

# Supply Chain

Bernard Pessa

**2014 - Present**

**Safety Environment & Real Estate EMEA VP**

**2005-2013**

**EMEA Logistics VP**

**2004**

**Industrial Excellence Director Europe**

**2003**

**Finance & Control Industry France**

**1999-2002**

**Plant Manager Le Vaudreuil (France)**

**Before**

**Project Manager Industrial Performance**

**Finance Control & Industrial Strategy**

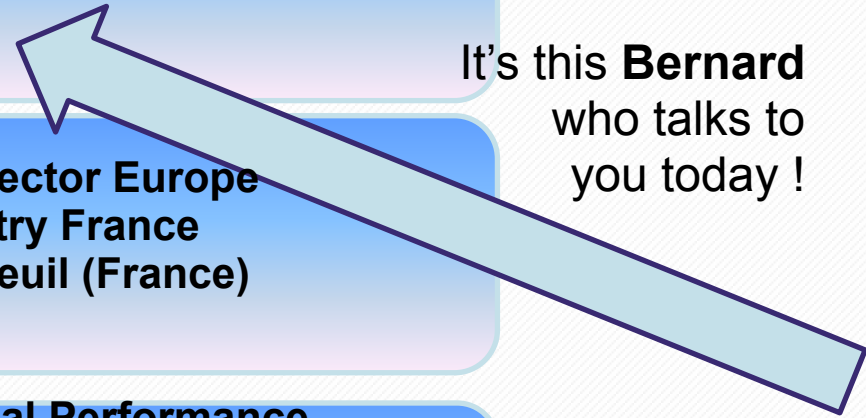
**Production Manager Celbridge Plant (Ireland)**

**Finance Control Division Contactors**

**Before Before**

- *Teacher (1y)*
- *Sales in a jewellery shop(1y)*
- *Trainee Aerospatiale (1y)*
- *Business school*

It's this **Bernard**  
who talks to  
you today !



Life Is On

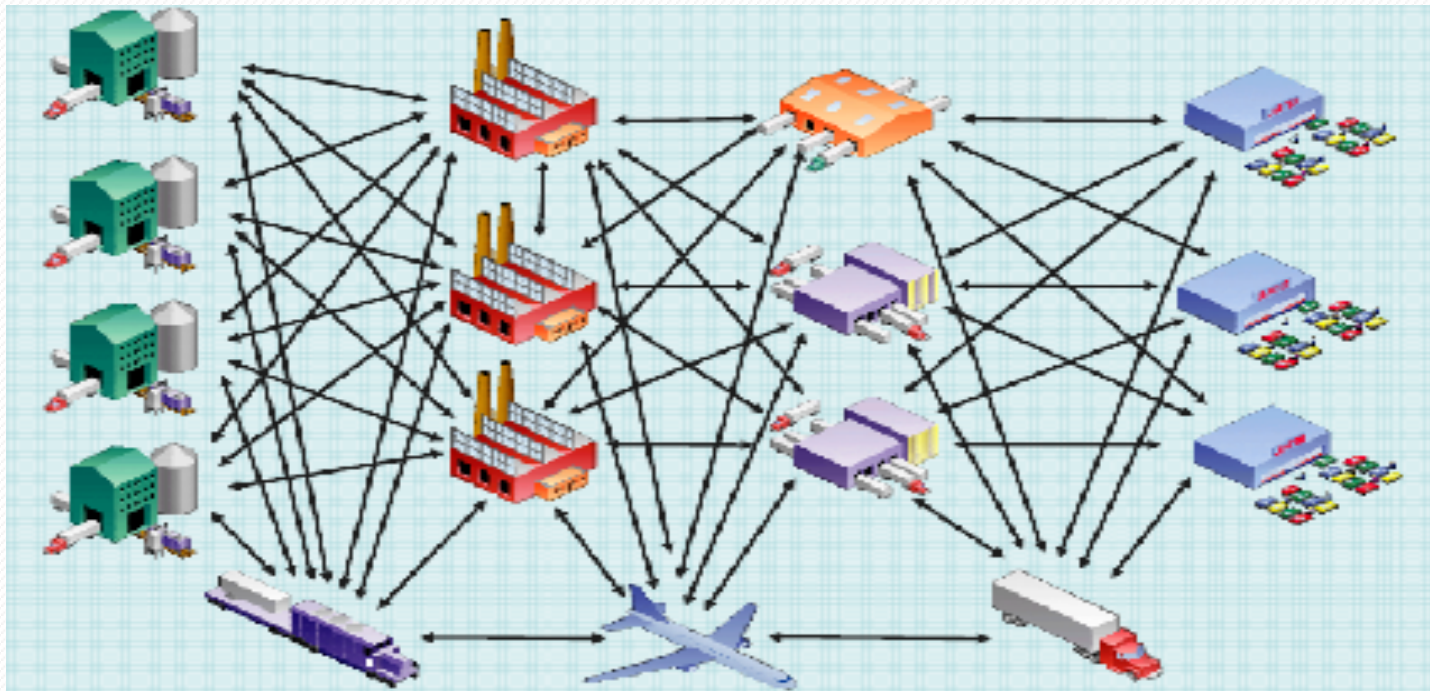
Schneider  
Electric



# Supply Chain – Agenda

- 
- 1 **Supply Chain concepts**
  - 2 Build a customer driven Supply Chain
  - 3 Discussion
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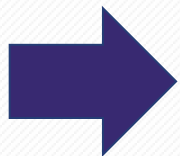
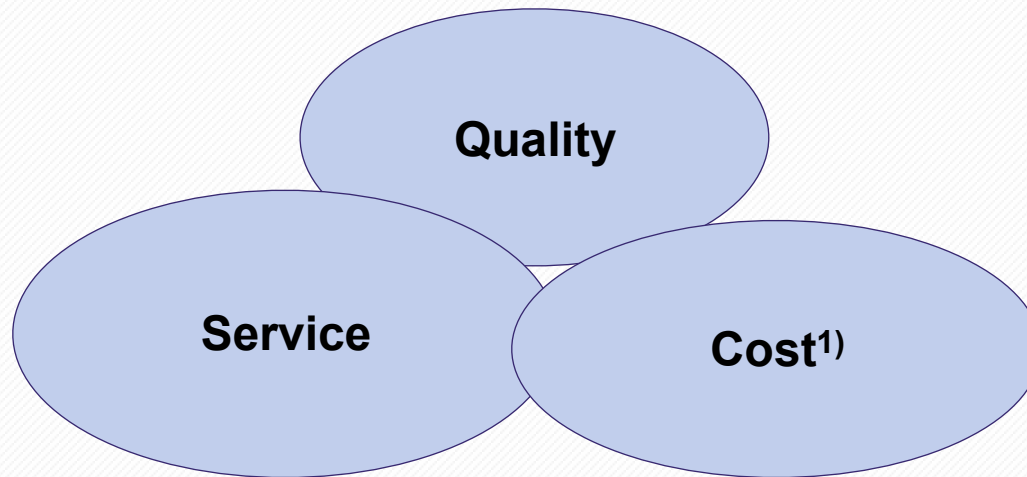
# Supply Chain: what is it?



- Any number of companies can be linked in the supply chain
- The distribution system can be direct from supplier to customer, or can have intermediaries (wholesalers, warehouses, retailers)

# Supply Chain: what for?

To grow Top line & Bottom line!

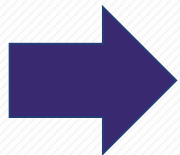
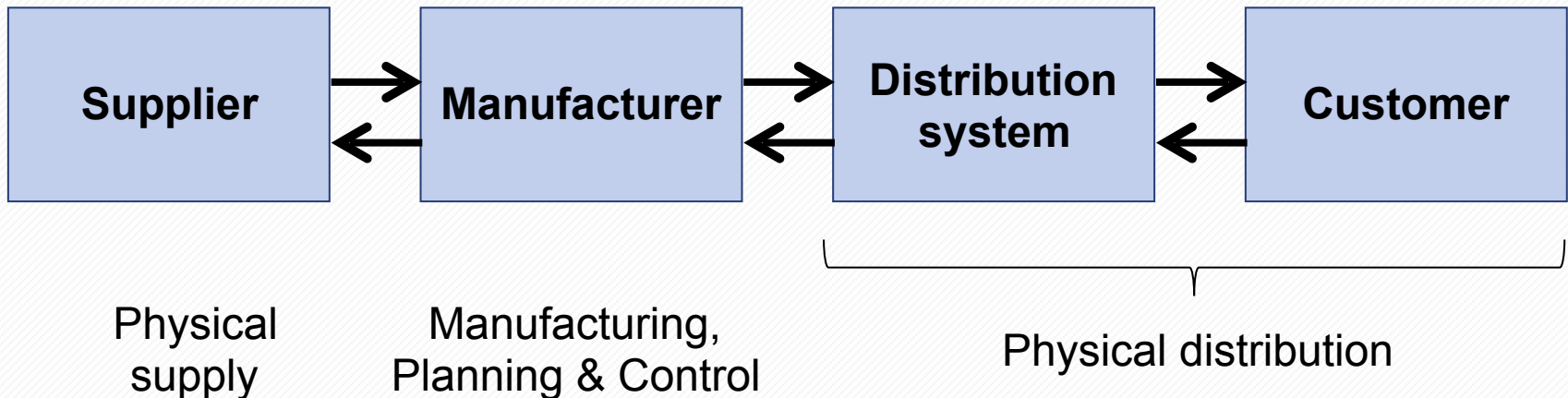


... Thanks to Quality, Service and Cost of the good or service sold

Note: 1) Including capital employed (stocks in particular)

# Supply Chain:

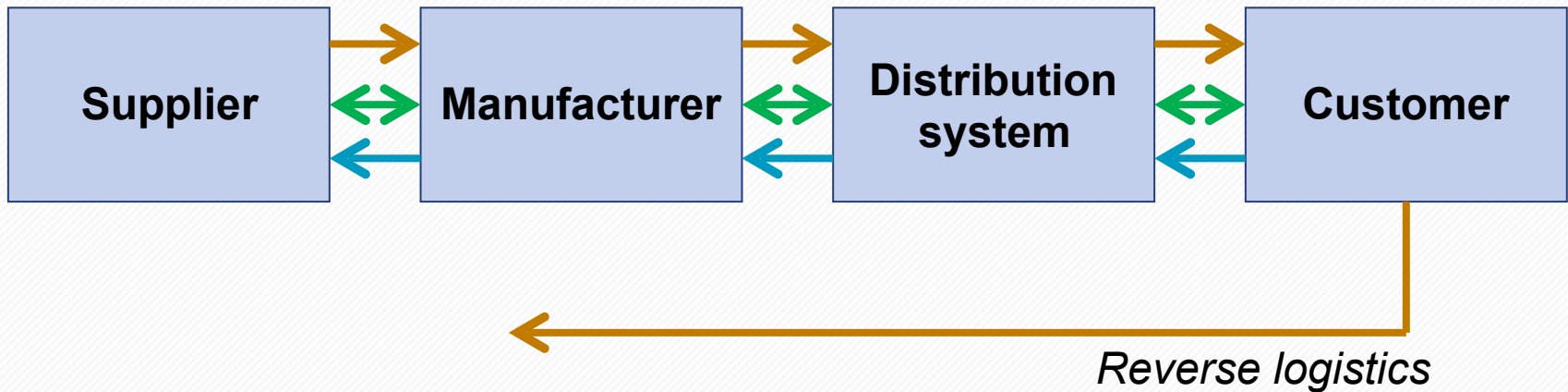
Who are the key players?



SC includes all activities & processes to supply a service or a product to a final customer

# Supply Chain:

What are the 3 flows to manage?



- Physical flows
- ↔ Information flows
- ← Money flows

# Supply Chain – Agenda

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# Supply Chain

Productivity driven?...or Customer driven?

## Productivity driven Supply Chain

- Specific function/function KPIs
- Segmented planning, looking backward
- Costs segmented
- “Invented here” Production system
- People as a variable of adjustment



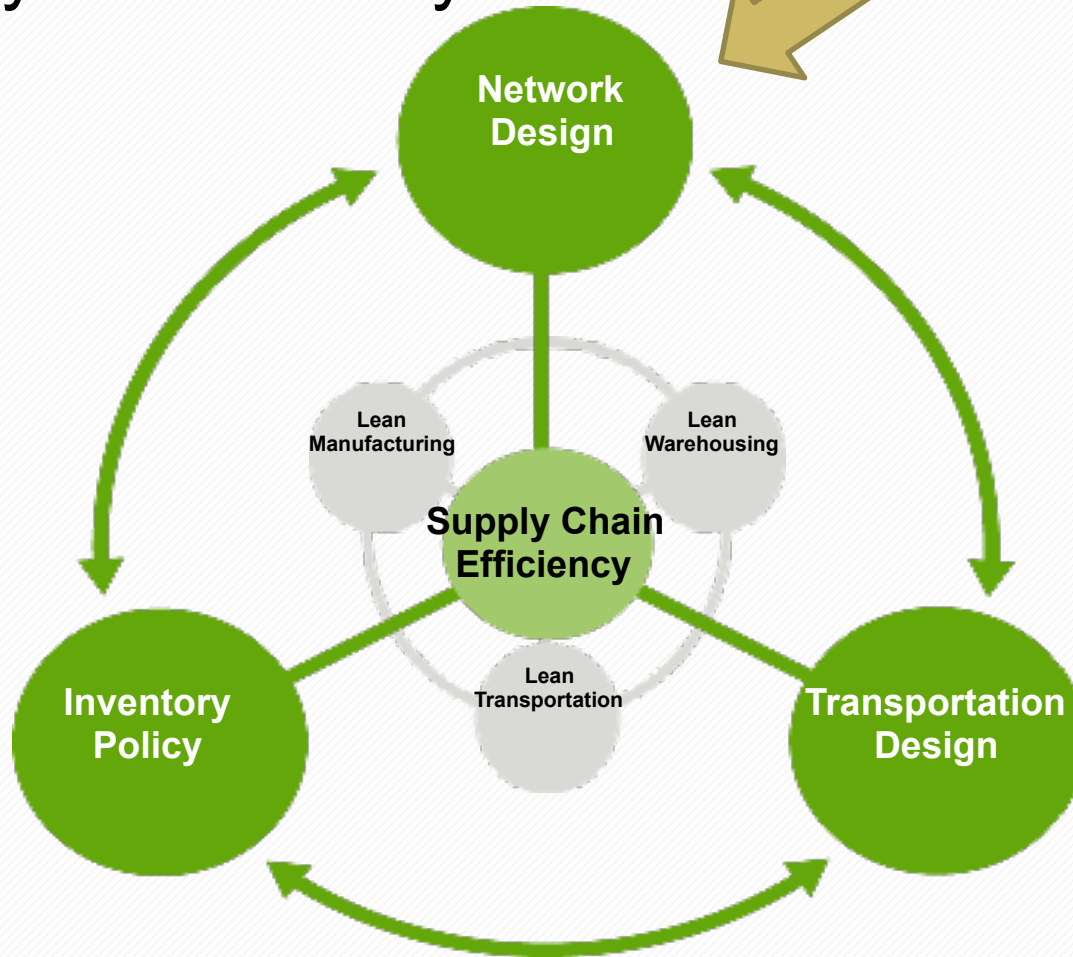
## Customer driven Supply Chain

- Balance Score cards
- Sales and Operation Planning aligning functions on future
- Cost to serve models
- Standardized Production System
- Safety as a value felt by all

# Supply Chain efficiency

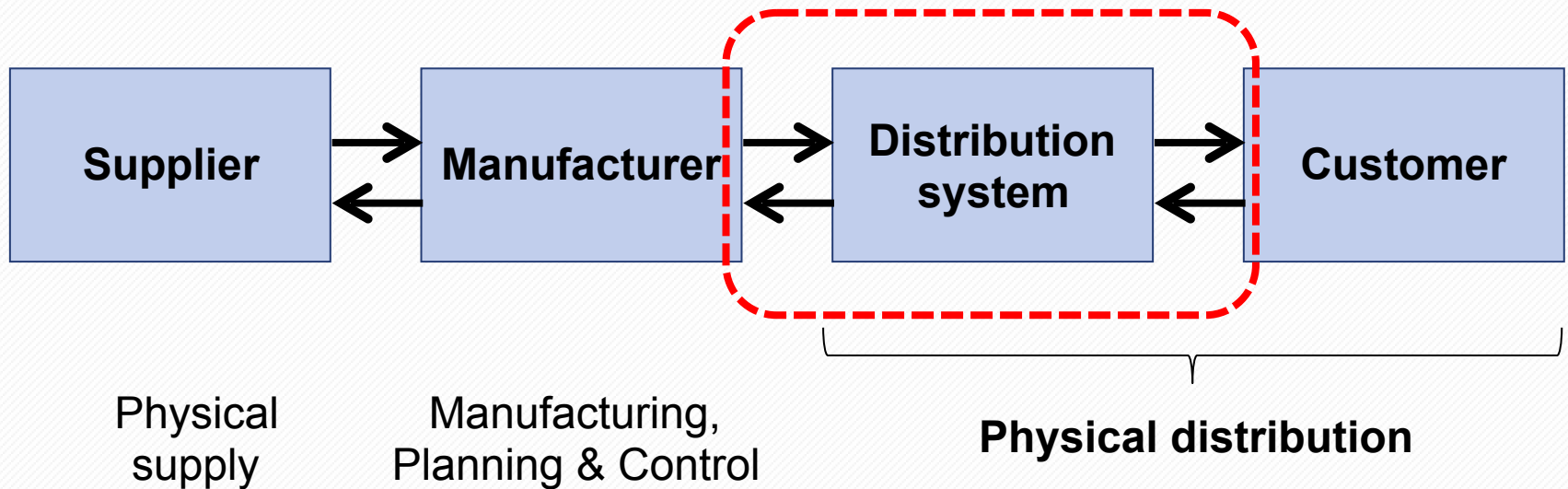
what is today's case study?

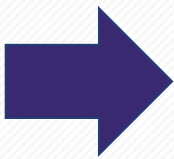
- Strategic
- Operational



# Build a customer driven Supply Chain:

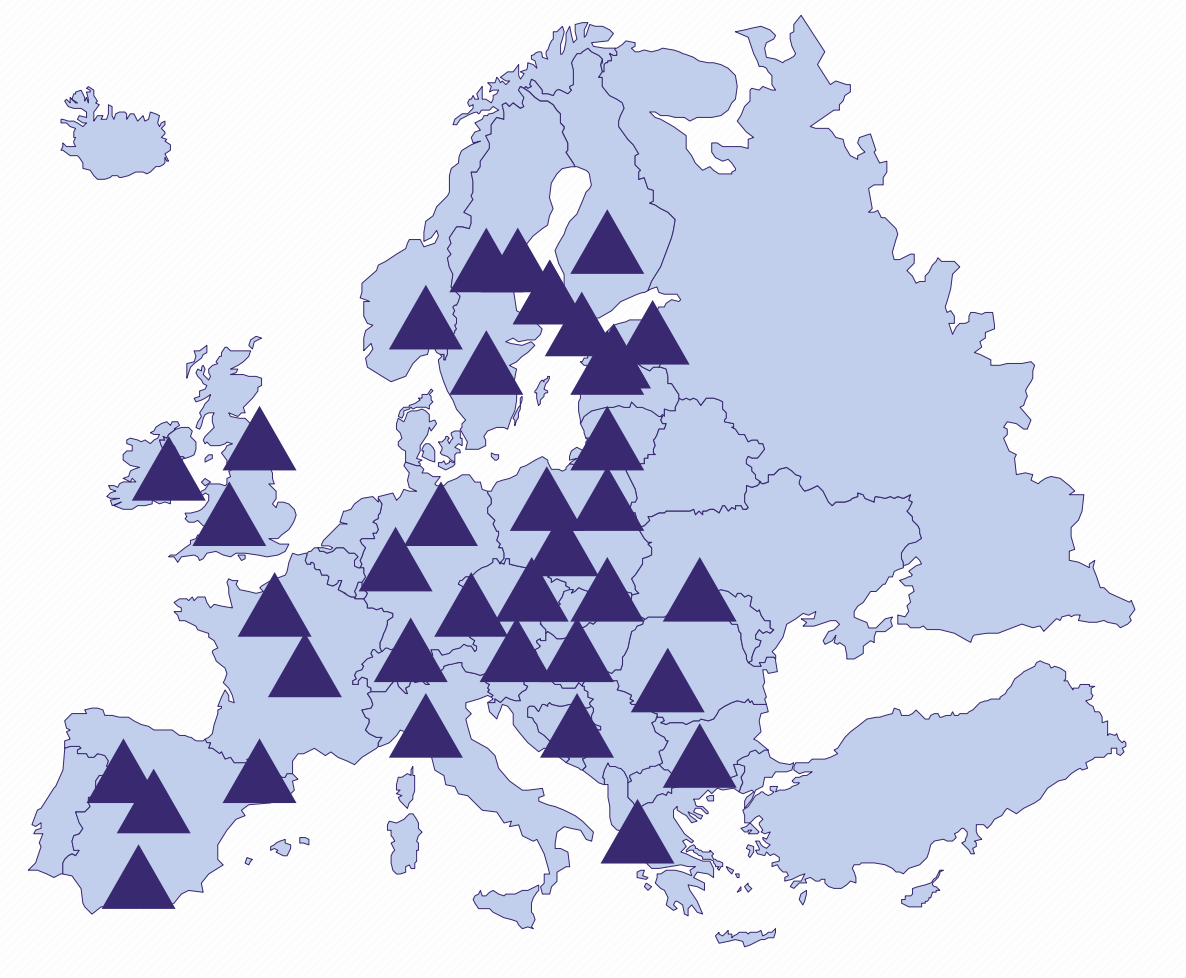
## Case study : Distribution network transformation



- 
- X M€ stock value, split in about circa "n" warehouses locations
  - Y countries to deliver
  - Thousands of active references manufactured in hundreds of plants
  - Hundred of thousands customer order lines per day

# Historical DC footprint

X warehouses:



## Status

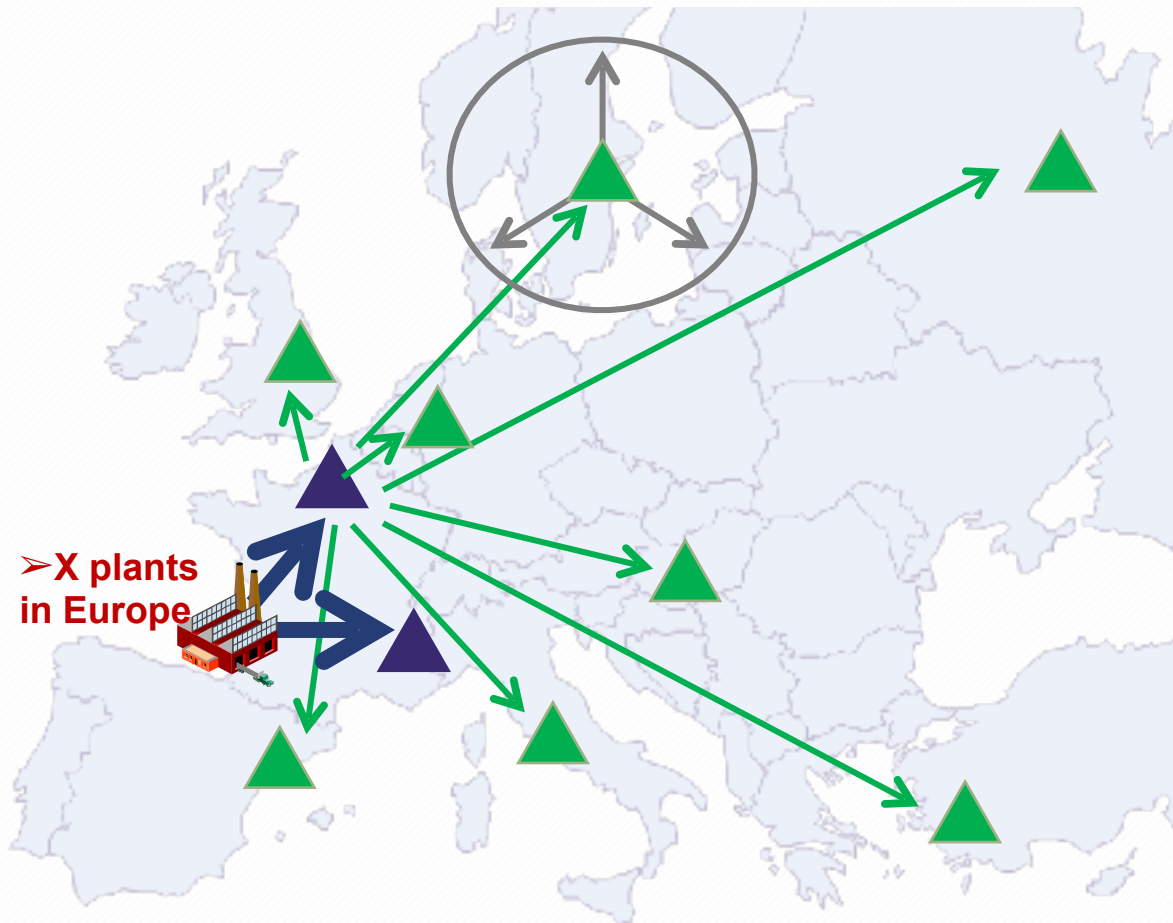
- country
- Mono-brand or multi
- Specific IT per DC

## Main issues

- Heterogeneous service
- Stock spread
- Multiple sources for a given customer
- Transport and logistics costs

# Historical Europe Distribution flows

## A double step Supply Chain



Legend: ▲ DC1 ▲ DC2 → Factory to DC1 flows → DC1 to DC2 flows

### Status

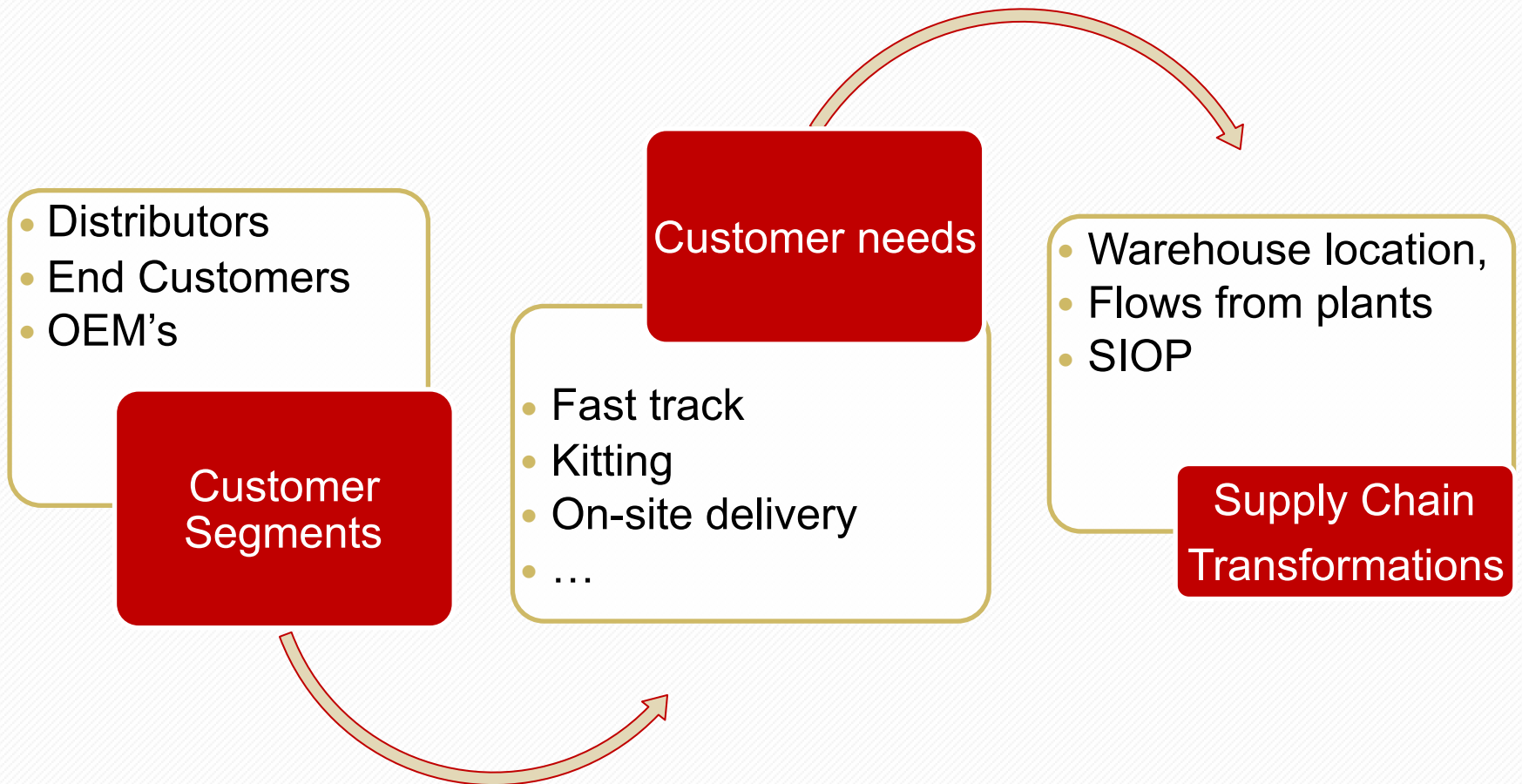
- Each factory connected to 2 DC1
- DC1's deliver the DC2's
- DC1 and DC2 serve the customers in their perimeter

### Main issues

- Same stock item on the same flow
- Double Logistics infrastructure
- Longer SC lead times

# Supply Chain:

What transformations to answer customer needs?



# Supply Chain customer needs:

Let's start the conversation with the customers!



Let's talk about  
our Supply Chain!  
What do we need ?

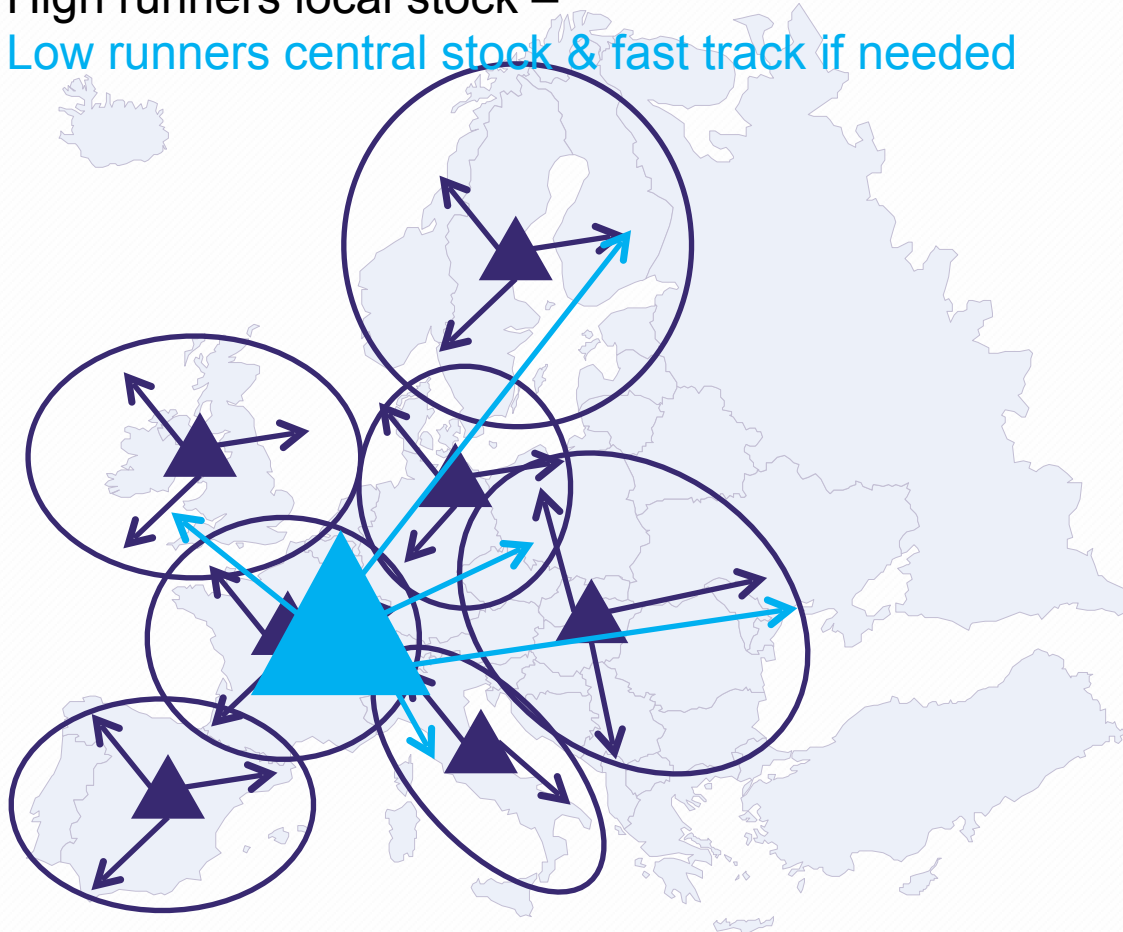
Fast track?  
Precise delivery?  
Kitting?  
On-site delivery?  
Track & trace?  
Last minute change?  
VMI?  
Co-Planning?  
SLA, KPIs?  
...

# Logistic Territories concept:

Execute deliveries to customer in a given timeline

High runners local stock –

Low runners central stock & fast track if needed



## LT Missions

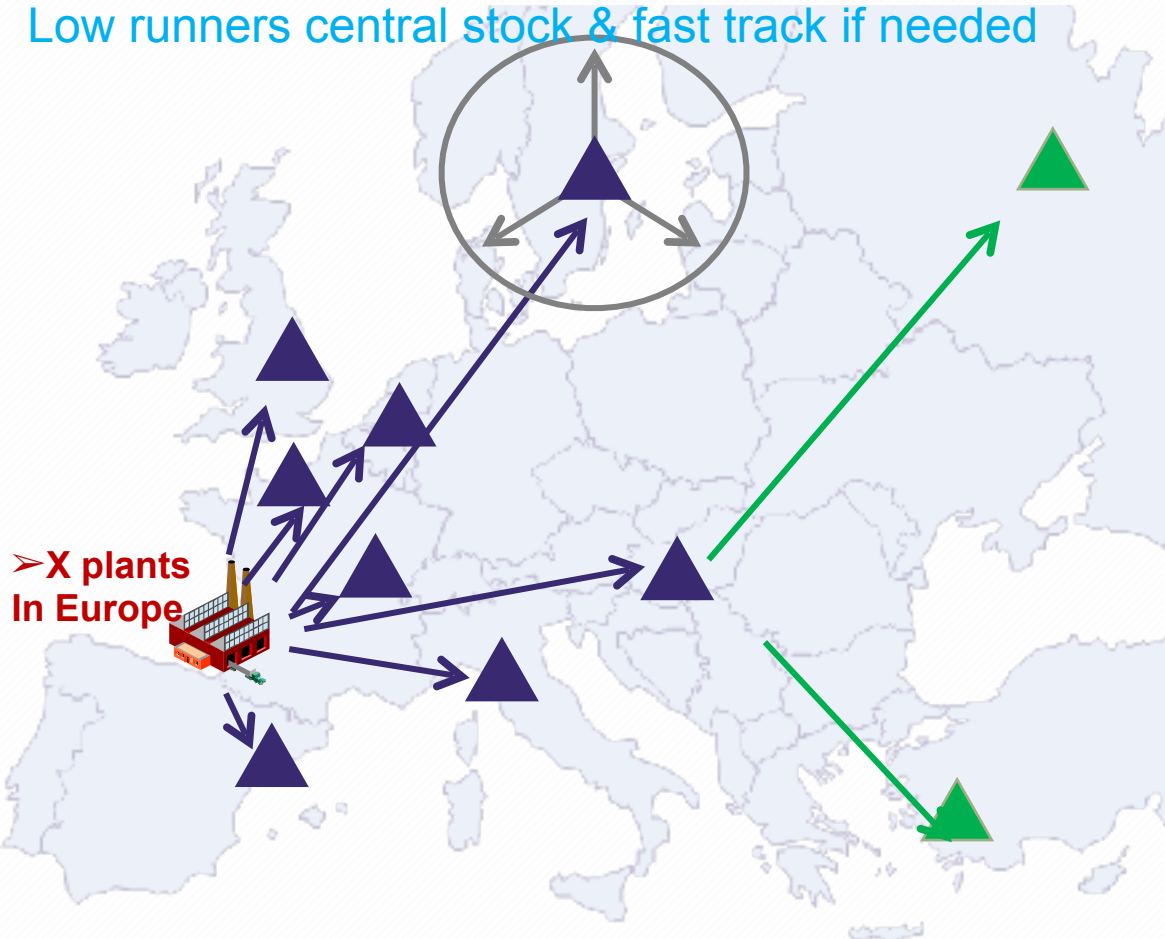
- Deliver products to customers
- Monitor Commercial & Logistic Offer
- Drive Collaborative Sales Forecasts
- One IT system
- Consolidate inventories of a geography (excl low runners)



# Targeted scheme: A single DC step

High runners local stock –

Low runners central stock & fast track if needed



Legend: ▲ DC1 ▲ DC2 → Factory to DC1 flows → DC1 to DC2 flows

## Major changes

- Each factory can deliver directly each DC (excluding Russia & Turkey)
- Each DC serve the customers in its perimeter
- Low runner centrally stocked, high runner locally stocked

# Products availability to customers:

What is the lead-time expected by the customer?

LT : 1 to 5 d?

LT : 5 to 10 d?

LT : 2 to 8 weeks?

Decision for stock location (or MTO) based on customer Lead-Time expectation...  
...And on Transport mode too..

Plant



Distribution center



Distribution Center (s)



Customer (s)



MTS

Plant



Distribution center



Distribution Center (s)

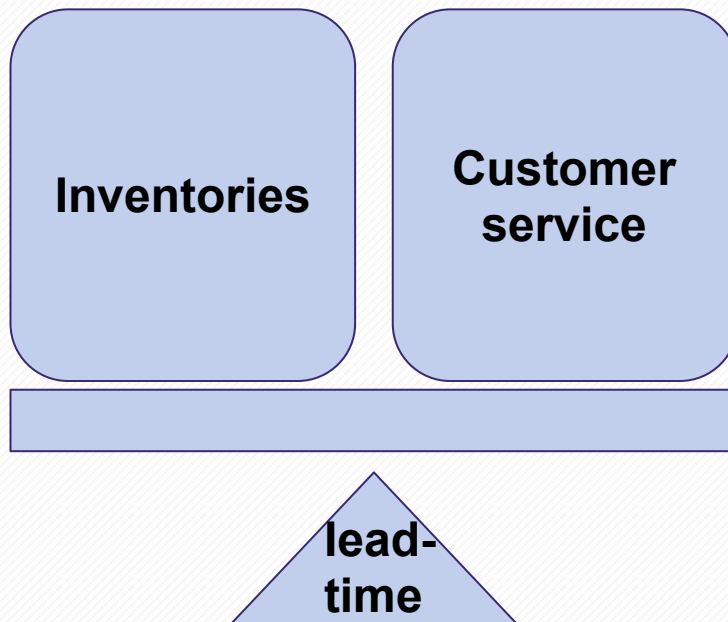


Customer (s)



MTO

# What is the key factor of this balance?



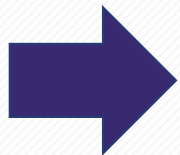
## Structural principles

Fast Supply-Chain, single step...

High runner stock close to market...

Low runner + fast track from the central stock...

And a Process! The SIOP !

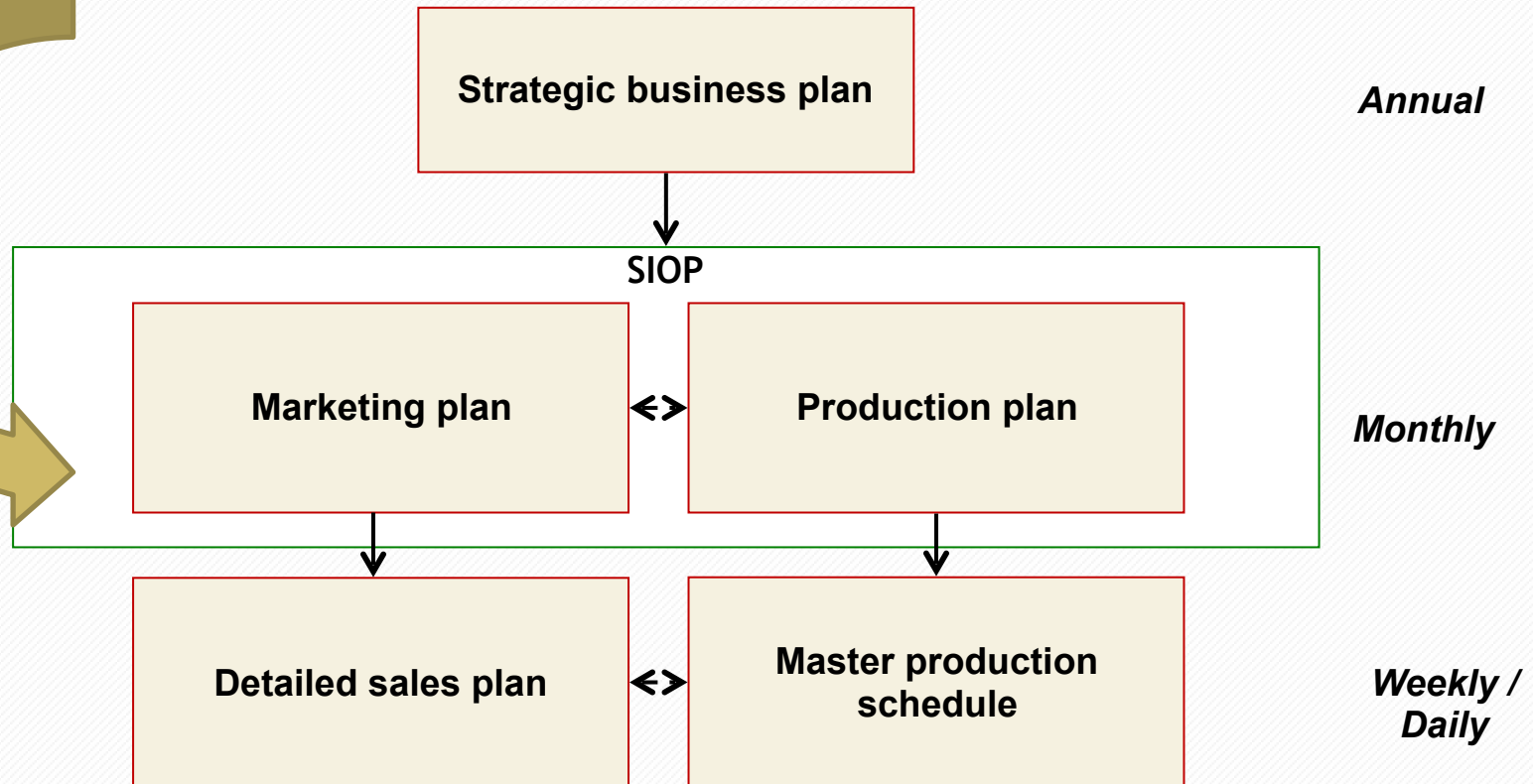


OK, OK ...Lead-time si the key factor !.

Then...how to Align Back-Office and Front-Office?....

# Supply chain

## Sales, Inventories & Operations Planning Process



### **SIO P : visibility and reactivity from customers to suppliers!**

- Anticipate to create conditions of success by full alignment of FO,BO, BUs...
- Accelerate issue resolution, reduce bull whip effects, limit shortages,...

# Supply Chain:

## Network Design and Inventory transformation

Distribution Centres  
Consolidation &  
Rationalization

Product availability thanks to  
SIOIP  
&  
Lead-time reduction !

Customer  
Driven  
Supply Chain

From «2 DC steps 3 to  
« single DC step »

« Local DC to Regional DC »,  
« Multi-Brand DC to 1 Brand DC »

Specific Supply Chain(s)  
Agile, flexible...

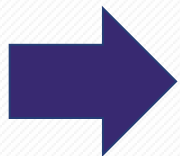
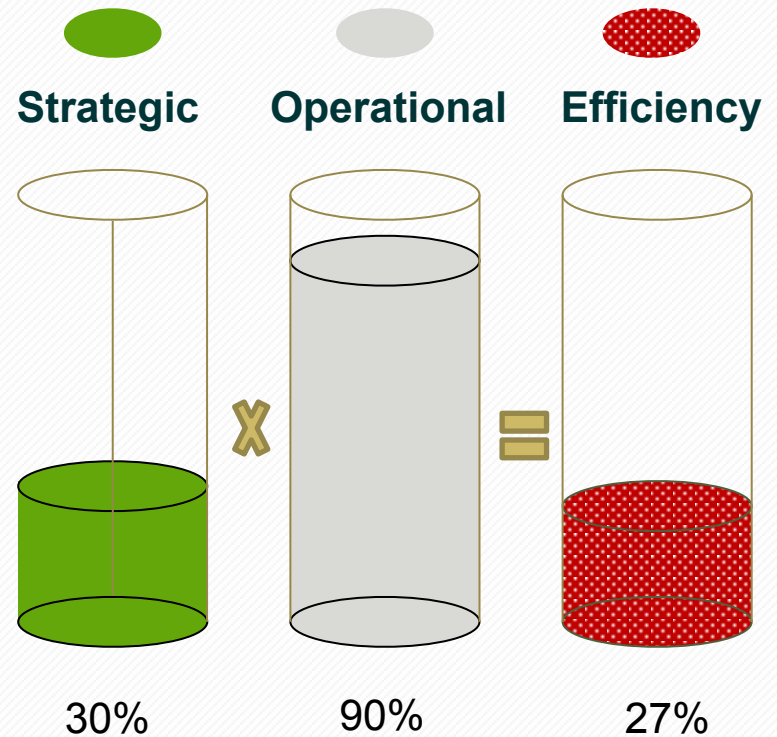
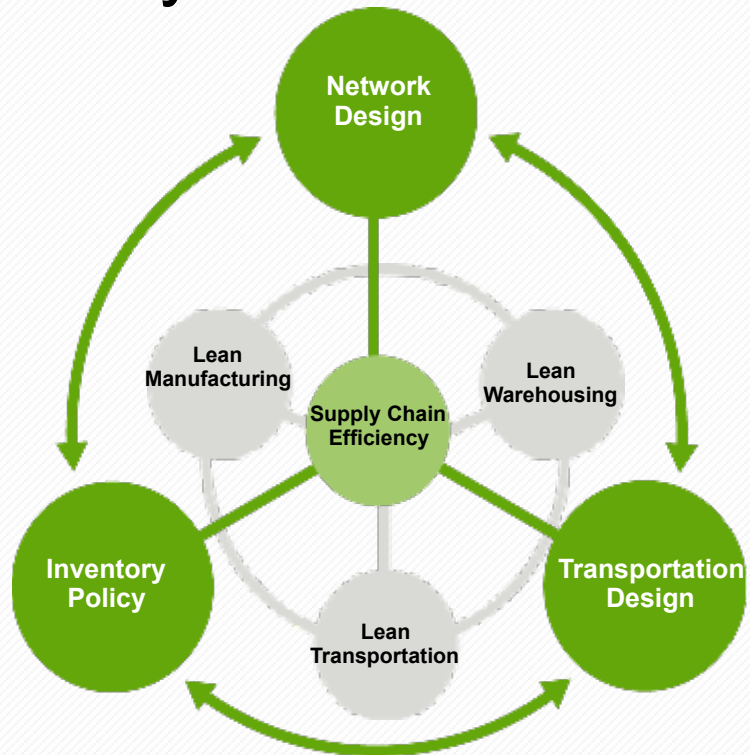
Improve products availability while reducing costs & inventories

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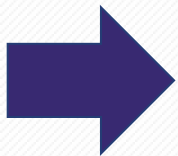
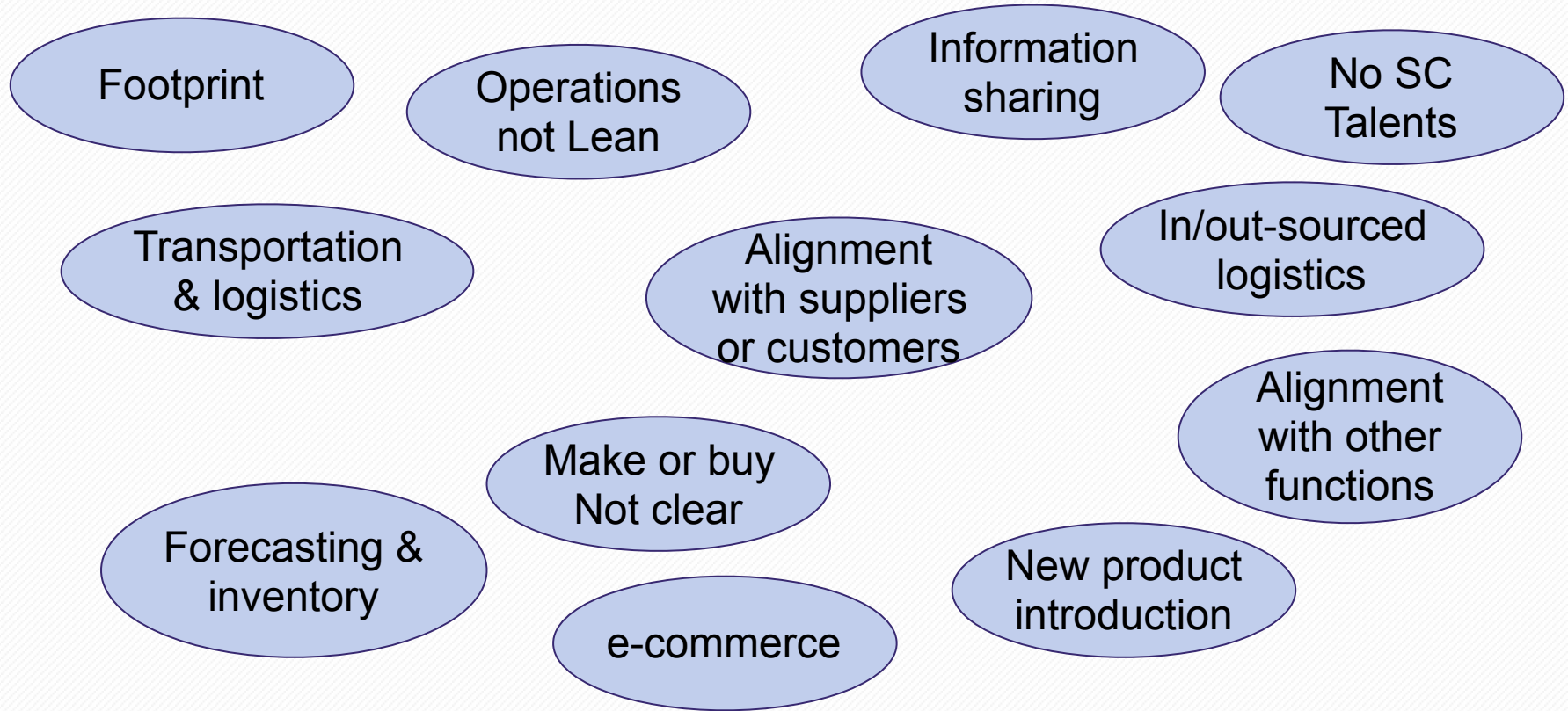
# Supply Chain efficiency



An efficient Supply Chain is the combination of

- a great Strategic Design
- and a great Operational Execution

# Any concern with your Supply Chain?



➤ Concerns in SC have often structural causes



# Supply chain

## Design & Execution

### Strategic

e-commerce

Footprint

In/out-sourced  
logistics

No SC  
Talents

Make or buy  
Not clear

Information  
sharing

New product  
introduction

### Operational

Alignment  
with  
suppliers  
or customers

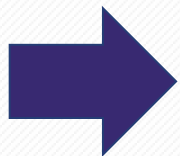
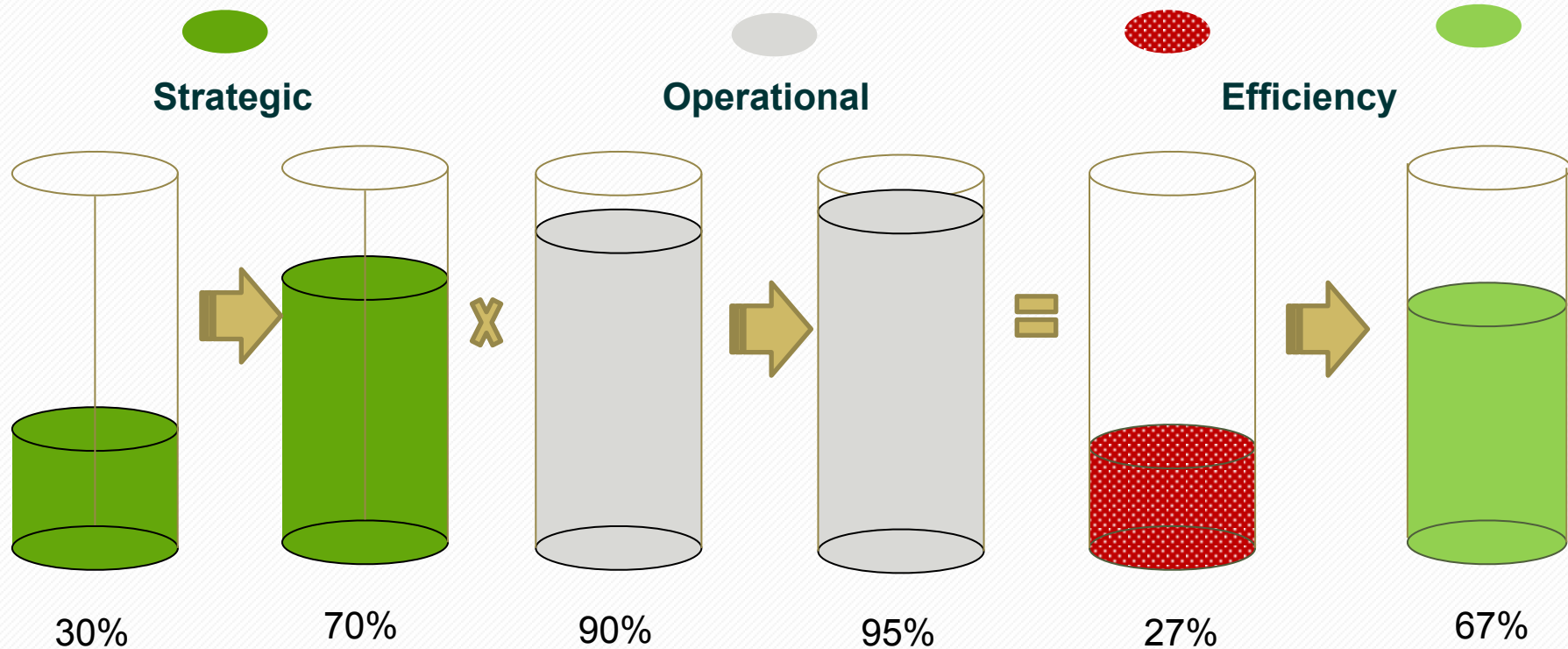
Transportation  
& logistics

Operations  
not Lean

Alignment  
with other  
functions

Forecasting  
& inventory

# Building a Customer Driven Supply Chain: 2 separated plans with 2 timelines



An efficient Supply Chain is the combination of

- a great Strategic Design
- and a great Operational Execution



**Thanks**