APICS 2011 SUPPLY CHAIN STRATEGY EXECUTIVE SUMMARY

Through a survey, APICS sought to examine the role that supply chain strategy plays in organizations. The goal of the survey was to focus on the challenge of increasing supply chain strategy maturity in most organizations. The survey reveals challenges and identifies areas where senior management and operations management need to work together to achieve this goal. In addition, the results illustrate many critical supply chain functions and tasks that do not effectively reference or support supply chain strategy in many organizations.

More than 9,000 professionals were invited to participate in the survey, which took place from June through July 2011. The survey results reflect an approximate 5 percent margin of error at a 95 percent confidence level.

The survey results indicate that supply chain strategy is relatively new in many organizations. More than 60 percent of respondents said that their organizations have adopted their current supply chain strategy in the last five years or less.

SUPPLY CHAIN STRATEGY IS EVOLVING

Thirty-eight percent of respondents said that there is a supply chain strategy job role or title within their organizations. Thirty-seven percent of respondents indicated that while there isn’t a specific job role or title, a position that includes strategy does exist within their companies.

Many operations management professionals are aware of their organizations’ supply chain strategies but aren’t implementing those strategies in day-to-day tactical efforts. As supply chain strategy evolves, greater expectation will be placed on recognizing, developing, and implementing strategy in operations management and emphasis will be placed on using strategy to advance areas such as supply chain risk, sustainability, new products, and market penetration.

Supply chain alignment may start out as a slow process, but over time, it will show a continual increase in maturity with more experience in merging available tools, tactics, and strategy across an organization and the supply chain. New or improved information technology platforms and processes will assist this.

THE DIFFERENCE BETWEEN SUPPLY CHAIN STRATEGY AND MANAGEMENT

Almost 60 percent of respondents indicated that there is no distinction in perception between supply chain management and supply chain strategy in their organizations.

Supply chain management is defined by the APICS Dictionary, 13th Edition, as “The design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand, and measuring performance globally.”

According to the APICS Operations Management Body of Knowledge (OMBOK) Framework, supply chain strategy considers all the elements of operations strategy, in addition to building strategic partnerships, insourcing and outsourcing, drivers of supply chain performance, synchronization, integration of suppliers, internal supply chains, and customer systems, breadth of activities (designing, planning, and controlling), reverse logistics, product sustainability, regulatory compliance, and global considerations. Note: For a more detailed description of supply chain strategy, refer to the APICS OMBOK.
SUPPLY CHAIN STRATEGY CHALLENGES
The survey identified areas where senior managers and operations management professionals need to work together to increase supply chain strategy maturity. For example, sales and operations planning (S&OP) or the balancing of supply and demand must occur in alignment with an organization’s overall supply chain strategy. Tactical S&OP plans, decisions, evaluations, recommendations, and justifications must look to strategy to ensure synergy.

IMPLEMENT SUPPLY CHAIN STRATEGY AT YOUR ORGANIZATION
Implementation of a supply chain strategy requires maintaining alignment of supply chain tasks, decisions, priorities, and plans with the organizational or business unit strategy. Below are steps you can take to implement supply chain strategy at your organization:

• Ensure that strategic and tactical supply chain efforts combine the best experience, information, and insight from both demand and supply stakeholders.

• Anticipate. Look at initial impact but also the development of future advantage. In a game of chess, a skilled player may be thinking several moves ahead in terms of strategy. But when it is the player’s turn, he or she must make only a single tactical move. Each tactical move must create additional opportunity. It may correctly sacrifice something good for something better as defined by the strategy to end up with a more competitive long-term future.

• Communicate with senior management and develop the support you need to implement optimal supply chain strategy.

• Know and understand the overall organizational or business unit strategy and how it functions in terms of supply chain strategy.

• Make sure the scope of your supply chain strategy spans from the supplier’s supplier to the customer’s customer, and facilitates communication and trust at every point.

GAIN COMPETITIVE ADVANTAGE WITH SUPPLY CHAIN STRATEGY
Unlike many consumer products and services, a well-designed and functioning supply chain is difficult to duplicate. Within it are the levels of trust, organization, and productivity that come from continual improvement. Organizational or business unit strategy points to your future sources of demand, supply, and competitive advantage with respect to the competition. Such strategy is a product of time, marketplace, and tested and sustained long-term advantage.

Supply chain strategy ensures a supply chain that delivers in all the right areas the organizational strategy demands, while avoiding waste in areas that don’t contribute to the overall strategy. Alignment between supply chain strategy and management is an ongoing challenge. Yet organizations that can facilitate alignment are often the most competitive in their markets.
ABOUT APICS

APICS The Association for Operations Management is the global leader and premier source of the body of knowledge in supply chain and operations management, including production, inventory, materials management, purchasing, and logistics. Since 1957, individuals and companies have relied on APICS for its superior training, internationally recognized certifications, comprehensive resources, and worldwide network of accomplished industry professionals.

APICS certification, education, and membership helps operations and supply chain management professionals build knowledge and skills to enhance and validate abilities and accelerate careers. APICS helps its members and their organizations successfully compete and build a stronger global economy.

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