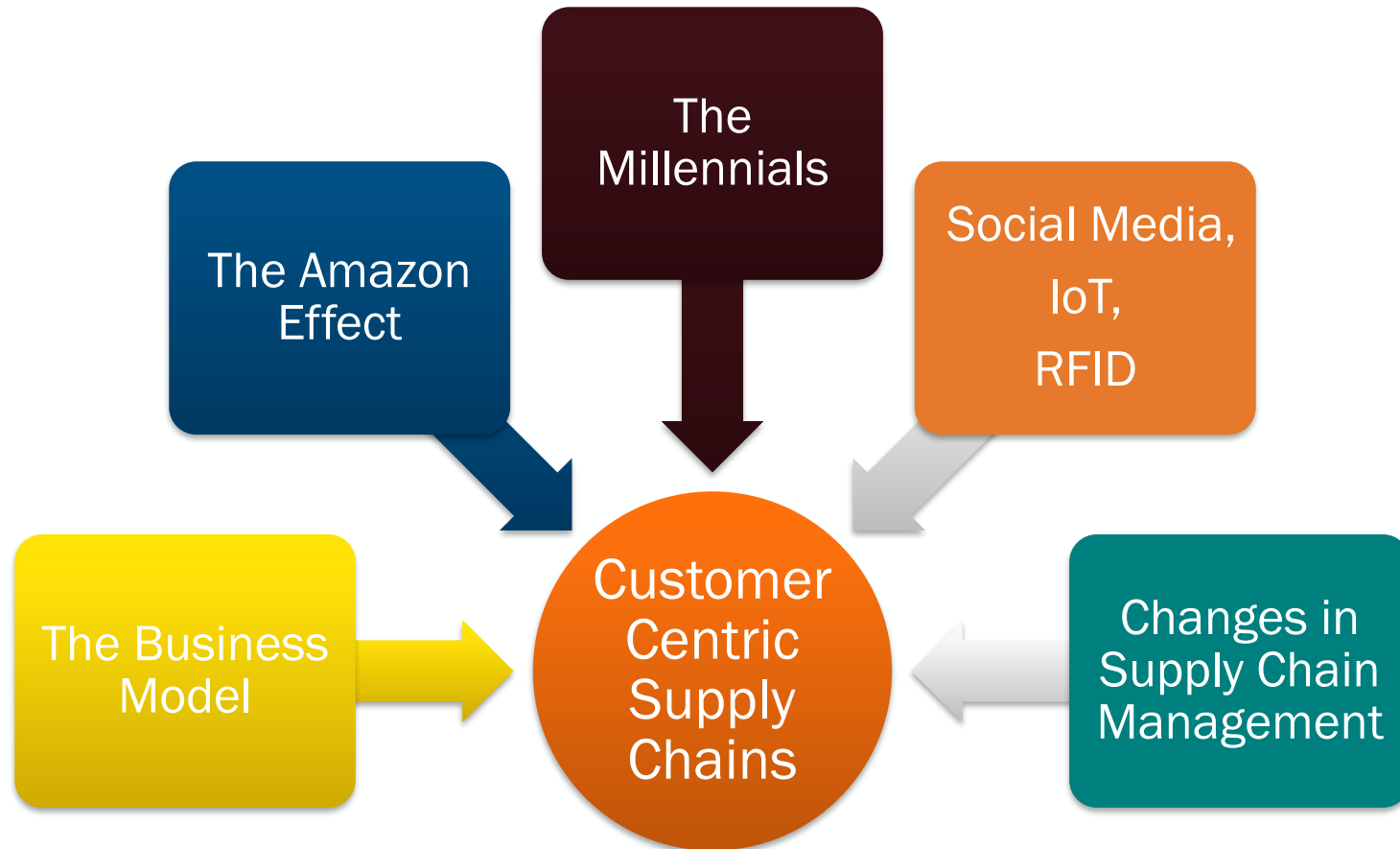


The Customer Centric Supply Chain

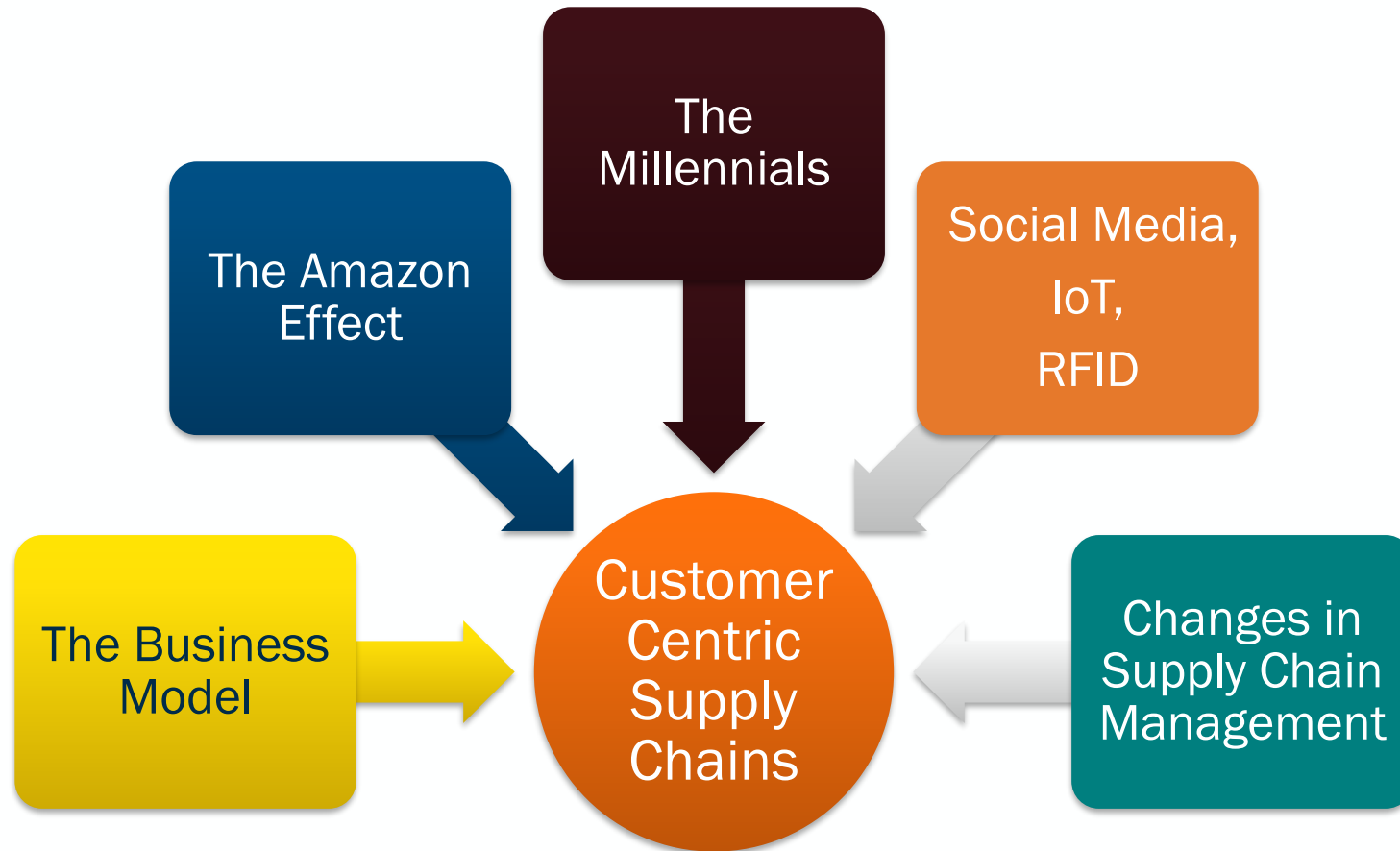
A supply chain where the supply chain:

- Knows who its customer(s) is (are)!
- Is visible to the key customer(s)!
- Works directly with the key customer(s)!
- Invests to support and enhance the business model!

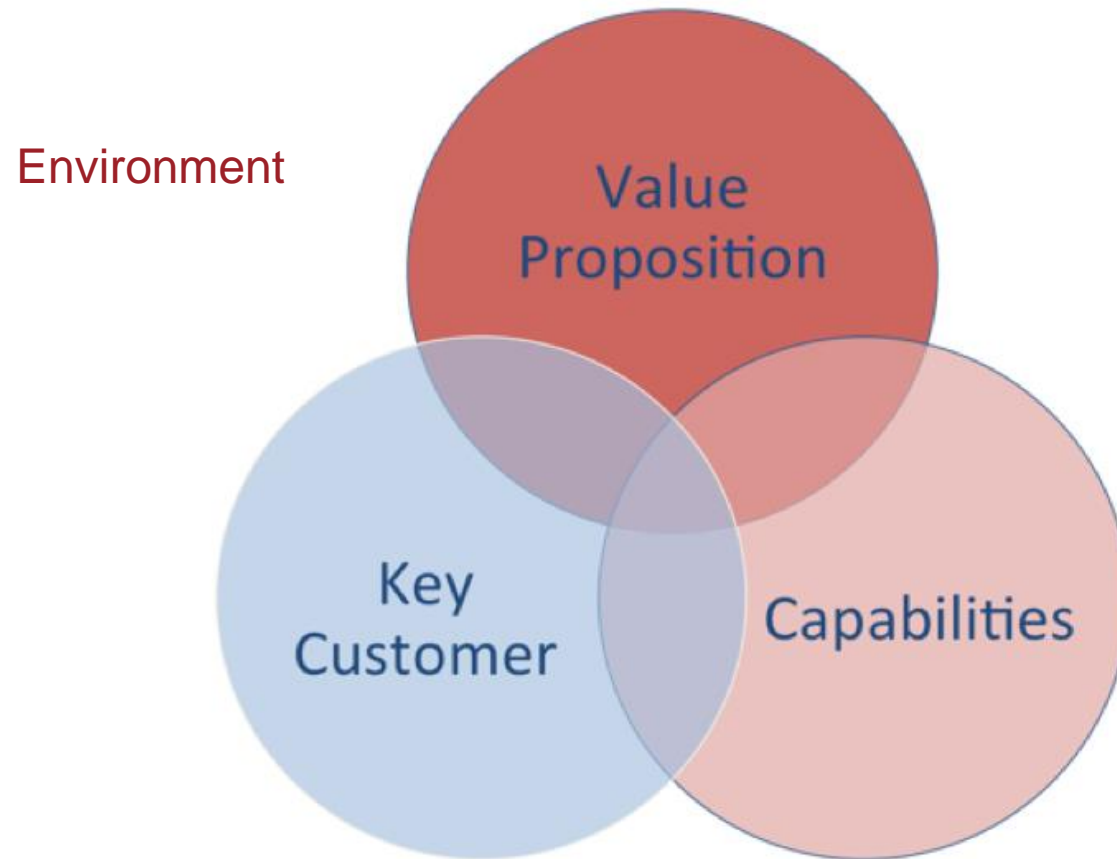
Why customer centric supply chains NOW?!?



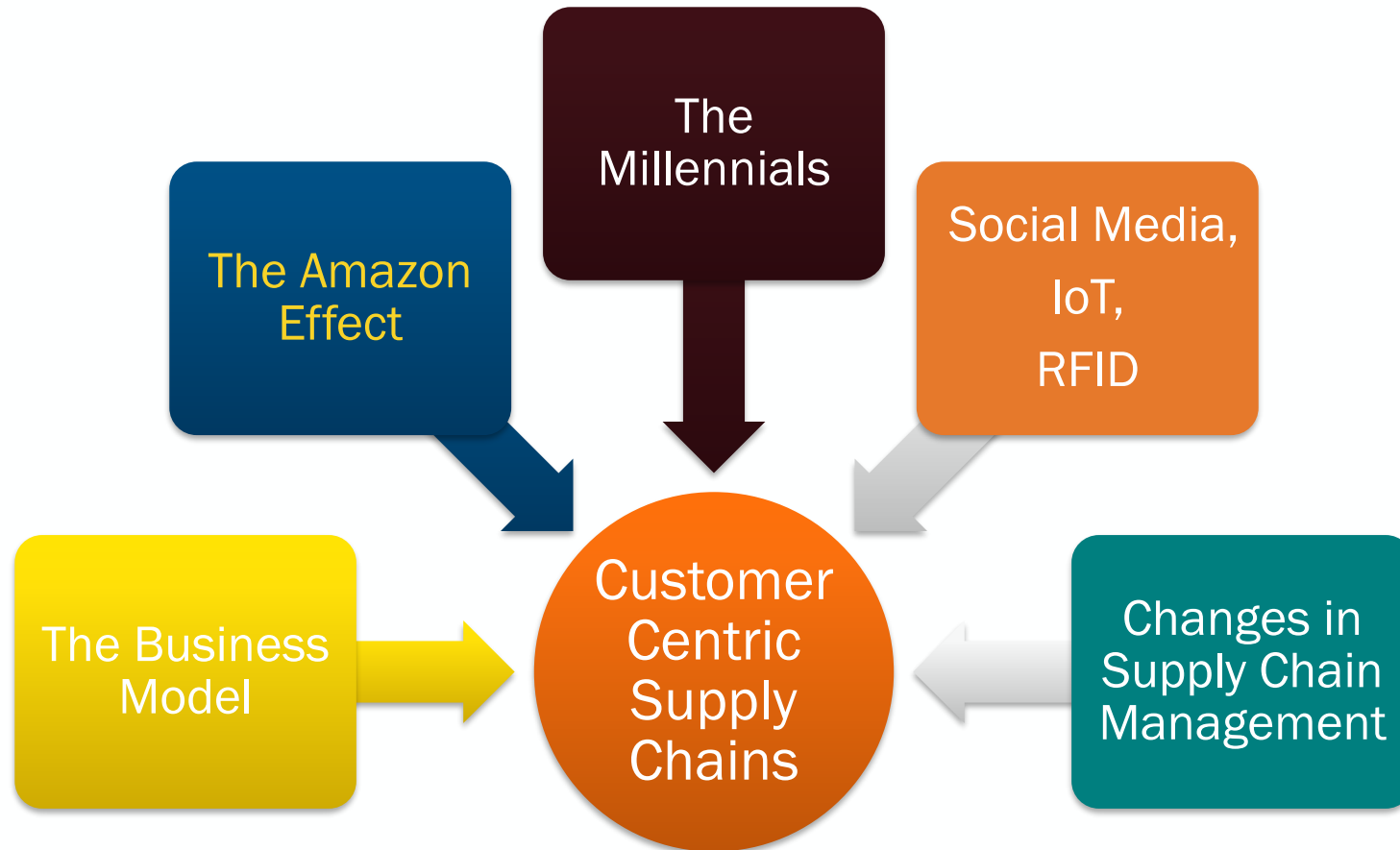
Why customer centric supply chains NOW?!?



The Business Model



Why customer centric supply chains NOW?!?



The Amazon Effect

amazon

The Amazon logo, featuring the word "amazon" in a bold, black, lowercase sans-serif font. Below the text is a thick, orange curved arrow that starts under the 'a' and points to the right, ending under the 'n'.

The Amazon Effect

24/7 customer service

Convenient

Continuous flow of information about orders

Relentless focus on improving customer service

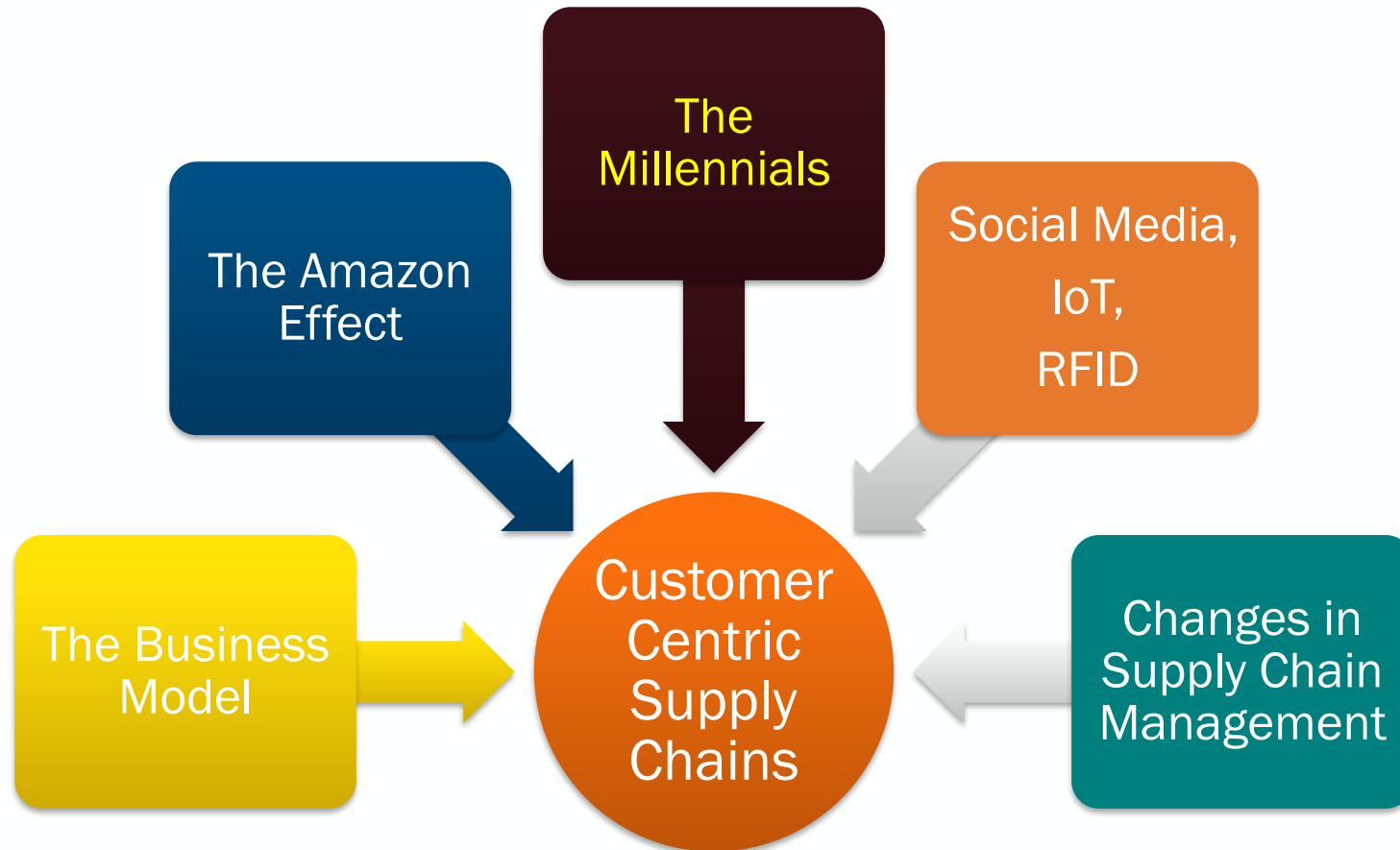
Informed buying process

Trusted source

Reliable delivery process

Easiest return policy

Why customer centric supply chains NOW?!?



Change in Customer



The Millennial

Any one born between 1982 and 2004.

November 2015, replaced the baby boomers as the major market force.

So what?

They are different customers!!

Customer as star.

Convenience is key.

Speed is king.

They expect your technology to work.

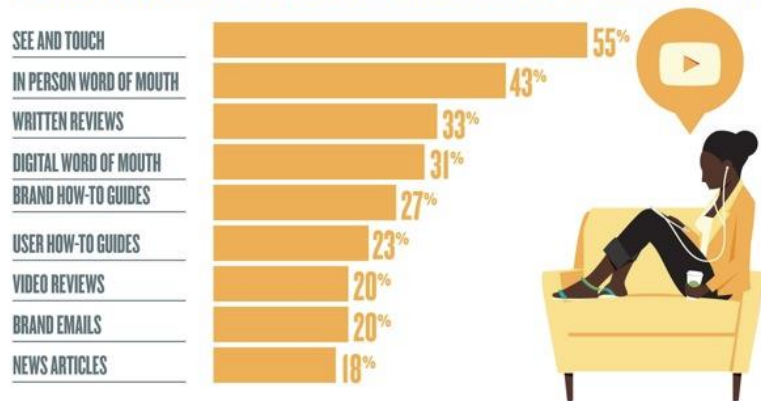
They care about your company values.

They want to collaborate and co-create your brand.

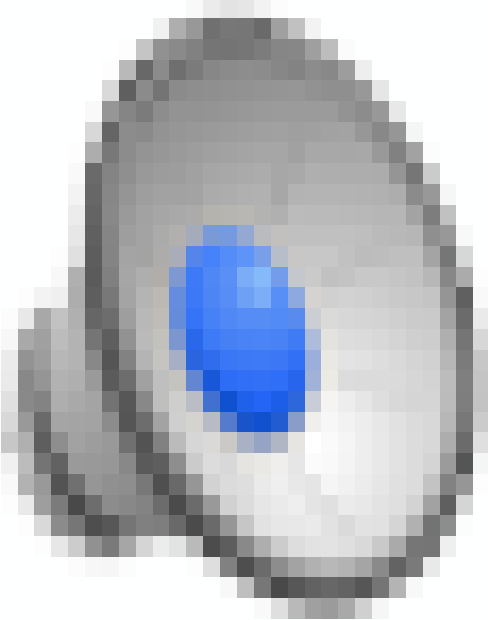
Buying is ok; shopping is great.

They want an experiential supply chain.

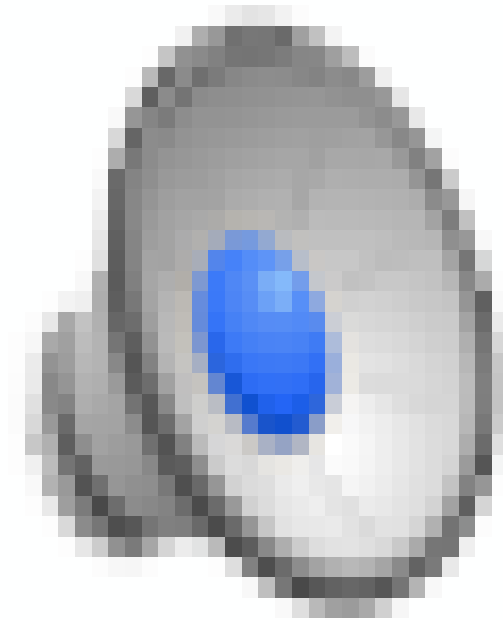
9 PRODUCT EXPERIENCES THAT RESONATE WITH MILLENNIALS



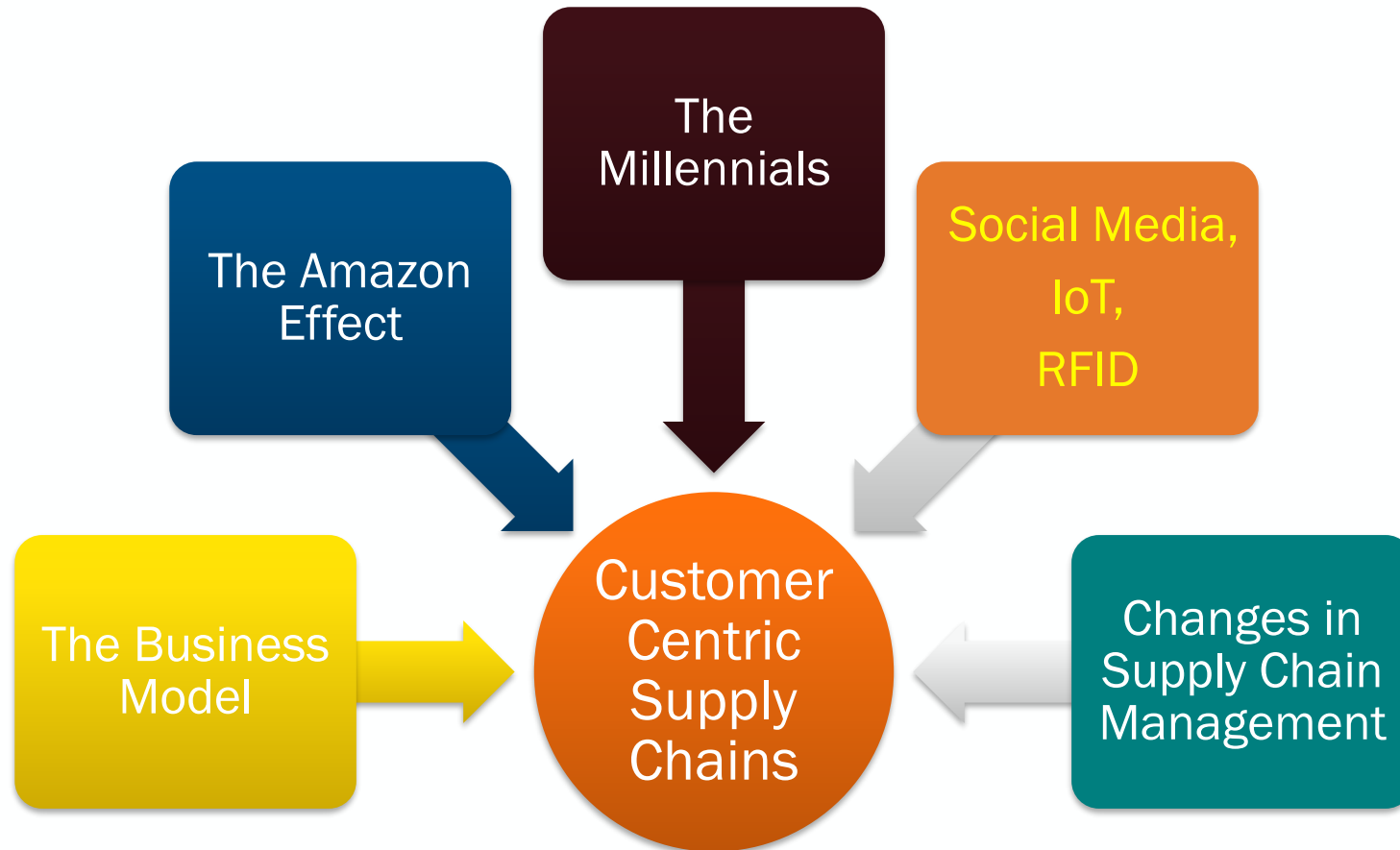
The Impact of Millennials



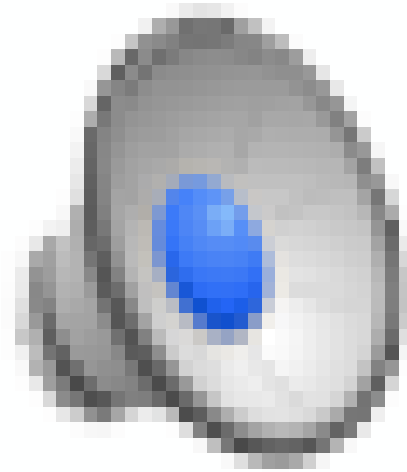
Millennials as Consumers



Why customer centric supply chains NOW?!?



Internet of Things (IoT)



Internet of Things

The network of physical objects or “things” that are embedded with software, sensors, and network connectivity that enable the IoT to collect, exchange, and analyze data.

Includes smartphones, sensors in cars, equipment, appliances, fitness monitors, smart watches, and product tags.

Over 201 billion devices by 2020!



Examples

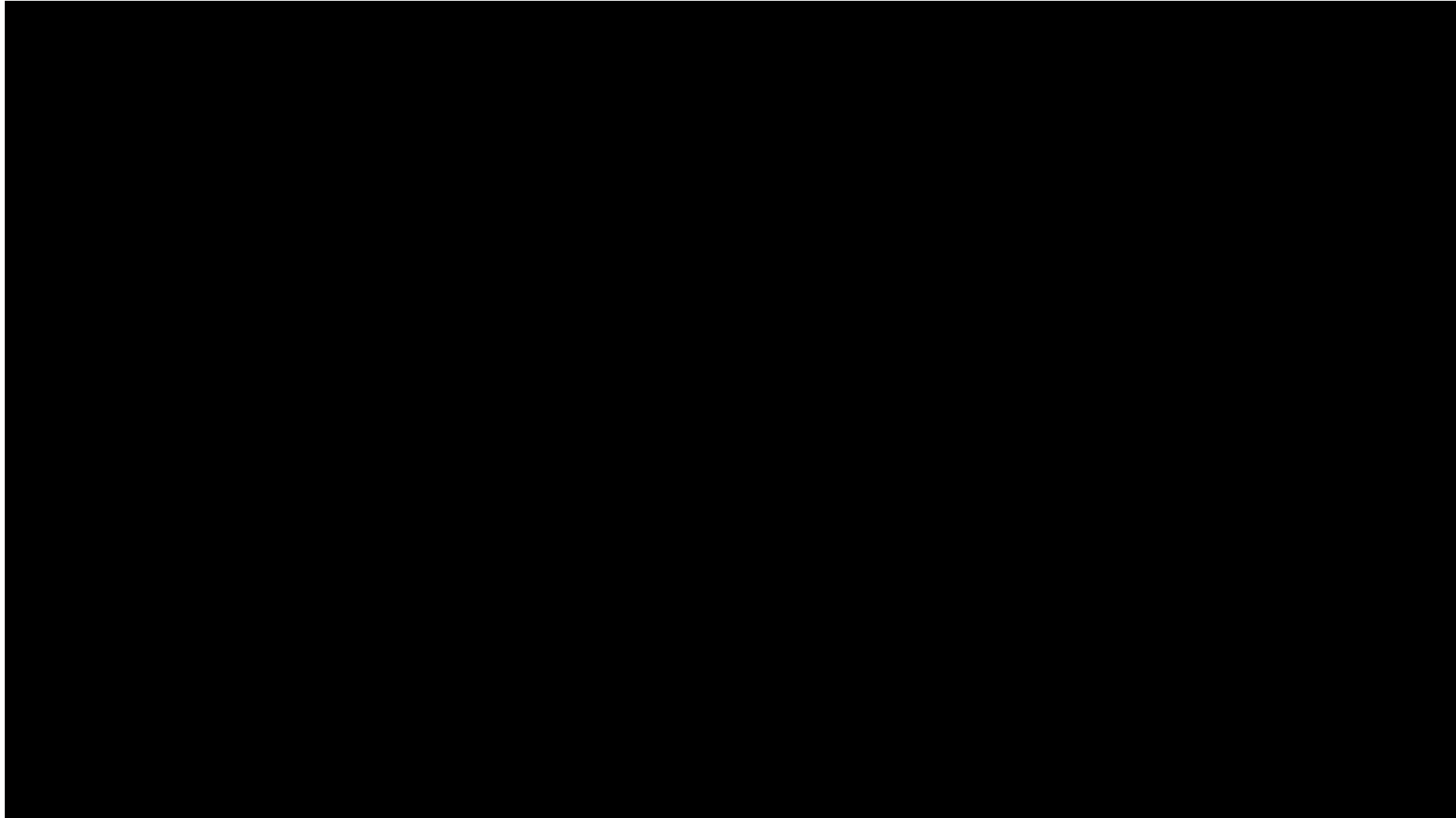
HydroPoint Data Systems

- WeatherTrak
 - 25,000+ subscribers
 - Save more than 20 billion gallons of water, 77 million kilowatts of electricity and \$143 million

Pirelli

- Sensors in tires
 - Learning about durability and performance of its products
- Vehicle protection and control

Pirelli Connesso Tire Technology



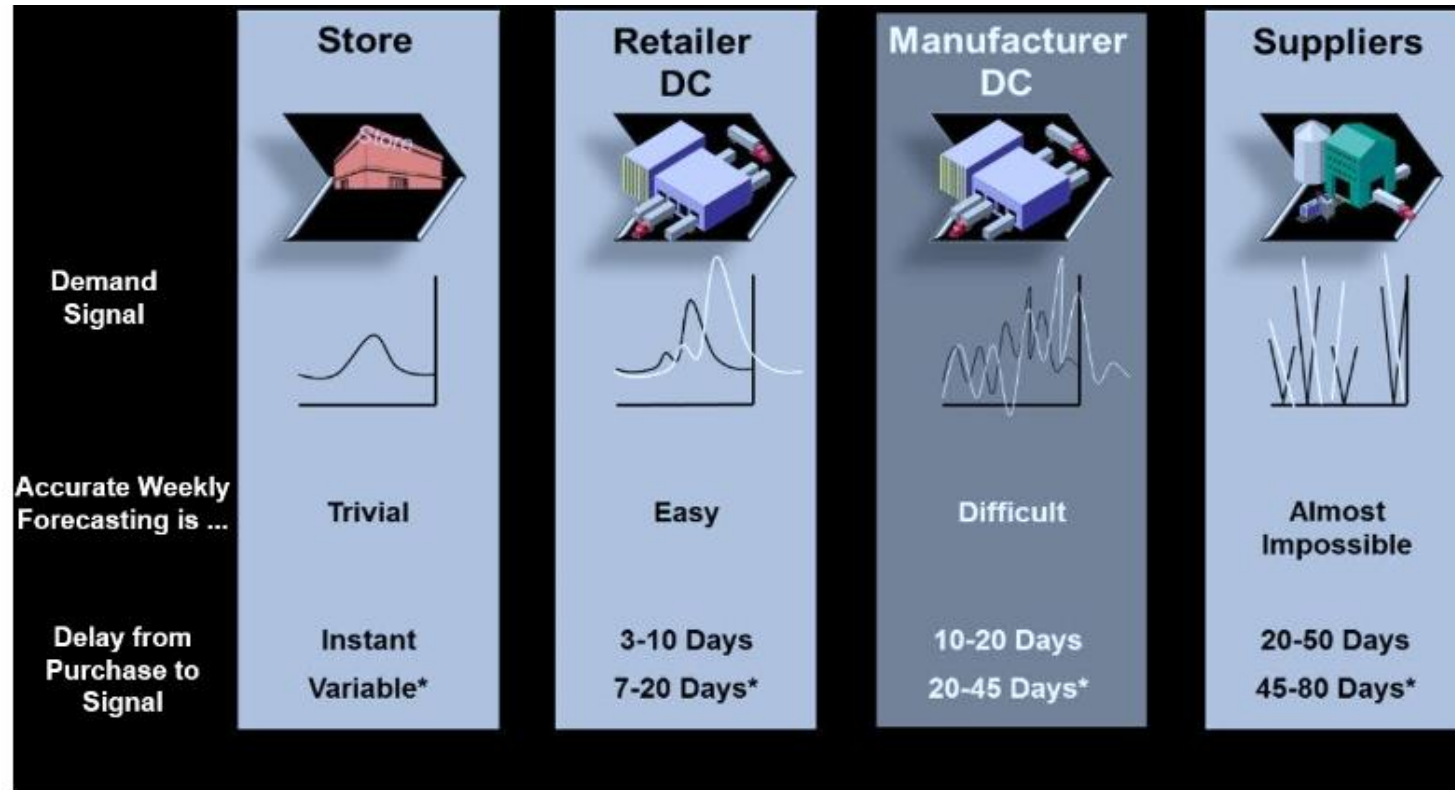
Gossiping Cars



- Cars and trucks that can talk to each other.
- Road Conditions
- Equipment Conditions
- Location



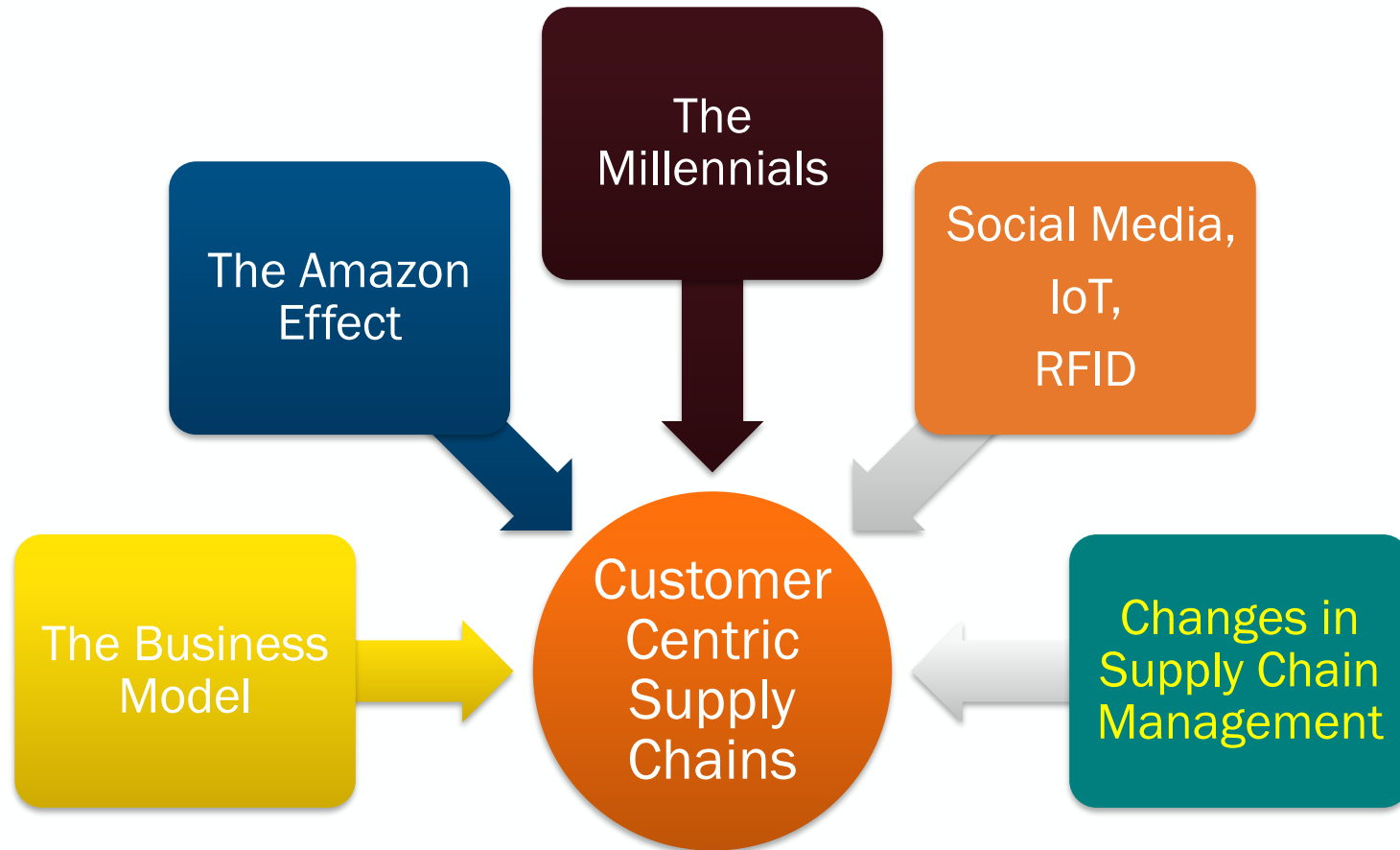
The Bullwhip Effect Defeated!



* Represents emerging markets

Provided by Lora Cecere (2016)

Why customer centric supply chains NOW?!?



Changes in Supply Chain

Supply chain managers recognizing the need for being customer centric.

Measures

People

Moments of truth

Through Whose Eyes Do We See the World

Through our own!

Through our customers'



Key Customers as People



© 2018 Harley-Davidson

Moments of Truth



So What!

A "perfect storm"

Embrace the change - it will affect every industry.

Work at the "edges"

Critical thinking will become important

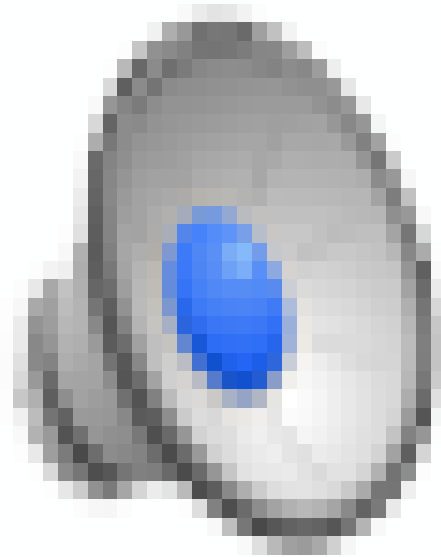
Fast management the new "norm"



The Experiential Supply Chain

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EXPERIENTIAL SUPPLY CHAINS



PERSONALIZED SUPPLY CHAINS



EXPERIENTIAL SUPPLY CHAINS

- A market of one



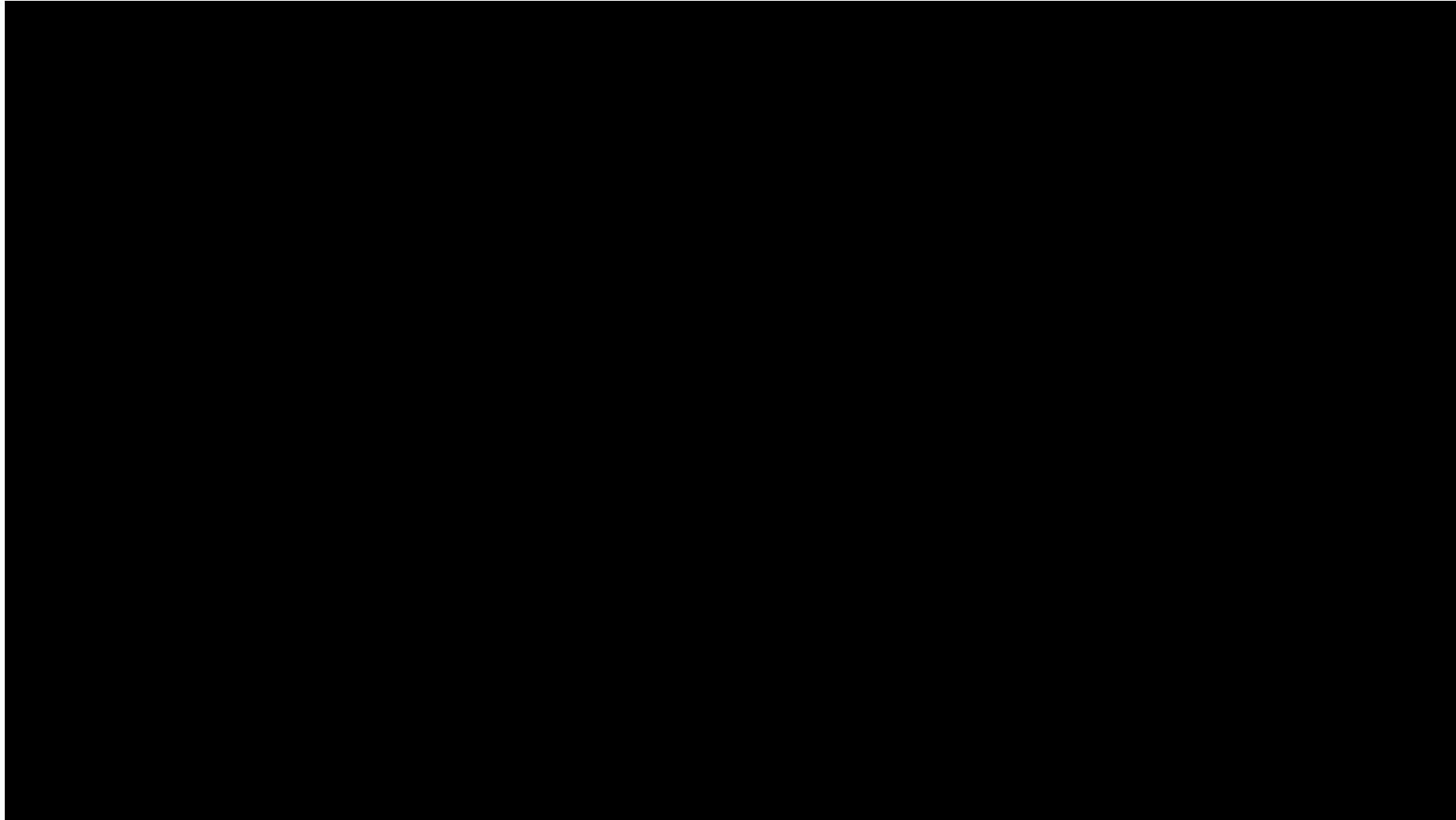
- Level of customization and customer service at which the customer feels that he or she is an exclusive or preferred customer of the firm.
- Where the supply chain is visible!

Something to think about!



- *Customers today are becoming increasingly concerned about the provenance of the products that they consume!*
- **Executive VP of marketing for Starbucks**

M-Tailor – The New Way to Buy a Suit

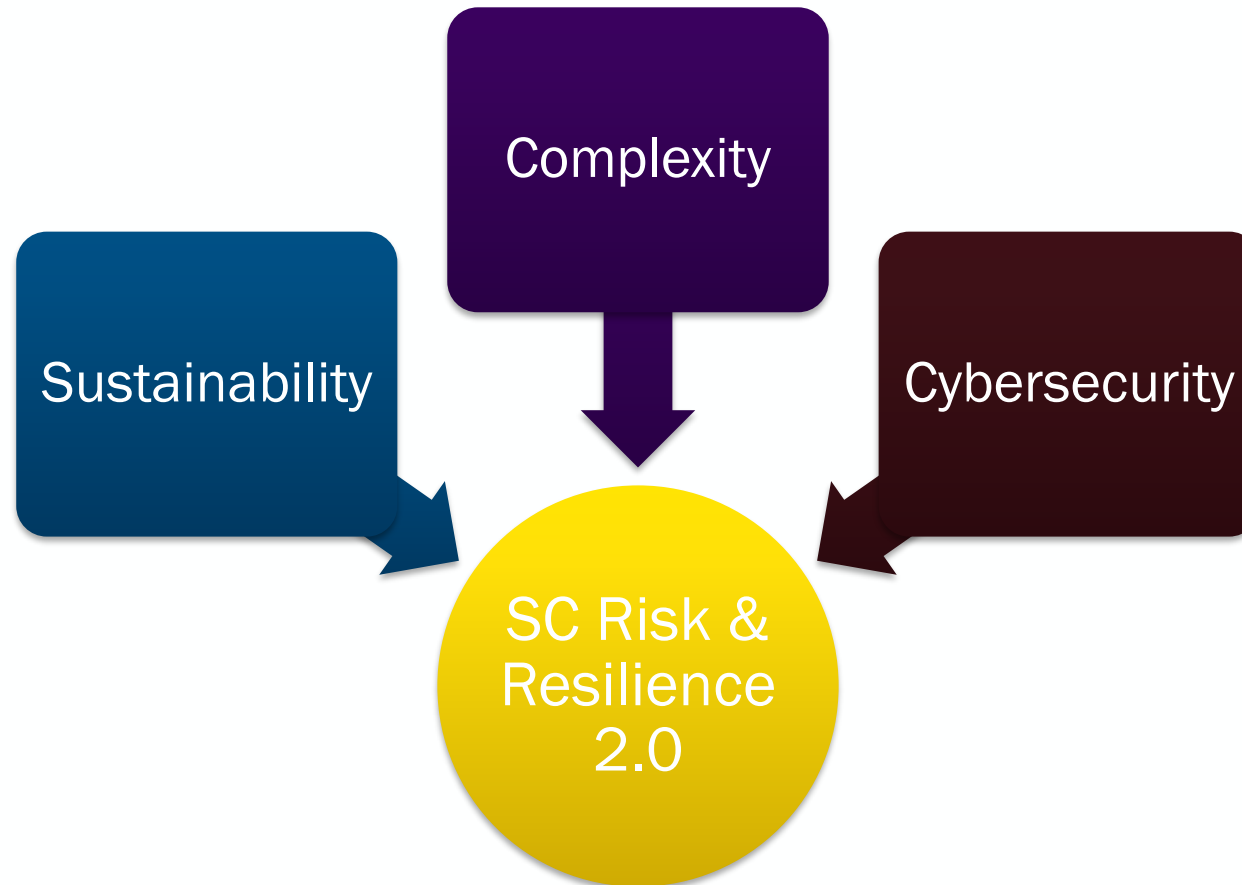




Risk and Resilience 2.0

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New Developments in Risk and Resilience



Sustainability



Vauxhall and BMW among car firms linked to child labour over glittery mica paint.
Guardian, July 28 2016

Response

BMW

- *Our supply chain response team is investigating your claim. Initial findings suggest that two of our suppliers may indeed obtain materials indirectly from Fujian Kuncai Fine Chemicals Co. Ltd. In accordance with our guidelines, we have asked these two suppliers to respond to these allegations...The BMW Group does not tolerate child labour in its supply chain. If the allegations are substantiated, we will do everything to ensure that the company is no longer part of our supply chain in the future.*

Change in Customer



Changes in Technology



Complexity

Different from complicated.

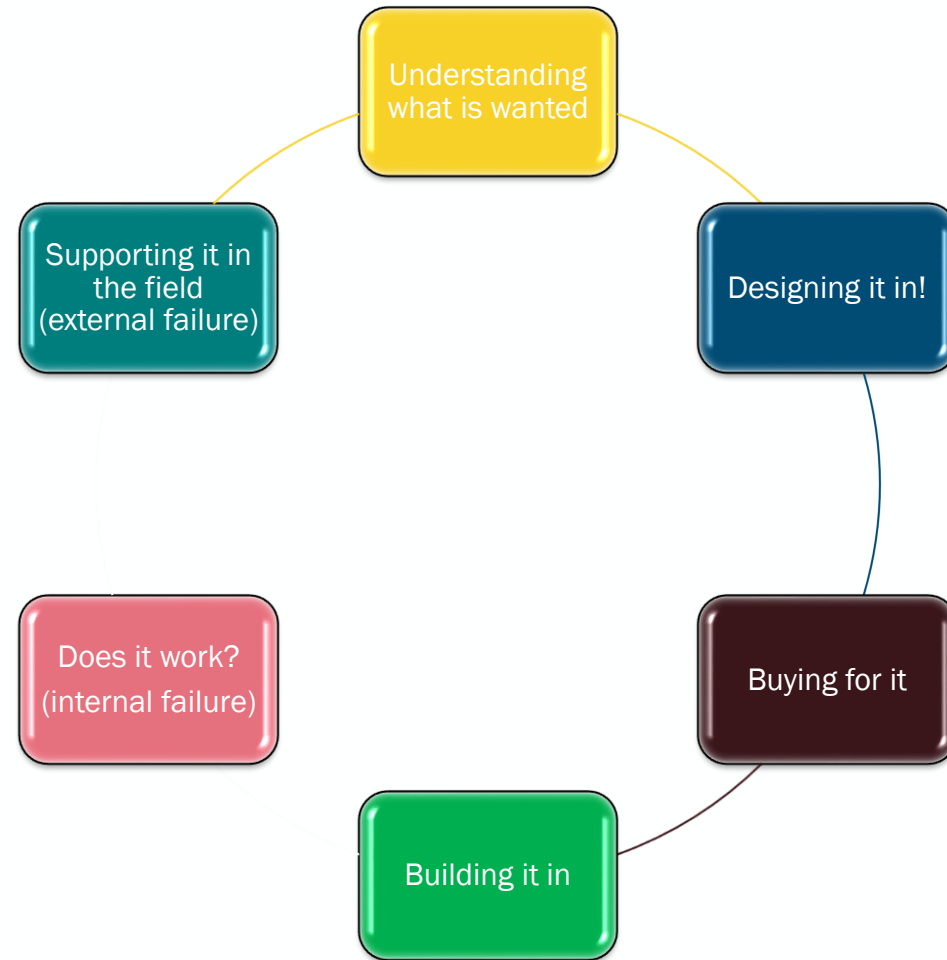


Complexity – product changes demanded by the customer

Complexity is good!

However, increasing awareness of the hidden costs and impacts of complexity

The “Hidden” Costs of Complexity



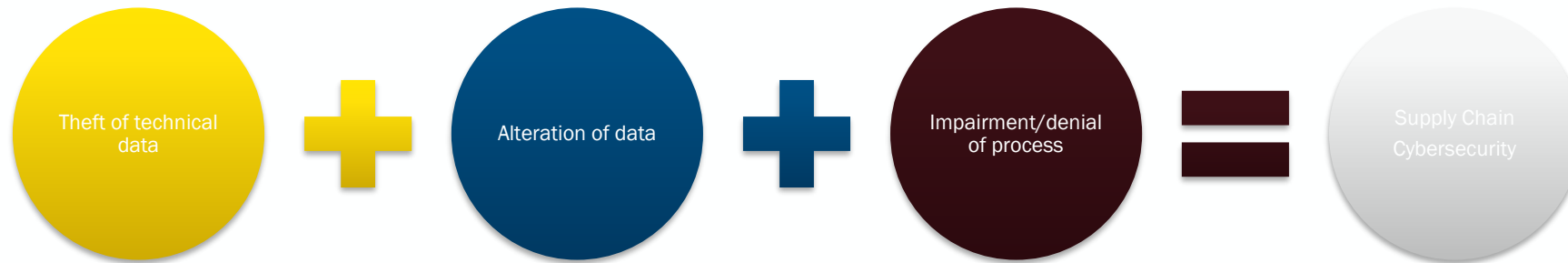
Cybersecurity – Some Facts

69% of firms experience an attempted or realized loss of data to cybersecurity breach.

Firms spend an estimated \$84 billion USD to defend against breaches that cost them about \$2 trillion USD.

Every significant breach has occurred through the supply chain.

Protecting against cybersecurity breaches



So What!

A "perfect storm"

Embrace the change - it will affect every industry.

Work at the "edges"

Critical thinking will become important

Fast management the new "norm"

Korean War and Supply Chain Mgt!?!



Introducing Colonel John R. Boyd



Strategic Response Cycle

Sense

Assess

Formulate

Deploy

Recalibrate

Learn

Repeat







A Final Comment:

This is my last presentation at APICS

Thank You!!!!



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Questions?!?!





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THANK YOU



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