Best Value Concepts in Organizations

Supply Chain Collaboration: Towards a New Management Paradigm

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Up-front Conclusion

The world around us is rapidly changing
- Also in Purchasing, Logistics and Supply Chain

The ‘classic’ Management paradigms do not fit with the new circumstances and become obsolete quickly

Lean, Agile, Co-creation, Supply Chain Collaboration etc. offer new insights for management a future world

These methods are deceivingly simple: fundamental changes are needed

To make organizations future proof need to think in terms of Supply Chain Collaboration
- Strategy, Infrastructure and Mindset & behavior
1. Changes in the environment

2. SCM and SCC: the essence

3. A new management paradigm

4. SCC Implementation

5. Conclusions
Change is the only constant

Servitization

Sharing Economy

Aging of population

Sustainability / Energy Transition

VUCA

Volatile
Uncertain
Complex
Ambiguous

"the new normal"
Impact of increased VUCA

Based on:
How is innovation created?

You get back to that cubicle and start thinking outside the box!
2. Supply Chain Management: the essence

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Supply Chain Management

The **systematic and strategic coordination** of
- The **traditional business functions** within companies, and
- The activities between the **companies in the supply chain**

**With the goal to**

**Improve the long-term performance of**
- The **individual organizations**, and
- The **entire supply chain**

- Coordination between entities
- Strategic / Long-term
- Win – win
- Internal and external

Internal and External SCM

**Vertical Supply Chain**
Obtain, Produce, Distribute, Service

**Internal Supply Chain Management:**
Coordination between organizational functions / departments

**External Supply Chain Management:**
Coordination between autonomous organizations

- Supplier
- Manufacturer
- Wholesaler
- Retailer
- Customers
Customer defined quality

Provider sphere
- Production of potential value
- Provider is a Value facilitator (Makes Customer value possible)

Joint sphere
- Value creation in interaction
- Value is Co-created

Customer sphere
- Independent value creation
- Customer creates Value-in-use outside the interaction

Product dominant logic

Service dominant logic

Operations-focused versus Customer-focused

“Just doing my job... by the book!”
“Just doing my job... by the customer!”

Provider sphere

Joint sphere

Customer sphere
SCM: three types of processes

- Flow of products/services
- Information flow
- Monetary flow

Suppliers | Interface | Company | Interface | Customers
Pie-sharing versus Pie-growing

Supplier → Manufacturer → Retailer

Supplier → Manufacturer → Retailer

Win-Win

Win-Win
3. Towards a new management paradigm

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Four sociality archetypes

- Authority
- Ranking
- Market
- Price
- Equality
- Matching
- Communal
- Sharing
Traditional Supply Chain Coordination

Based on taxonomy of 4 types of sociality in (Fiske, 1992)

Communal Sharing

Market Price

Authority Ranking

Equality Matching

SC Coordination sociality

As is
The limits of Market Price

FINANCIAL TIMES

ft.com/globaleconomy

‘I made a mistake,’ admits Greenspan
By Alan Beattie and James Poiiti in Washington

Alan Greenspan, the former Federal Reserve chairman, said on Thursday the credit crisis is a reminder that banks should be more specific about their own risk.

CONSTRUCTION FAIL

Amazon workers face ‘increased risk of mental illness’
29 November 2013 · Business

Guarantees a better deal for Third World Producers

FAIRTRADE

SupplyChain247

iPhone or iExploit? Rampant Labor Violations in Apple’s Supply Chain Persist

Michael Sandel
What Money Can’t Buy

The Moral Limits of Markets

Author of the international bestseller Justice
The limits of Authority Ranking
Supply Chain Collaboration: a new balance

- Everybody part of Team / Community
- Joint goal
- Everybody contributes in their own manner

Supply Chain Collaboration

- Reciprocity
- Tit-for-tat
- Win-win

Market Price

Communal Sharing

Authority Ranking

Equality Matching

SC Coordination sociality
- As is
- To be
Internal Supply Chain change required

How?
External Supply Chain change required

How?
4. SCC Implementation issues

1. Changes in the environment
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Implementing SC Collaboration

Goals / Objectives
- Customer focus
- Competitive advantage

Strategy

Organizational structure
- KPIs
- IT-system

Long term?
- Shared vision?
- Communication?

Leadership
- Culture
- Knowing each other

Mindset & Behavior
- Open / transparent communication?
- Team feeling?
- Mutual trust?

Infrastructure
- Coordination of decisions?
- Process orientation?
- Total cost view?
Short term and long term goals

SMART GOALS

Vision without action is daydream. Action without vision is nightmare.

- JAPANESE PROVERB
Sharing Profit, Loss and Risk

Teamwork

Playing the Blame Game

TEAM
Together Everyone Achieves More
Innovation requires courage and stamina

IF YOU WANT TO GO FAST, GO ALONE. IF YOU WANT TO GO FAR, GO TOGETHER.

AFRICAN PROVERB

People love shooting down new ideas.
5. Conclusions

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Thank you for your attention!