

ahead of the curve

Over the last ten years in Australia, supply chain management has started to transition from the back office to the boardroom, writes Anna Game-Lopata



Historically seen as a 'necessary evil' or simply part of the 'cost of doing business', supply chain used to be the realm of trucks, warehouses and burly men in fluorescent safety vests. But this has been changing fast, according to GRA Partner Carter McNabb. "Leading organisations have recognised that effective supply chain management can boost performance ratios such as Return on Capital Employed (ROCE) by simultaneously reducing operating costs, increasing asset turnover and improving customer service levels," he observes. "So here in Australia and around the world, the view of supply chain management is shift-

ing from a cost function to an end-to-end process discipline that can deliver real competitive advantages and shareholder value."

Carter McNabb says his mantra on the key to a successful supply chain is that there is no 'one thing'. "It's a blend of strategy, structure, culture, people, skills, processes, systems and data," he explains. "These elements combine to create a level of supply chain capability. Sustained capability advantage translates to a sustainable competitive advantage. The elements are highly interdependent in that if the culture isn't conducive for example, great systems have little impact. Supply chains are only as strong as their weakest link."

Internationally renowned supply chain thought leader John Gattorna agrees. "Supply chains are a global business, and as such trends and practices around the world can be equally applied in Australia," he says. "It is just a matter of the leadership in particular enterprises having the vision and the will to transform. Frankly, in Australia we are not seeing enough of this because we are still largely thinking of supply chains as a functional silo rather than a business philosophy that permeates all functions across the business. But this is gradually changing, and the current difficult trading environment in many industries will only accelerate this trend." Gattorna, whose main area of

research this year has focused on the wider application of his 'dynamic alignment' business model for supply chain design and operations, says enterprises are gradually coming on board with the new paradigm. "The 'Dynamic alignment' business model has gone a long way to removing many of the flaws in existing practices," he says. "The main challenges that remain are internal rather than external- shaping the appropriate array of subcultures inside the enterprise to propel the correct 'value propositions' into the marketplace."

"On my most recent trip I met with top companies in Europe, including Nokia, and I am impressed with the amount of