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**CCMI Releases Supply Chain Executive Agenda for 2004**

*Collaboration, Financial Supply Chain, IT “Shelfware” Among Critical Issues*

ALEXANDRIA, Va. (December 16, 2003) – Capital Consulting & Management, Inc. (CCMI) is releasing its annual "Supply Chain Executive Agenda" to focus attention on the changing and critical issues supply chain executives must address in 2004. The challenges are substantial: executives must provide measurable financial value from supply chain-related initiatives, including squeezing ROI from technology and improving the flow of funds across the supply chain, while also addressing collaboration, spend data analysis, supply chain acceleration, security and related high-value areas.

1. Develop **meaningful collaboration** programs beyond the typical partnership rhetoric. Most companies have some type of strategic supplier program, avow partnerships with key customers, share information with trading partners, and work jointly to improve supply chain performance. Still, most programs are limited and don't drive major economic advantages. To succeed, companies need to more openly share data, redesign inefficient practices and jointly plan with key customers and suppliers.
2. **Accelerate supply chain** actions and decision-making. Today's supply chain leaders put a premium on speed. Companies that respond faster to changing customer needs, more flexibly adjust manufacturing and delivery cycles and expedite new products to market can achieve significant competitive advantage. Executives need to renew efforts to understand and minimize non-value-added time and eliminate bottlenecks that slow the supply chain.

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3. Improve **financial supply chain** operations by optimizing cash flows.  
Many supply chain initiatives focus on the flows of products and information but overlook the flows of funds across trading partners. How and when companies pay and get paid is a critical factor in delivering shareholder value. By setting and managing appropriate payment terms and establishing efficient invoicing and collection mechanisms, companies can deliver additional supply chain value and improve relationships with key suppliers and customers.
  
4. More aggressively **develop supplier spend data** to enhance visibility of purchases.  
Spending with external suppliers is most companies' biggest expense item. Yet many companies have minimal visibility into what is spent, by whom, with which suppliers, and at what price. Multiple, incompatible ERP systems, growth by acquisition and a lack of corporate policies contribute to the problem. Executives should concentrate on gathering the baseline data on supplier spending in order to develop and execute strategic sourcing and supplier management initiatives that deliver bottom line value.
  
5. Develop more comprehensive **supply chain security** plans.  
Executives all face an increased risk of future supply interruptions, as well as a slew of new regulations and procedures for international shipping. But simply adding inventory to cover all potential events isn't the answer. Executives need to identify key vulnerabilities, set priorities and devise creative, cost-effective and realistic ways to address them, such as changes in product specifications and strategic use of on-shore secondary supply sources.
  
6. Align **incentives and metrics to improve performance** across the supply chain.  
Companies base traditional measurements and rewards on internal activities and frequently focus on individual silos. For breakthrough supply chain performance, companies must align with key suppliers and customers on win-win metrics. They must also establish incentive programs that drive people to pursue improvements, and then share in the rewards. As the saying goes, "you get what you measure."

7. Fix the **“shelfware” problem** in supply chain software.

Companies have recently invested billions in new supply chain software. Yet, only 20% indicate that they can document a solid return on investment, according to CCMI research. Implementation and training programs have been lacking, and overworked IT departments have moved on to new issues. By redoubling efforts to implement and use today’s wide range of outstanding supply chain software systems, leaders can deliver substantial value, often without major new expenditures.

8. Take a fresh look at the **performance of outsourced service providers**.

Nearly everyone uses third party logistics (3PL) providers in some part of the supply chain; how well they perform has a direct effect on customer satisfaction and supply chain effectiveness. A recent study of international air cargo operations, co-sponsored by CCMI, found substantial variations among providers in service quality and a range of emerging issues that need to be addressed.

9. **Apply advanced analytical tools** to supply chain planning and execution.

Most companies still can’t accurately forecast future requirements, despite the tremendous amount of data now available all along the supply chain. Issues such as expediting, production schedule changes, and inventory write-downs generate ongoing frustration. Leaders should capitalize on data mining and related new analytical tools and methods that better leverage available data to analyze trends, improve forecast accuracy and reduce supply chain inefficiencies.

10. Investigate the role of **RFID and related technologies** in the supply chain.

As the costs of Radio Frequency Identification (RFID), smart tags and related technologies decrease and the capabilities for capturing and transmitting data increase, companies should appraise these technologies for realistic application and deliverable value up and down the supply chain. The Department of Defense proved their value in Iraq and Afghanistan, and Wal-Mart will mandate the use of RFID in some supplier situations – so everyone else needs to pay attention.

Capital Consulting & Management, Inc. (CCMI) has more than 18 years' experience developing and implementing supply chain process improvements that reduce costs, shorten cycle times, improve performance on key financial measures and strengthen strategy and capabilities. Overall CCMI has helped clients save more than \$2 billion in annual operating costs and inventories, with typical reductions of 15-plus percent in procurement, manufacturing, transportation, logistics, order fulfillment and related areas. CCMI has had a leading role on projects for a diverse set of clients, including Amgen, Amtrak, AT&T, General Electric, Kmart, Lucent Technologies, NexPress Solutions, Sara Lee, SkyJet, and Zenith Electronics. For more information, visit [www.ccmiservices.com](http://www.ccmiservices.com).