

Are you ready for the recovery?

Collaboration will be the key to success in the decade ahead

by Jackson L. Wilson, Jr., Chairman, president and chief executive officer of i2.

In light of the economic upheavals we have all faced over the past year, companies have transformed their supply chain strategies and processes to accommodate weak demand and supplier instability. While these efforts were necessary to enable companies to weather the storm, drastic supply chain modifications will undoubtedly leave many at risk in the recovery.

In fact, a recent AMR Research report that we reference revealed that 44 percent of executives believe their greatest risk in 2010 will be navigating the economic recovery, while just 23 percent are concerned about the consequences of a continued economic recession (“Better Times Right Around the Bend? Executives Downgrade Supply Chain Risks.” AMR Research, September 28, 2009). Those respondents who viewed the recovery cycle as their greatest risk cited concerns including potential commodity price increases, limited internal skills after workforce reductions, and problems meeting new demand with constrained capacity, low inventory and transportation challenges.

How can companies address these issues and position themselves for success in the recovery? Inevitably, one critical factor will be collaboration, which is the focus of this issue of *Supply Chain Leader*. The globalization of business demonstrated that close collaboration among all supply chain partners is beneficial—the recent recession and impending recovery will show us that it is essential.

The notion of collaboration certainly isn't new. A decade ago, electronic collaboration among businesses emerged to enable efficiencies beyond the four walls of the enterprise. Driven by the power of the internet to enable information sharing, supply chain collaboration, however, was—and still is—limited by the constraints of human behavior and the inherently insular and protective nature of many organizations. It is much easier for a company to acknowledge that sharing information across the extended supply chain will increase efficiencies than to actually put that level of collaboration into practice. By design, companies are competitive. Sharing in-depth information about their business strikes fear in the hearts of many executives. The most significant barrier to true collaboration lies not in the technology that powers it, but within the people and organizations that must implement it.

In this issue of *Supply Chain Leader*, we explore how collaboration, particularly in tough economic times, can drive success for every partner along the end-to-end supply chain. “Preparing for the Re-Emergence of Demand,” discusses the changes companies must make to their supply chain processes in order to continue to meet ever-shifting consumer needs. A truly shelf-aware supply chain requires every stakeholder to focus on the buying decision, and to have the agility to modify supply chain strategies to match what's happening in stores.

The notion of the shelf-aware value chain gets an even closer look in “Shelf-Centered Collaboration,” which describes the need for collaboration to be taken to a new, more focused level in light of today's difficult retail environment. While retail organizations have traditionally worked closely with supply chain partners, shelf-centered collaboration represents a logical next step in the evolution of supply chain integration. By extending the power and efficiencies of supply chain collaboration to the retail shelf, branded manufacturers and retailers can ensure they produce and deliver the right product at the right place, price and time.

Collaboration is also being taken to greater heights in the area of transportation and logistics. In “Getting Greener Together,” the authors explore how many transport-dependent organizations are forging more collaborative relationships in the face of significant social and regulatory pressures. Progressive shippers are using multi-shipper collaboration, which leverages cross-shipper visibility, powerful analytics, and an innovative transaction-based exchange that encourages shippers to share and optimize excess and available trucking capacity. This exciting new approach is reducing costs, waste and the collective carbon footprint of its practitioners.

Our interview with LG Electronics' chief supply chain officer, Didier Chenneveau, focuses on LG's strategy to establish itself as a world-class supply chain organization, including its efforts to conduct collaborative planning, forecasting and replenishment with retail partners.

Companies such as LG that dedicate themselves to enabling close collaboration across the end-to-end supply chain will invariably emerge as the leaders in the decade to come. Technology undoubtedly plays a vital role in this, but to truly reap all of the benefits of collaborative supply chain management, companies must also have the supporting mindset and processes, and perhaps most important, trust in their suppliers and customers. This kind of collaborative behavior will distinguish the supply chain management leaders from the followers in the decade ahead.



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