



The Supply Chain Impact Survey

Research Results

Research Combining the Perspectives of Supply Chain Managers and Consumers on Supply Chain Challenges

November 2013

Research Methodology

The Capgemini supply chain management research included surveys among supply chain managers and consumers in the United States:

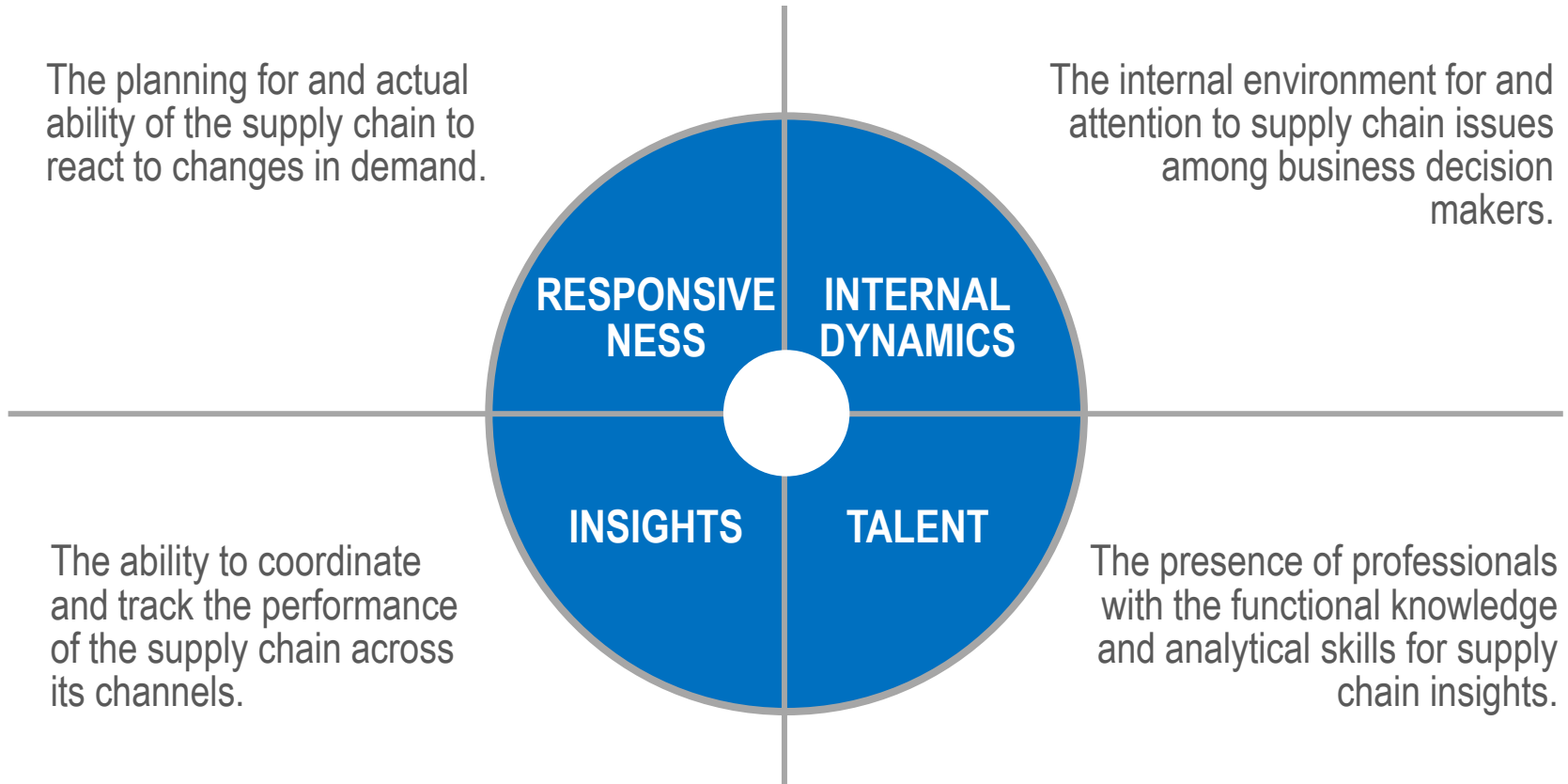
	Supply Chain Managers	Consumers
Research Approach	> Online survey of supply chain managers with decision-making authority or influence over supply chain issues at companies with at least \$1 billion in revenue	> Online omnibus survey of adults nationwide
Completed Interviews	> 150 supply chain managers	> 1,000 adults
Fielding Dates	> October 4-13, 2013	> October 9-13, 2013



Challenges in Supply Chain Management

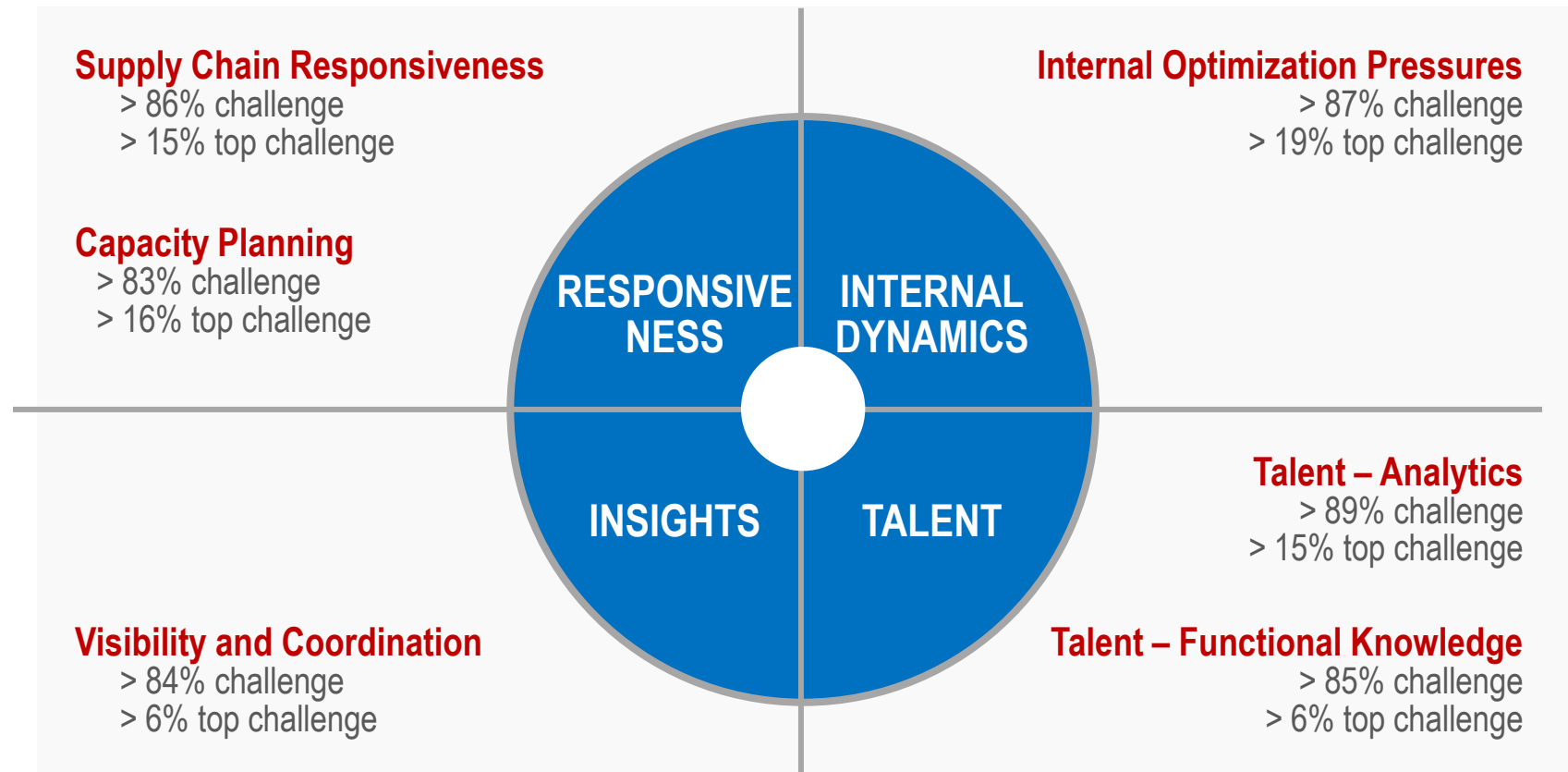
Measuring Challenges in Supply Chain Management

The survey explored four main areas of challenges that supply chain managers face within their company and system.



Supply Chain Managers Face Systemic and Internal Challenges with a Lack of Talent and Insights

Supply chain managers identify a plethora of challenges. In fact, no less than 47% of supply chain managers identified with each issue area tested. The most prevalent challenges are highlighted here:



Q6-17. The following is a list of challenges that you or your company might face in its management of the supply chain. Please indicate the extent to which each of these items is a challenge for your company. | Q18. You indicated the following are very challenging for your organization. From the list below, please select the single most important challenge to your organization.

Supply Chain Managers Feel Squeezed from Both Consumer Demand and Supply Systems

Supply chain managers are facing increasing requirements of their systems to respond to fluctuations in demand in real-time, to meet increasing consumer demands, and to adjust to a shorter product lifecycle.

Supply Chain Managers Report that Compared to 5-10 years ago...

90%

Consumer demand is fluctuating more rapidly

80%

Consumer expectations for perfect, on-time order fulfillment have increased

80%

The time between production and point of purchase has gotten shorter

Q20. Do you believe consumer demand fluctuates more or less rapidly today than it did five to ten years ago? | Q25. Have consumer expectations around perfect, on-time delivery of your products increased, decreased or stayed about the same over the last five years? | Q23. Do you believe the time period between production to the point of purchase has gotten shorter or longer as compared to 5-10 years ago?

Supply Chain Systems Not Successful in Quick Adjustments to Match Consumer Demand

Despite the volatile supply and demand environments putting increasing pressure on systems, just a portion of supply chain managers strongly agree that their supply chain has the capacity to respond to fluctuations in demand when necessary.

Consumer Demand is Fluctuating More Rapidly...

90%

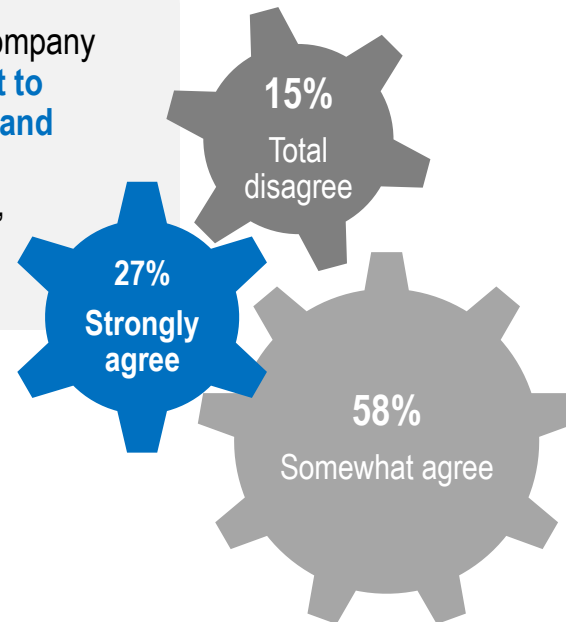
Consumer demand is fluctuating more rapidly

(according to supply chain managers as compared to 5-10 years ago)

...Yet, Most Supply Chain Managers Say Their System Can't Adjust Quickly to these Fluctuations

Agree or Disagree:

The supply chain for my company has the **capacity to adjust to meet fluctuations in demand** when necessary, including manufacturing, distribution, transportation, and order fulfillment.



Q31. To what extent do you agree or disagree with the following statement? The supply chain for my company has the capacity to adjust to meet fluctuations in demand when necessary, including manufacturing, distribution, transportation, and order fulfillment.



Impact of Supply Chain Management Issues



Supply Chain Managers Note Concern for Impact of Supply Chain Issues on Profitability

While the majority of supply chain managers report that their company's executives and decision makers are concerned about supply chain issues negatively impacting revenue or profitability, nearly a third note this concern has not reached the C-Suite.

Company Executives' Concern about Supply Chain Issues Impacting Profitability

69%

Supply chain managers say executives and business decision makers are **concerned about supply chain issues impacting the company's revenue and profitability**

27% Very concerned
43% Somewhat concerned



31%

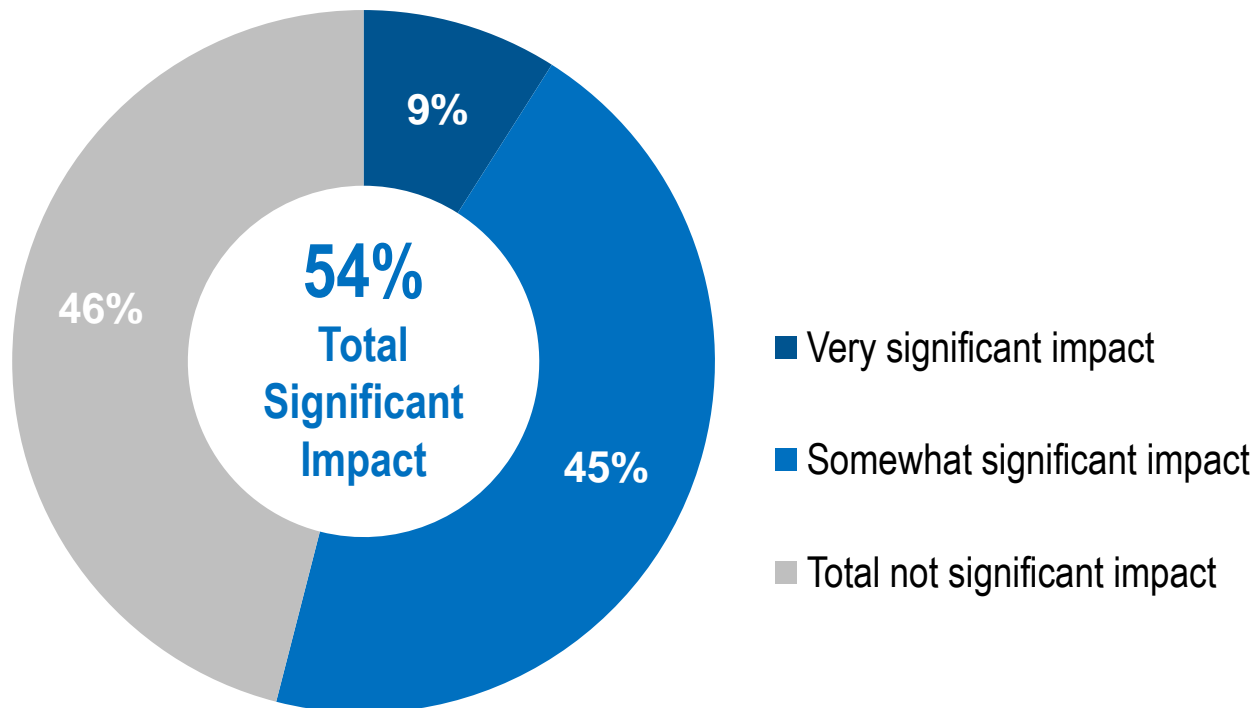
Supply chain managers say executives and business decision makers are **not concerned about supply chain issues impacting the company's revenue and profitability**

21% Not very concerned
9% Not at all concerned

Q28. How concerned do you think your company's executives and business decision makers are about a supply chain issue during the holidays impacting your company's revenue or profitability?

Supply Chain Managers Acknowledge the Impact of System Issues on the Company's Bottom Line

In fact, more than half of supply chain managers report that supply chain issues have had a significant negative impact on their company's revenue or profitability in the past few years, thereby elevating the attention to and need for addressing supply chain challenges.



Q26. To what extent over the past few years have supply chain issues had a negative impact on your company's revenue or profitability?



When Consumers Shop with an Item in Mind, a Lack of Inventory Leads to Lost Sales

The majority of consumers, if not able to find the specific item they wanted to purchase during the holiday season, would seek to purchase it elsewhere, representing lost sales for the retailer. In fact, one in four consumers would actually pay more for the item at a different store.

Impact if Consumers are Not Able to Find Desired Item during Holiday Shopping: (Multiple responses allowed)



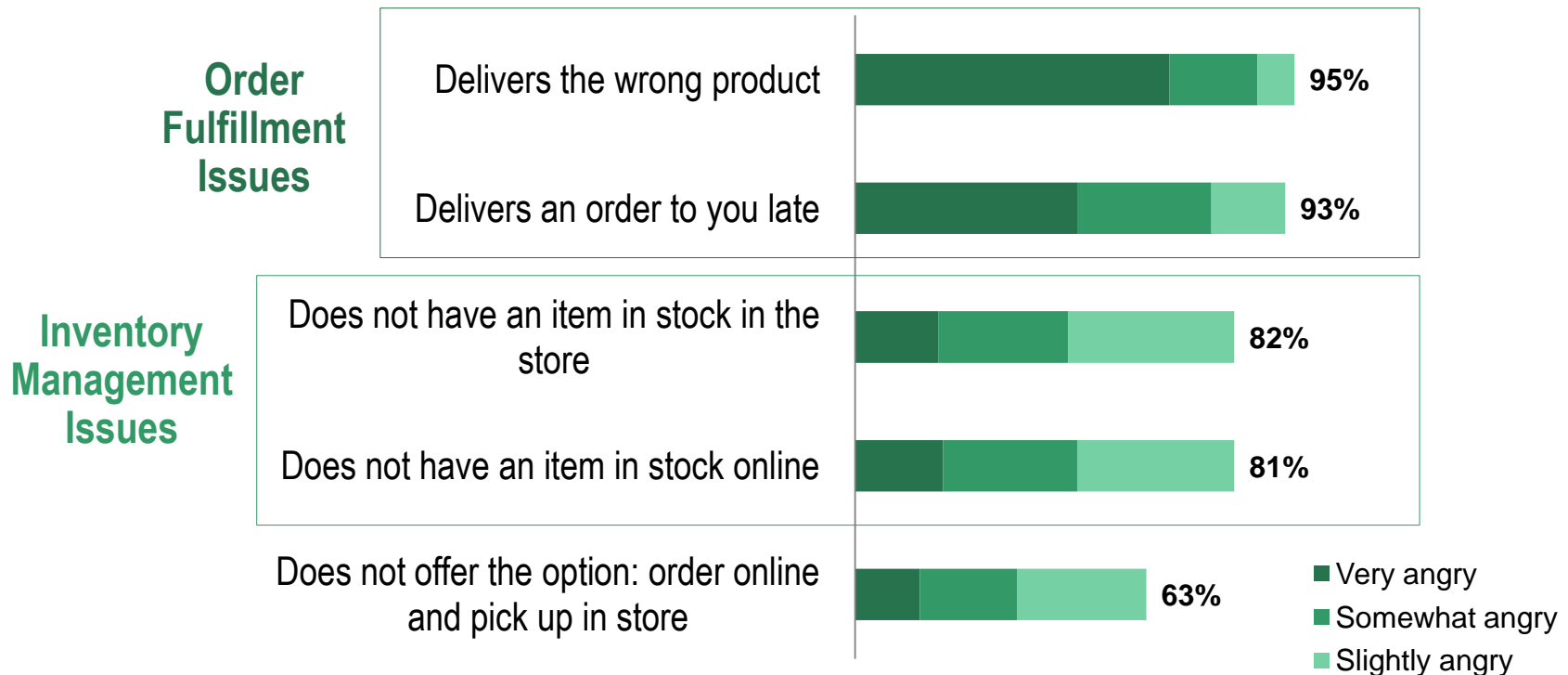
Q5, consumers. Which of the following, if any, would you do if you were not able to find an item you wanted to purchase during the holiday shopping season this year? (Multiple responses accepted.)



Consumers Angered by Supply Chain Shortcomings

Consumers identify a number of issues stemming from supply chain management that would incite discontent toward a retailer during the holiday season. Order fulfillment issues are the biggest offender to consumers, followed by inventory management challenges.

% Angered by Issue



Q2-3, consumer. The following is a list of things you might encounter with a company or store during the holiday shopping season. If a company did each of the following how many lumps of coal do you think should be put in their stocking?

Consumers Have High Expectations for On-time Delivery

Supply chain managers' failures to get online orders to consumers as expected have a big impact on loyalty. Nearly all consumers say they would be less likely to shop with a retailer in the future if they experience late delivery for online orders.



High Impact on Consumer Loyalty

89%

Consumers are less likely to shop with a retailer who delivers an item at least 1 day late

Q4, consumer. Please think about shopping for a gift and ordering that item online. How many days late would an item have to be delivered to you that you would be less likely to shop with that retailer in the future?



Resources for Effective Supply Chain Management

Business Decision Makers Lack an Understanding of or Analytics for their Supply Chain System

Executives' Grasp of System Performance



Just 34%

Supply chain managers believe executives and business decision makers in their company have a great deal of understanding of the performance of the company's supply chain

System Performance Insights



Just 21%

Supply chain managers give their system an "excellent" rating for its ability to provide senior executives with accurate, real-time insights into its performance

Resources to Inform Insights



75%

Supply chain managers do not feel strongly that their company has the right tools or resources in place to communicate effectively with executives about supply chain performance or decisions

Advanced Modeling Insights



79%

Supply chain managers report that they do not use advanced modeling techniques to inform business challenges or issues in supply chain management very often

Q32-35. To what extent do you believe that executives and decision makers in your company have an understanding of the performance of your company's supply chain? | How would you rate your supply chain systems' ability to provide senior executives with accurate, real-time insights into the supply chain performance? | How often do you use advanced modeling techniques to inform business challenges or issues related to supply chain management? | Q35. Agree/disagree: My company has the right tools or resources in place to be able to communicate effectively with executives and business decision makers about supply chain decisions/performance.

Finding the Right Talent for Supply Chain Management Insights Presents a Significant Challenge

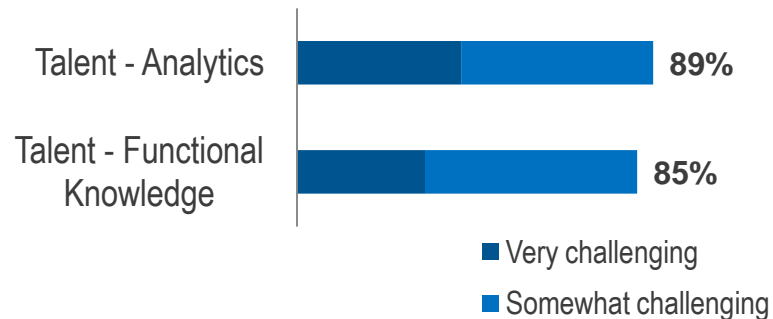
Supply chain managers identify a real shortage of talent with the right skills and industry knowledge to make supply chain performance visible and useful to the company. Supply chain managers admit that finding and retaining the right talent for management and decision making is a significant challenge for their organization.

Just 18%

Supply chain managers agree strongly that their company has the **ability to attract and retain the right talent for supply chain management**

(Talent with a mix of analytical and process capabilities and industry knowledge)

Challenge: Finding the Right Talent for Supply Chain Management



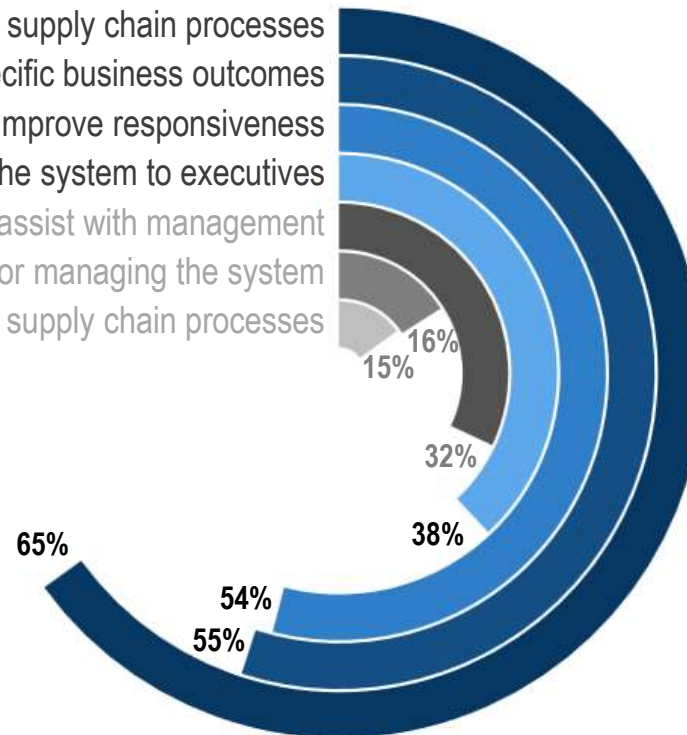
Q36. Please indicate the extent to which you agree or disagree with the following statement. My company has the ability to attract and retain the right talent for supply chain management, including a mix of analytical capabilities, process capabilities, and industry knowledge. | Q12-13. Please indicate the extent to which each of these items is a challenge for your company. Finding talent with the right analytical skills to provide insight into your supply chain. Finding talent with the functional knowledge of effective supply chain processes.

Supply Chain Managers Look to Bolster their Talent and Analytic Capabilities in the Coming Year

Given the challenges they face, supply chain managers are willing to prioritize a multitude of initiatives to improve their supply chain system and insights. They are focused most on improving the resources for supply chain oversight including increasing its company's talent or analytical skill set, bringing in best-in-class practices, and leveraging modeling for better insights to increase the visibility of supply chain performance among senior executives.

Priority Initiatives for Supply Chain Managers

- Increasing the **talent/skill set** for those in supply chain processes
- Bringing in **best-in-class practices** to improve specific business outcomes
- Better leveraging data and **analytic modeling** to improve responsiveness
- Increasing the **visibility of analytic insights** about the system to executives
- Implementing a supply chain technology platform to assist with management
- Outsourcing all or a portion of processes for managing the system
- Hiring a third-party firm or consultant to manage supply chain processes



Q37. Which of the following are priorities for you and your company's supply chain system in the next year? You may select all that apply.