Collaborative Distribution

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Agenda

- Top Five Supply Chain Collaboration Myths
- What Does Successful Collaboration Look Like?
- Collaboration Case Study
- Audience Participation
A “True” Partnership

The “partnership” between Walt Disney and Mickey Mouse is one without secrets, one without misunderstandings, one could say that they are of a single mind.
“Relationship management can create 20% to 40% difference on service, quality, cost and other performance indicators.”

Leslie Wilcox & Sara Cullen – Warwick Business School
5. A recent study indicated that half of all collaboration efforts fail, so clearly it does not work.
Why Supply Chain Relationships Fail

- ✔ Unclear expectations
- ✔ Insufficient data sharing
- ✔ Miscommunication
- ✔ Incompatible organizations
- ✔ Lack of trust
- ✔ Rushing the relationship
4. Collaboration is a strategy project.

5. A recent study indicated that half of all collaboration efforts fail, so clearly it does not work.
A Major Conflict

93% of CEO’s see their supply chain as a strategic asset

72% of CEO’s have cost reduction as their major supply chain goal
3. The savings are never shared.

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2. Technology is not ready to enable collaboration.

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Top Five- Supply Chain Collaboration Myths

1. We don’t trust “them” to begin with so why would we ever want to collaborate?

2. Technology is not ready to enable collaboration.

3. The savings are never shared.

4. Collaboration is a strategy project.

5. A recent study indicated that half of all collaboration efforts fail, so clearly it does not work.
What Does Successful Collaboration Look Like?
The Ideal Collaboration

TRUST

Partner 1

Values ↔ Values
Company Culture ↔ Company Culture
Goals ↔ Goals
Strategies ↔ Strategies

Partner 2
A Successful Collaboration Happens When...

- Both parties understand why you are partnering
- Culture, Strategic focus, Expectations, Values are aligned
- Agreed-upon performance metrics are in place
- Relationships transcend management changes
- Trust exists
Barriers to Success

What are the potential barriers to a successful relationship?

- Trust & Shared Rewards
- Clear Business rules
- Open communications and dialog
- Clearly defined roles, responsibilities and measurements
- Consistent Practices & Expectations
- Common values and objectives
... too frequently there is a failure to communicate.
The food industry has a significant opportunity to enhance customer service, reduce empty miles and save billions of dollars in industry supply chain costs by embracing

Collaborative Distribution

The strategy seeks to shift the industry model for product distribution from company-specific supply chains and infrastructure to a shared model that all participants can invest in and benefit from.
1. Executive support, top/down and horizontally across functional groups
2. Internal preparedness, all participants need to be ready and committed
3. Select the right trading partners, starting with a small group where priorities are aligned and mutual trust is strong.
4. Focus efforts on end to end shared supply chain aligning goals, strategies, systems, people and processes on win/win solutions
5. Conduct a collaborative planning session to openly review opportunities and reach consensus on scope of work and expected results.
6. Make certain the right resources in each organization are available, committed, connected and accountable
7. Ensure IT systems can deliver timely and accurate information that can be shared between trading partners.
8. Document responsibilities for results including common goals and measures
9. Review performance versus plan in a collaborative, consistent and timely manner, including swift data supported action
10. Create an open environment for all involved to share ideas, knowledge and key learning’s to celebrate, continuously improve and build on successes
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Thinking Points

1. Executive support, top/down and horizontally across functional groups
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Collaboration Case Study
Opportunity started with a brief conversation at an FMI Distribution Conference between senior level supply chain executives from both companies.

Both teams met in Rochester and identified the goals and objectives of the project.

Both teams worked on the As-Is process and also the To-Be process.

A process map was created and approved by both groups.
Wegmans and Welch’s Case Study

- Team met in Rochester three times to simplify and change the final plan.
- Highlights of the revised process:
  - Orders were created using CRP process.
  - Simplified the receiving process at Wegmans by sending an ASN and 128 bar code on each case.
  - Welch agreed to pick in Wegmans pallet quantities to simplify the put away process.
  - All orders were picked up on delivered to the Wegmans warehouse the same day.
Wegmans and Welch’s Case Study

- Results of the new process:
  - Receiving time at Wegmans was dramatically reduced.
  - Order cycle time was reduced to two days from order creation until it was delivered to Wegmans warehouse in Rochester.
  - Reduced inventory at Wegmans.
  - Reduced retail out of stocks due to the quick turn around of each order.
  - Savings were shared between the two trading partners.
Audience Participation!
Audience Participation

- What are the most significant hurdles you have experienced in collaboration?
- What are the critical components of a successful collaboration project?
- What is the criteria on both sides for selecting a partner to collaborate?
- What critical steps in the collaboration process have we missed?
- What do you feel is the most critical first step in the collaborative process?
- How are you ensuring a win/win in collaboration projects?