



Supply Chain Practices in Australia

Part II

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By Anthony McKay

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It has been over two years since my initial article 'Supply Chain Practices in Australia', where I focussed on the issues facing the sector in Australia. From the 1500 Supply Chain Leaders we approached, the key issues raised that needed to be addressed were:

- A lack of understanding from the C-level of holistic supply chain operations
- Business viewing sales as the key lever for market share growth
- Businesses being too cost focussed and not ROI focussed
- Business lacking overall strategy and planning with decisions being tactical/short term for quick shareholder return.

A key question at the time was, "does the business support and invest in the supply chain?". 58% , i.e. 870 supply chain leaders, said "no" and indicated one of the bullet points above.

Two years later, and the results have improved, where only 44% said "no" to the same question re support and investment. An improvement of 24% and proof that businesses are waking up to the importance of their supply chain to deliver market share growth and overall P&L performance.

Even though things seem to be improving, many supply chain functions in Australia are still under-performing due to a lack of investment and an adverse stance by the business to acknowledge and change the operation.

So, the question is, can supply chain leaders influence and combat this resistance?

In my discussion, the common perceptions from Supply Chain Leaders are outlined below.

- The rate of competition continues to increase in Australia as new businesses are entering the market from overseas and smaller businesses are increasing market share growth on the back of Private Equity. Leadership teams are attempting to better understand the channel strategies and expectations and key drivers of the end users (customers) and investment within analytics to gain insights is key.
- Australia continues to offshore, and this will lead to the country becoming a consumer rather than producer. This means, the value, margin and barrier to entry will come from operational execution of planning, logistics and channel management.
- Digital technology is seen as the main driver of change in the Supply Chain.
- Historically, supply chain has been both mislabelled and viewed as a support function. The definition of supply chain has been limited to planning and logistics with R&D, NPD, Production, Procurement and Customer Insights being positioned in different business units. This has led to a lack of connectivity in the value chain.
- Supply Chain transformation is about driving efficiency and effectiveness for today and building resilience to disruption for tomorrow. (almost 60% of Jigsaw's network believe their business will be disrupted in 2019).



Supply Chain Today

Jigsaw is seeing change in how supply chain leaders are valued in Australia, with an increasing number of Supply Chain Executives taking C-Level roles. This is in sync with C Suite executives having more insight into the full breadth of what supply chain touches. No longer mistakenly viewed as logistics, executives grasp that the function has full responsibility across the end-to-end value chain of their product(s), accountable for all the moving parts in-between. As a result, an increasing number of Supply Chain Leaders are owning the P&L.

This is common in SMEs, where these businesses are becoming increasingly agile in their approach, with a focus on technology and their customer(s). The larger businesses are strong at servicing high-volume work, but they are losing business to the SMEs due to their lack of agility, mainly due to lack of technology and perceived complexity to drive change.

It can be argued, after 2.5 years that many Supply Chains are still not equipped to cope with the ever-changing business environment. Whilst, there is continued caution through economic uncertainty, there is continued determination for Supply Chains to become more agile. Since 2017, however, less organisations seem open to splitting their supply chains into smaller more manageable sections. The trend seems to be concentrated on cost reduction and unfortunately, in some cases, on short term profit gains.



The Future for Supply Chain

It is evident from Jigsaw's discussions that Supply Chain leaders understand that technology is key to capturing data and insights and these are key to driving a world class supply chain. Businesses will win or lose based on supply chain understanding and investment.

Key points:

- Blockchain technology will continue to grow and become increasingly sophisticated
- Increased adoption of Cloud based technologies
- Supply Chain visibility becomes a technology in itself
- Devices and mobile systems become an integral part of Supply Chains functions
- Automation will continue to enable efficiencies through all business operations
- Organisations turn to the increasing sophistication and power of 3PL-based technologies
- Supply Chain collaboration technologies will increase:
 - Freight Sharing Applications
 - Backloading Applications
 - Product Lifecycle Applications
- Supply Chain technology will increase the capacity of production as well as the customer experience. Productivity gains will significantly increase
- The implementation and sophistication of AI will almost certainly increase

I believe that business leaders who recognise the real impact of technologies and data, in conjunction with supply chain sustainability, on their industry, customers, partners, suppliers and business functions stand to gain substantial advantage. Supply Chain is increasingly viewed as a critical function for the future long-term success of an organisation, but C Suite executives need to understand the strategy of the business and what its customer wants/needs to be able to invest in the right technology to adapt effectively and efficiently to the new Digital Age.



Overview

Anthony McKay – Associate Director Supply Chain

[LinkedIn Profile](#)

Anthony has recruited in supply chain for 18 years, and delivered projects across a variety of industries including FMCG, Manufacturing (Light & Heavy), Construction, Mining, Pharmaceutical, Oil & Gas, Retail and Engineering. He has a global network of over 15,000 known and vetted supply chain practitioners and has delivered a long list of appointments at senior levels as well as building entire functions from top down relating to supply chain transformation and capability uplift.

Anthony's approach is unique, he understands recruitment is essentially an IP supply chain with key elements of activity that mirror any other end to end supply chain model. These include the deep understanding of the market and its levers, candidate sourcing, asset management and asset distribution synced with demand. Anthony understands the direction the supply chain market is heading and all the skills that are needed and will be needed to stand out. As a result of this, Anthony is considered the 'go to' person in the supply chain market for advice and knowledge sharing as a trusted advisor.

Jigsaw Talent Management – www.jigsawtm.com

Jigsaw TM are the leading procurement and supply chain recruitment firm in Australia. Based in Melbourne, Sydney and Brisbane with a global network of professionals. Our differentiator is our deep subject matter expertise in procurement & supply chain which enables Jigsaw TM to vet a candidate's technical and emotional capability ensuring we position the most relevant talent for your business or position you with the right opportunities.

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