



GMIA

Executive Conference

Connecting Today to Grow Tomorrow



How Well Are You Managing Your Demand Chain?

We are in a very different economic environment

- Flat to contracting demand
- Oversupply
- Demand formed and aggregated in very new ways

Is Demand just another way to say Consumer needs?

- Demand: Current, latent and emerging
- If you wait to ask your consumer, you'll be too late
- Demand forms long before consumers express needs

Is Demand just another way to say Consumer needs?

Needs

- Britannica
- Zenith
- Coupons
- Keds



Demand

- Google
- Sony
- Groupon
- Nike

The Demand Chain

Eureka Moment

- Manufacturers Market to Consumers
- Retailers attract Shoppers
- Media looks for Viewers

**They Are All The Same Person
Seen Through 3 Different Lenses**

Demand Chain: What have we heard today?

- Value Creation
 - Economically, strategically and competitively
- Highest profit consumers and shoppers can be identified and located
 - Loyalty, Profitability, Brand and Innovation
- Demand Chain is where Supply Chain was 30+ years ago
 - De facto Demand Chain ... management –led diagnostics

Demand Chain: What have we heard today?

- As with Supply Chain, a commitment to process, structure, precision and new metrics
 - Supply Chain reduces waste, Demand Chain reduces wasted opportunity
- For some companies, Supply Chain + Demand Chain = A New Business Model
 - Supply Chain takes costs and waste *out of a company* while Demand Chain puts organic growth *into a company*

Supply and Demand

Q. Does your company need a Demand Chain?

A. It already has one.

Q. Are there lessons to be learned from the discipline of Supply Chain management?

A. Yes...but Brand remains King.

Supply Chain Management: why & how did it create impact?

- An environment that demanded it...the Japanese multinational
- An audacious goal...satisfy every order, every day, at lowest cost
- Total end-to-end commitment...process vs. function/source
- The broadest possible definition of waste...all time or cost that does not directly touch the product or satisfy the goal
- A set of rigorous tools/metrics that prosecuted waste in a relentless, but methodical way...from days...to hours... to minutes

The predominant source of competitive differentiation
now enters its 4th decade

Demand Chain Management

Demand Chain Management

is the process of *aligning* your entire business system to attract, motivate and retain your *most profitable customers*.

What lessons from Supply Chain Management apply to Demand Chain Management?

- Environment: Supply far exceeds Demand
- Audacious Goal: Attract and retain our most profitable consumer.
- End to End Commitment: More process ... managed largely thru functions/channels aligned to consumers real needs and need-states.
- Waste: Any deviation from brand experience specification
- Tools/Metrics:
From insight...to innovation...to retail...to fulfillment...to end of life

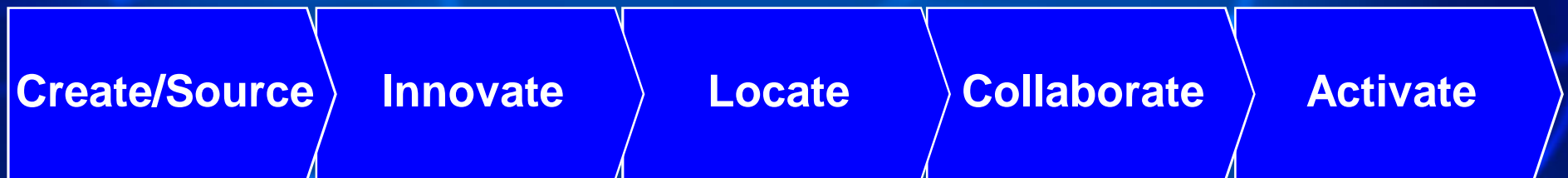
We all have a Demand Chain. Do we lead and manage it as rigorously/precisely as our Supply Chain?

End-to-End Enterprise Perspective

Supply Chain Process Model: Optimize cost, quality, time to market



Demand Chain Process Model: optimize to capture profitable consumers



Lessons from Apple:

- Create/Satisfy a need state...quality of life
- End to End: from needs identification thru retail delivery...to end of life
- Waste...one price point, planned obsolescence, retail alignment, no traditional sales
- Tools/Metrics...everything about Apple's leadership/management is demand chain

Is it Demand Chain? No, it's Apple!