

# Global Supply Chain Risk Management & Trust Study

Aberdeen Group insights  
with Publication Partners Trust  
Enabling Strategies and SCL Canada

- June 2008 -

# Topics

- Objectives
- Demographics
- Study Findings
- Required Actions

# Objectives

- **Outcome:** roadmap to reducing supply chains' exposure to unforeseen events
- **Trust Component:** benchmarking the role of trust on risk management effectiveness, transaction costs and value creation
- **Canadian Segmentation:** partner with SCL Canada to benchmark Canadian Best-in-Class SCRM & Trust practices

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# Demographics

- Survey Participants: 138 companies globally (19 Canadian):
  - 63% North America
  - 24% EMEA
  - 10% Asia/Pacific
  - 3% South America & Caribbean
- Company Size:
  - 49% revenues > \$1B
  - 39% revenues \$50M - \$1B
  - 12% revenues \$50M or less

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# Study Findings

## Best-in-Class Defined

Top 20%:

1. 96% of shipments delivered to customers complete and on time
2. 94% of shipments from suppliers received complete and on time
3. 5% decrease in frequency of stock-out events
4. 2% decrease in variable distribution costs

# Study Findings

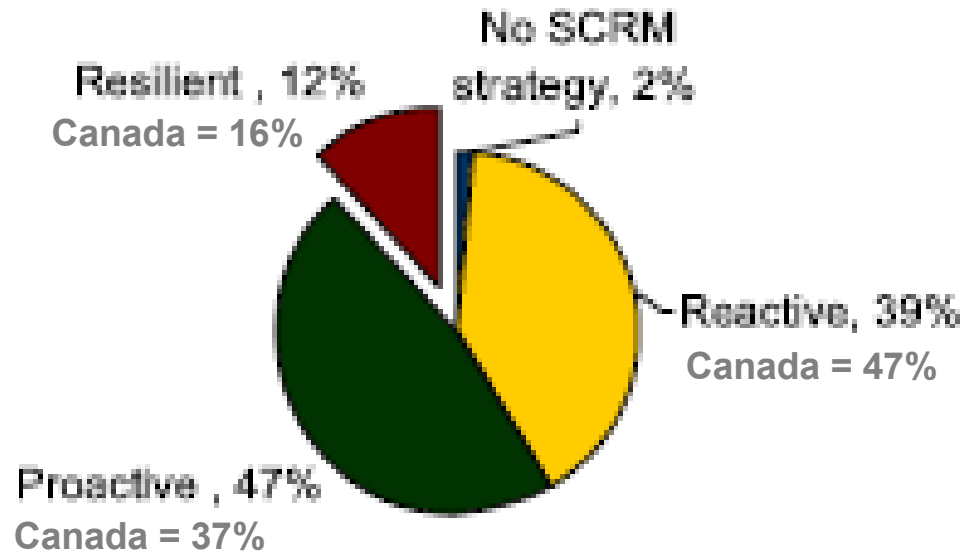
## Best-in-Class Characteristics

- TWO times as likely to have no major impact due to supply chain disruption
- 40% more likely to be able to respond to a 20% change in customer monthly demand
- Significantly more likely to manage various risks and 80% more likely to train employees on disruption response procedures



# Study Findings

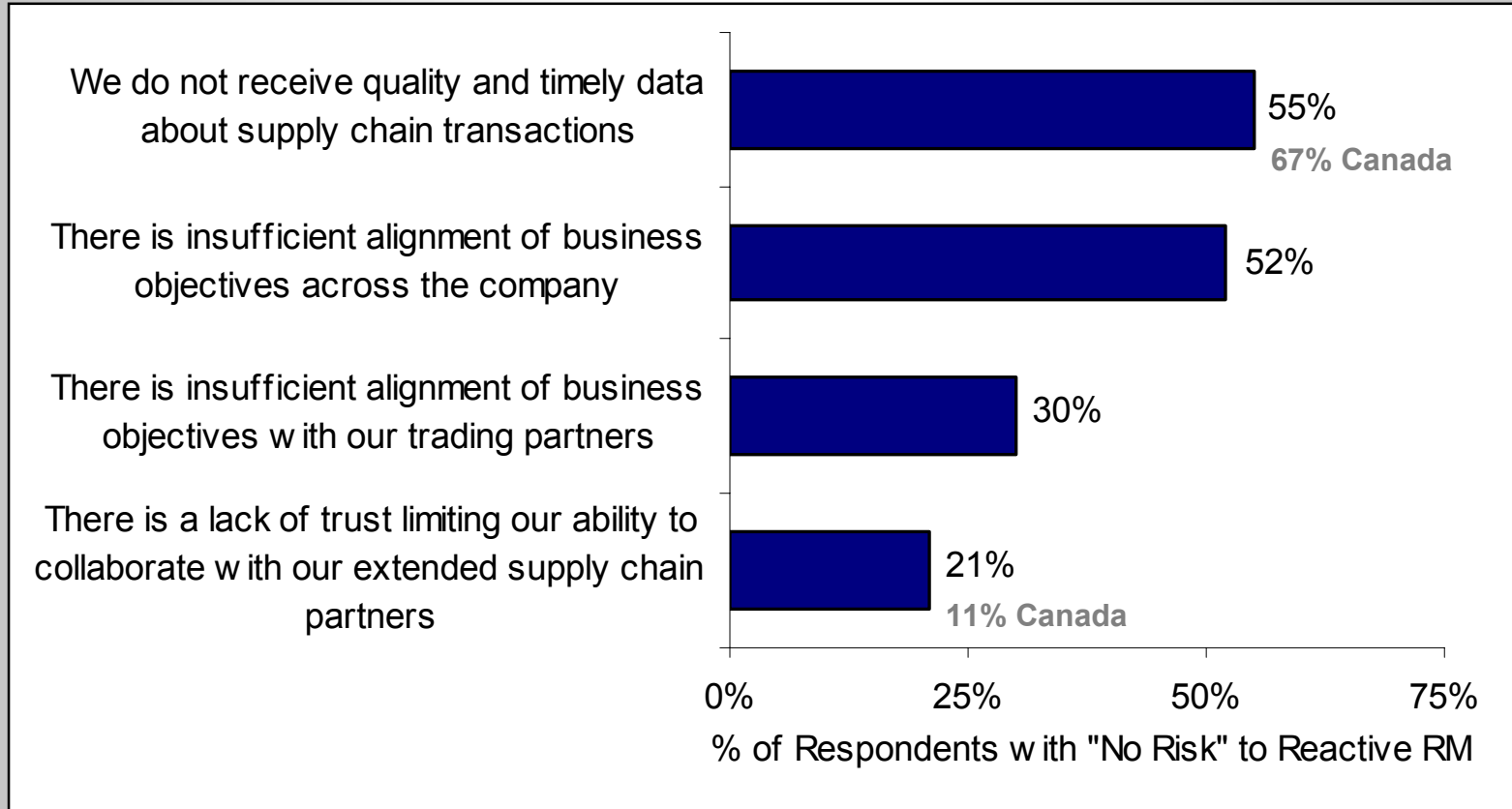
## SCRM Readiness



Source: Aberdeen Group, July 2008

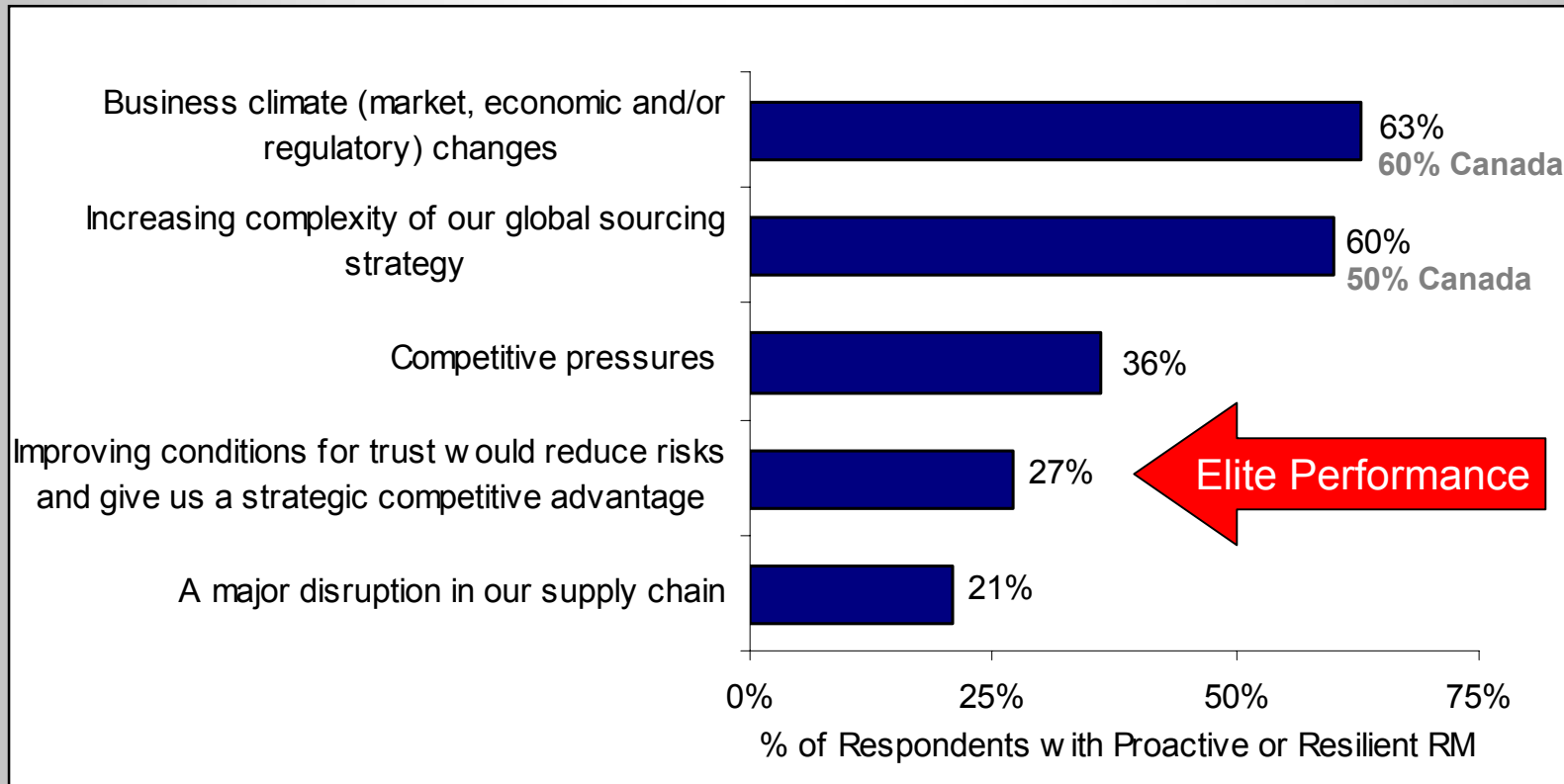
# Study Findings

## Reasons they have Reactive RM Practices



# Study Findings

## Reasons they have Proactive or Resilient RM practices



# Study Findings

## Those who identified Improving Conditions for Trust as a Reason

- Almost TWO times as likely to collaborate online with their trading partners and more likely to do so than Best-in-Class companies [**Elite Performance**]
- Significantly more likely to use Continuous Planning and Forecasting Replenishment (CPFR) than Best-in-Class companies [**Elite Performance**]
- Almost 50% less likely to suffer from demand disruptions
- Almost 50% more likely to deliver orders complete and on time

# Study Findings

## Best-in-Class Actions

- Collaborate more effectively with supply chain partners to jointly manage supply chain risks (59%) (63% Canada)
- Improve supply chain data quality used for decision-making (54%) (53% Canada)
- Re-design the supply chain (34%) (53% Canada)

# Study Findings

## Best-in-Class Capabilities

- Supply chain organization driving supply chain risk initiatives
- Manage and/or assess supplier risk, logistics congestion and capacity, and risk profile of country
- Role-based visibility views for other departments and external partners (e.g. customers)
- Supply chain risk assessment matrices

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# Required Actions Roadmap

- Re-define the traditional passive approach to SCRM
- Establish internal and external collaborative processes for SCRM and trust
- Improve software capabilities for supply chain visibility, demand and inventory management
- Advance analysis of supply chain risk modeling and assessment matrices for improved SCRM and trust decision making



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