SUPPLY CHAIN CONFERENCE

Connect. Transform. Deliver.

Trading Partner Alliance
FMI and GMA

April 30 - May 2, 2017
Paradise Point Resort & Spa
San Diego, CA
Collaboration session
Getting the most out of Joint Business Planning (JBP)
How supply chain teams can get a seat at the table and drive exceptional value
Panel discussion: introduction of participants

Paul M. Avampato  
Vice President Customer Service and Logistics North America at Mondelez International

Amanda Martinez  
Group Vice President of Corporate Procurement at Albertsons Companies

Aaron Vollrath  
Vice President Customer Operations North America Laundry, Home Care & Beauty Retail  
Henkel Consumer Goods

Elfrun von Koeller  
Principal at The Boston Consulting Group

Mondelez International  
Albertsons  
Henkel  
BCG
What is Joint Business Planning?

1. **Alignment** on joint objectives, resources, goals

2. Tracking scorecards to measure performance

3. Top-to-top meetings, alignment between manufacturers, retailers

4. JBP initiatives incorporated into annual plan for value creation
Audience Polling

**How satisfied are you with your collaboration with suppliers / retailers on supply chain topics?**

Please choose the most applicable for your company

- Very poor
- Poor
- Satisfactory
- Good
- Excellent
Audience Polling

**To what degree do you typically collaborate with trade partners?**

Please choose the most applicable for your company

- Supply Chain is part of the annual JBP meeting and is integral part of the agenda on growth
- Supply Chain is part of the annual JBP meeting, but topics are often not covered
- Supply Chain is **not** part of annual JBP, but there are separate Supply Chain top-to-top meetings
- We are collaborating on a few initiatives (e.g., VMI, forecasting) with specific trade partners
- We have only transactional conversations on Supply Chain with trade partners
Trade partner collaboration in supply chain has slowly progressed for decades...

- **1980's**
  - VMI

- **1990's**
  - ECR movement
  - CPFR
  - Walmart's RetailLink

- **Today**
  - Big data

Source: BCG
... recent pressures create higher urgency to deliver results

Cost pressures

Competition

Infrastructure crisis

Need for more agility

Source: BCG
Audience Polling

What have you found to be the biggest barriers to successful collaboration?

Pick top three on a self-assessment basis
- Lack of trust with trade partners
- Don't agree what success looks like with trade partners
- Priorities change through the year / from year-to-year
- Frequent turnover of key people on the other side
- Data and technology issues
- Difficulty quantifying savings
- Under-resourcing on both sides
- Hard to get investment internally
- Process issues, e.g., standardization of KPIs
- Difficulty sharing benefits
Five key barriers have impeded collaboration progress

- **Process issues**: "It's hard to standardize and gain alignment to interface disparate systems."
- **What success looks like**: "Different parties aren't always aligned on what success looks like."
- **Difficulty justifying investments**: "It's difficult to calculate the ROI for each collaboration engagement, which makes it hard to justify the resources and investment required."
- **Under-resourcing**: "Collaboration requires significant resources – unless you have a 'manager of collaboration' it ends up on the bottom of the priority list."
- **Lack of trust**: "There needs to be a shift around data transparency – the JBP partners hold things close to the vest."

Source: Benchmark interviews (n = 37)
Technology lowers the barriers to successful collaboration

Technology offers a great opportunity ...

Greater data availability than ever before

Algorithms matching different data sources rather than requiring perfect synch

Proliferation of asset matching algorithms (Uber for...)

Helps identify opportunities

... as it lowers the barriers to collaboration

- Process issues
- Difficulty justifying investments
- Under-resourcing

Source: BCG
How can supply chain get a seat at the table?

- **Build credibility to deliver value**
  - Improve performance and make impact visible, e.g. with cost reduction, by increasing on-shelf availability. Get some "quick wins" on the board to gain momentum.

- **Use common language**
  - Provide relevant KPIs e.g. sales and profit rather than costs.

- ** Adopt a proactive attitude**
  - Provide solutions instead of raising issues to convince that supply chain adds value to cross-functional collaboration.

- **Collaborate in target setting**
  - Participate in target setting, e.g. growth and efficiency targets, in order to collectively drive initiatives.
What happens when Supply Chain has a seat at the table

<table>
<thead>
<tr>
<th>Increased revenue</th>
<th>Increased margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better OSA</td>
<td>Loading / unloading efficiencies</td>
</tr>
<tr>
<td>Additional promotions</td>
<td>More efficient ordering</td>
</tr>
</tbody>
</table>

Source: BCG
Time for questions!