

Business First NZ

Workshop Report:

Supply Chain Management Part 2:

Applying SCM Concepts to Your Business

26th October 2021, facilitated by Professor Paul Childerhouse
from the College of Science

along with

Wayne Macpherson, Jennifer Scott and James Lockhart
from the Massey Business School

Executive Summary

This report summarises the recent *Business First NZ* Workshop for 2021 hosted by the Massey Business School, to engage local businesses. The initiative seeks to assist business leaders to highlight business problems and seek practical solutions in their pursuit of business excellence and sustainable competitive advantage.

This face-to-face workshop, with 10 attendees, was titled “*Applying SCM Concepts to Your Business*” is the second in a two-part mini-series “*Supply Chain Management*.” It was facilitated by supply chain management expert, Professor Paul Childerhouse, from the School of Food and Advanced Technology. The workshop explored how a systems perspective of inter-firm interactions can enable enhanced competitiveness. This helped give attendees insight into how supply chain management can assist in everyday decision making.

To date, the *Business First NZ* initiative has delivered nine workshops: two exploratory workshops in 2019, three dedicated workshops in 2020, one exploratory and three dedicated workshops in 2021.

Key outcomes have included:

- Continuous discovery of challenges (risks and opportunities) impacting businesses – common themes of concern or interest to inform future workshops
- Contextualized problem identification and solving – providing business leaders with tangible outputs to implement at their respective organisation, post-workshop
- Massey-led workshop development and delivery to provide facilitated discussion for actions and supplementary resources, which individual businesses can tailor as required:
 - **Business models: Developing tailored business models and plans to work for you**, with Professor Stephen Kelly
 - **Letting go: Effective delegation for enhanced decision making**, with Mrs Beth Tootell
 - **Fail fast: How to fail your way to success in a crazy world**, with Dr David Tweed
 - **Reflections for excellence: Review, refine, and next steps**
 - **Understanding your market**, with Dr Pam Feetham & Mark Inman
 - **Supply chain management: Part 1 – Market risks, mega trends, and negotiation**, with Professor Nigel Grigg and Dr Carel Bezuidenhout
 - **Supply chain management: Part 2 – *Applying SCM Concepts to Your Business***, with Professor Paul Childerhouse

Using two simulated supply chains at the most recent workshop, the following were highlighted:

- Information distortion increases when all actors are focused on their own agendas and own problems (e.g., internal processes, internal goals, internal bottom line).
- Uncertainties arise in variability demand, supply reliability, and internal processes. The more complications that arise, the more uncertainties you have to deal with. Focus on optimising internal operations and reducing internal issues first, these first as they are the easiest uncertainties to control.
- The systems in a supply chain foster a delay of decisions if they are not well integrated but can support co-creation of value when leveraged effectively.
- Inventory is not the answer; connectivity is. People create new connections and pathways, and these connections provide resilience.

1. Businesses in Attendance

Across the *Business First NZ* workshops to date, the following business have been represented:

Business	Sector	Business	Sector
Advantage	IT Support	GasNet	Gas Delivery
AFC Motorcycles	Powersports Products	Genoese Foods	Food Preparation
Ali Arc Industries	Structural Metal Fabrication	Gillard Honey	Honey Production
Avatar Honey	Honey Production	Gropak	Agricultural Services
BakerAg	Agricultural Services	Henergy	Poultry Products
Betacraft NZ	Workwear	JR's Orchards	Apple and Pears
Business Central	Business Development	OBO	Sports Protection
CEDA	Economic Development	Palliser Estate	Winery
Carousel Confectionary	Confectionery Manufacturing	Prepack	Packaging
NZ Derlphiniums	Horticulture	Property Brokers	Real Estate
E&T Consultants	Education & Training (E&T)	Quest Industries	Plastic Moulding
ExportNZ	BusinessNZ Division	Speirs Foods	Food Preparation
FieldAir	Aviation Engineering	Steelfort	Machinery & Equipment
Gallagher Fuel Systems	Fuel Dispensing Systems	Tasman Tanning	Leather Products
Garden Barn	Garden Supplies	Turks Poultry Farm	Poultry

2. Workshop Overview

As the second of two workshops on supply chain management, this session set out to introduce attendees to the value of supply chain thinking and how it can support good business decisions. The workshop included a brief overview of supply chain definitions, the need for supply chain management, and a consideration of the Bullwhip effect.

To support this consideration, attendees participated as various actors along two beer supply chains, from the sourcing of raw materials through retail sale to customers. Alongside the simulation, discussions focused on the material flow pipeline and allocation of resources as well as information flow and the need for communication to mitigate damage to trust and collaboration. Attendees also considered the value of business context awareness, customer value appreciation, system trade-offs, and network dynamics.

3. Key Takeaways

Attendees were presented with three ways to consider supply chains:

- A simplistic consideration of the activities required by an organisation to deliver goods or services to a consumer
- A set of three or more organisations or individuals directly involved in upstream and downstream flows of products or services (including finances and information) to and from a source and customer
- A complex network of connects and independent organisations working cooperatively to control, manage, and improve the flow of products or services from supplier to end user

Acknowledging the complexity of supply chains as a network, the workshop focused on the practicalities of the 'middle' definition, in order to delve deeper into how supply chain management can support good business decisions.

Attendees were presented with the following definitions of supply chain management, to support the discussion:

Supply chain management is the integration of key business processes from end user through original suppliers that provide products, services, and information that add value for customers and other stakeholders

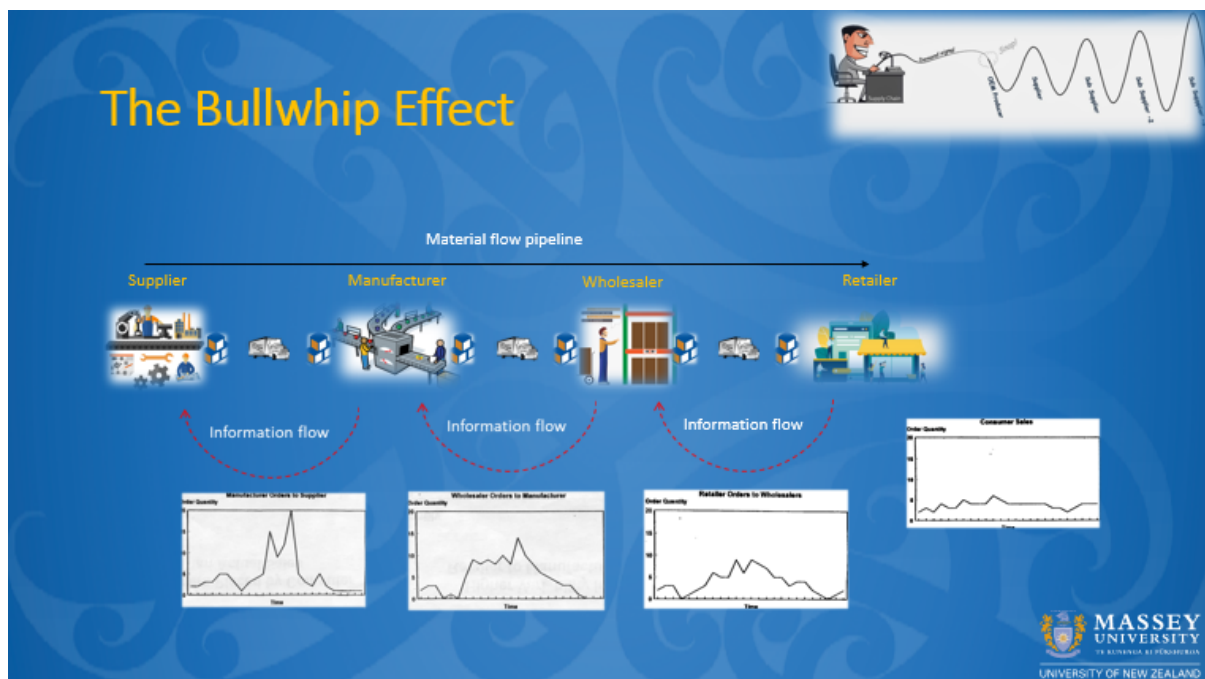
(Lambert and Enz, 2017)

The management of upstream and downstream relationships with suppliers and customers to deliver superior customer value at less cost to the supply chain as a whole

(Christopher, 2017).

Recalling some of the takeaways from the first supply chain management workshop, discussion focused on issues (sometimes amplified by COVID-19) such as international supply limitations (and increased costs), lumpy schedules (inconsistent flow of product), and global market uncertainty.

To address the challenges, workshop participants split into two groups to enact a simulated supply chain for the production and sale of beer. This simulation highlighted the Bullwhip effect when all parties were focused on their own inventory and meeting the needs of the immediate customers. Without communication among actors within the supply chain, orders were placed and filled (or not filled) according to individuals focusing on their own needs first. This delay of information flow along the supply chain resulted in a delay of material flow, and inconsistency in inventory.



Source: Childerhouse, 2021

However, as was highlighted to attendees, inventory is not the answer to this challenge. Without integration of operations along the supply chain, different actors were either too sparse in their

inventory or overstocked, when in fact, the end customer was remaining steady in demand. Each participant tended to respond to their own needs first, which further amplified the information distortion.

The group then discussed how rather than focusing on inventory as the answer, improving connectivity and communication with other actors along the supply chain would create new pathways and provide resilience. That is, understanding and acknowledging other’s needs, agendas, resources, and capabilities (including assets and utilisation) could lead to a combined competence for competitive advantage. That is, through supply chain integration, with integrated information exchange, complementary resources, core competencies, and customer value proposition could be considered holistically for joint benefit.

4. Proposed Next Steps

This workshop concludes two years of *Business First NZ* workshops. As we consider where to from here, we are engaging in research to better understand the needs of the NZ business communities for advancing the engagement with business schools. This is being done by online survey.

We have one workshop planned for early 2022, with a view to ensure four workshops are held throughout the year, the focus of which will be based on the information we are currently gathering. If you wish to participate in that research, or simply provide ideas for future engagement, please advise Wayne or Jen.

Workshop	Overview	Logistics
2022 #1 The Future of Work: Employees and Employers	<p>Led by Dr David Brougham, this session will explore the future of how businesses might engage with their people: employees and as employers.</p> <p>Dr David Brougham is a Senior Lecturer specialising in the future of work. His research looks at how smart technology, artificial intelligence, automation, robotics and algorithms are changing the workplace. At present, he is looking at how employees and businesses plan to adapt to these changes as a result of technological disruption.</p>	<p>TBC – Feb 2022</p> <p>2:00pm – 6:00pm</p> <p>Massey Student Enterprise Centre</p> <p>Facilitated session with nibbles and drinks provided</p>
2022 #2		TBC – May 2022
2022 #3		TBC – Aug 2022
2022 #4		TBC – Nov 2022

Thank you

We would like to thank you for your continued participation in these workshops, and welcome any feedback, comments, ideas, or questions you may have. Please note, if there are any issues or amendments required, we would greatly appreciate your feedback on this report. Feel free to contact the group via Dr Wayne Macpherson, W.Macpherson@massey.ac.nz.