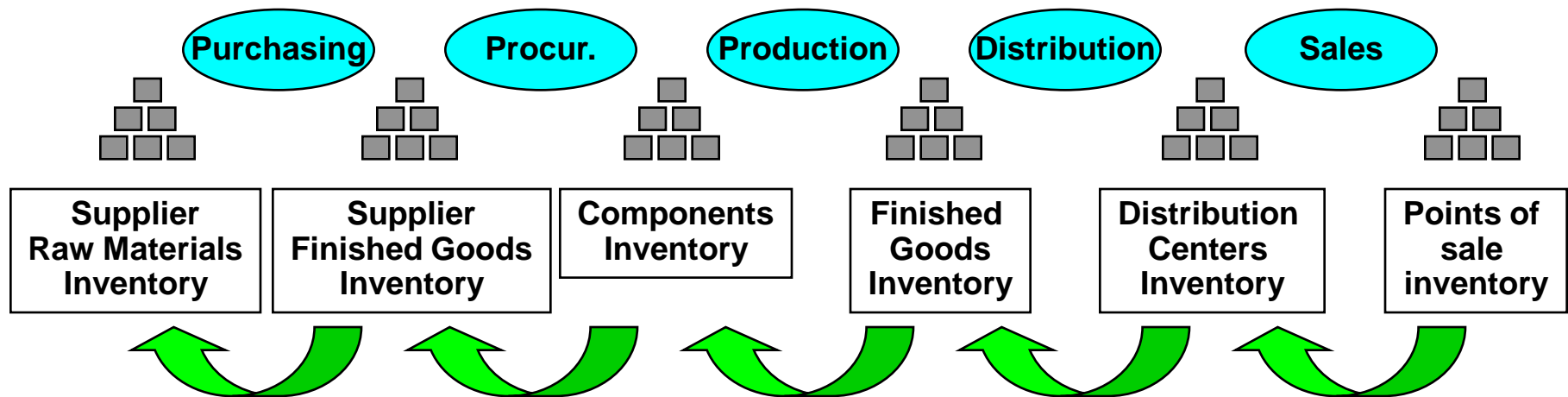


Supply Chain and collaboration between customers and suppliers

**the Rungis Symposium
Sept. 24th, 2009**

Traditional Organization



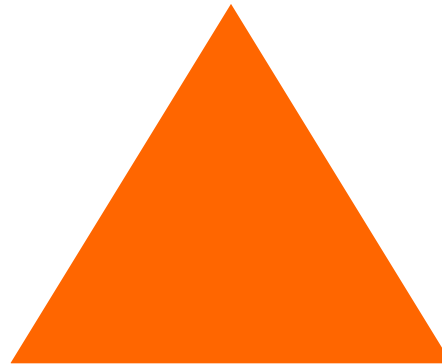
Independent Management of each inventory

Fragmented Processes

Supply Chain Challenges

Customer Service

- *Product Availability*
- *Product Quality*
- *Delivery Lead Time*
- *Service Quality*



Reduce Working Capital Requirements

- *Raw Material Inventory*
- *Goods in process / in transit*
- *Finished goods*

Cost Reduction

- *Production and Transportation Capacity Utilization Optimization*
- *Operation Productivity*
- *Elimination of waste*

Supply Chain Management

- **Global vision of a supply chain**

(instead of scattering responsibilities in different functional areas: purchasing, production, distribution, sales)

- **Its design is a strategic decision**

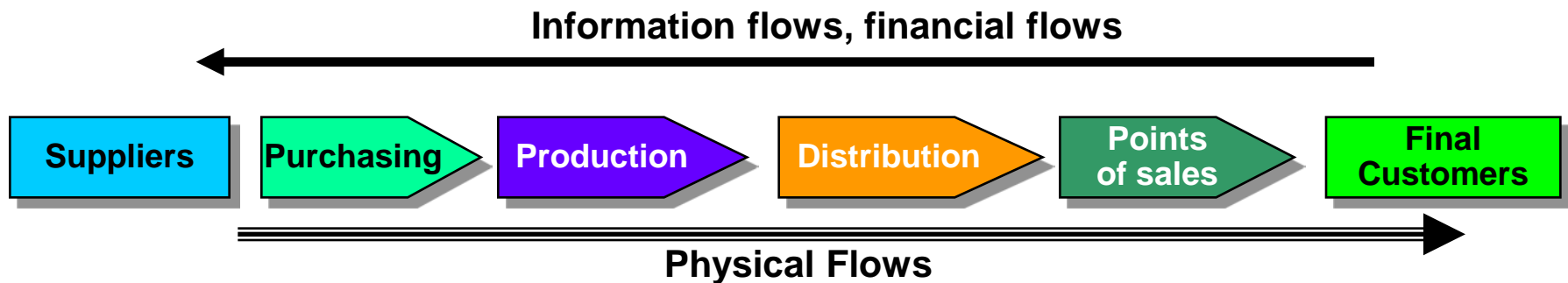
All business functions are involved because of influence on costs and commercial competitiveness

- **Inventories are looked at from a different angle**

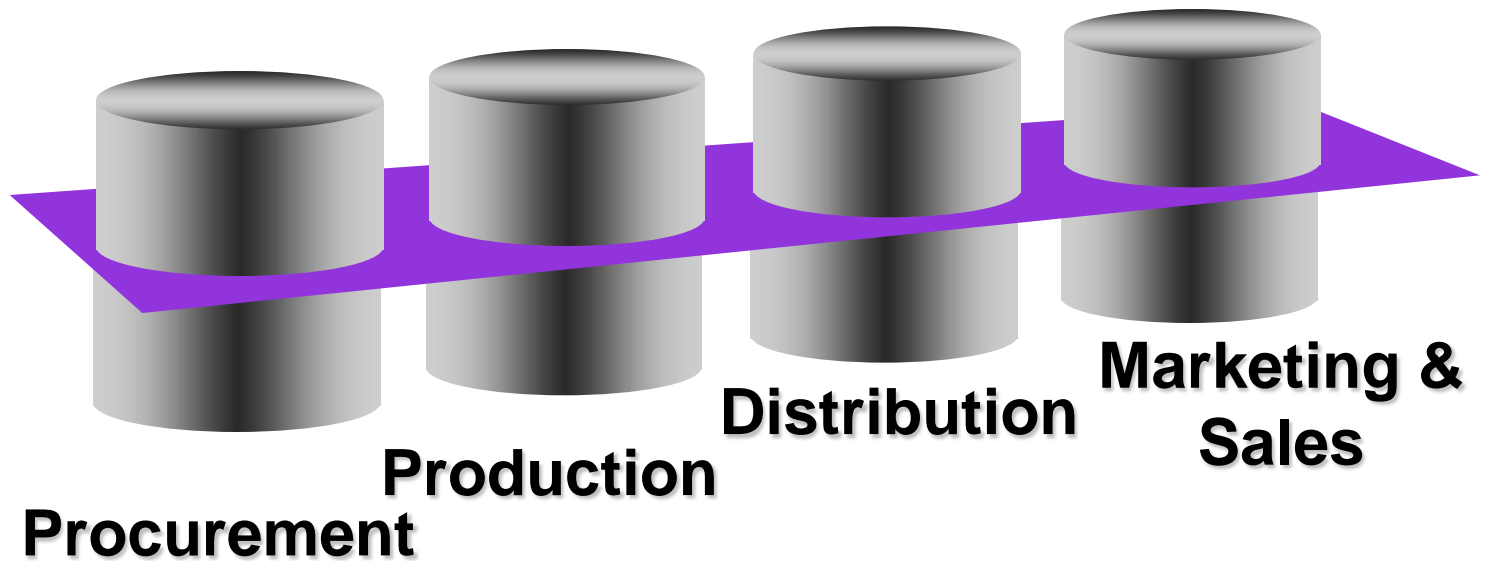
They represent the last leverage of equilibrium and not the first

- **The logistics systems and the information systems must be integrated**

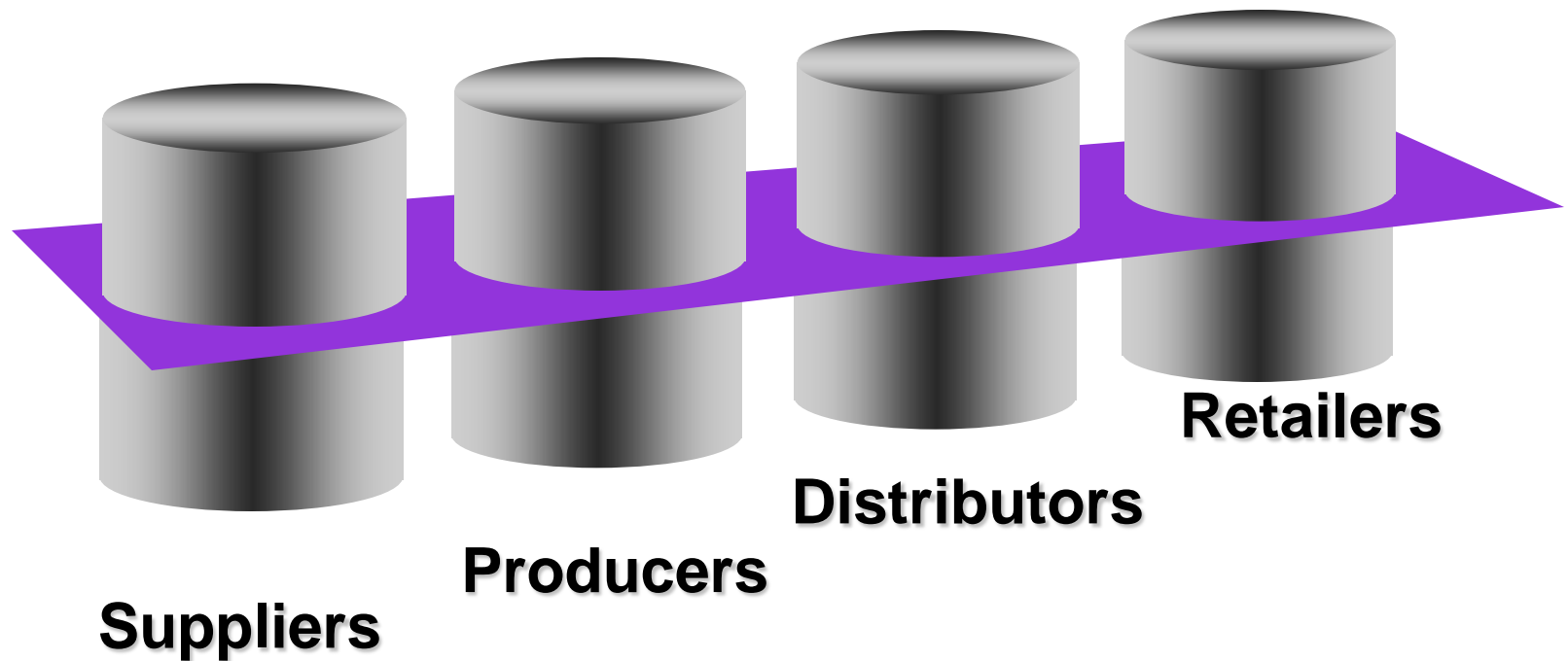
We cannot just limit ourselves to linkages and interfaces



Internal Supply Chain: Integration through functional barriers

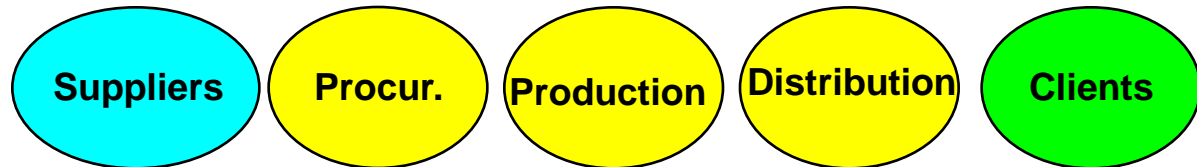


External Supply Chain: Integration between enterprises

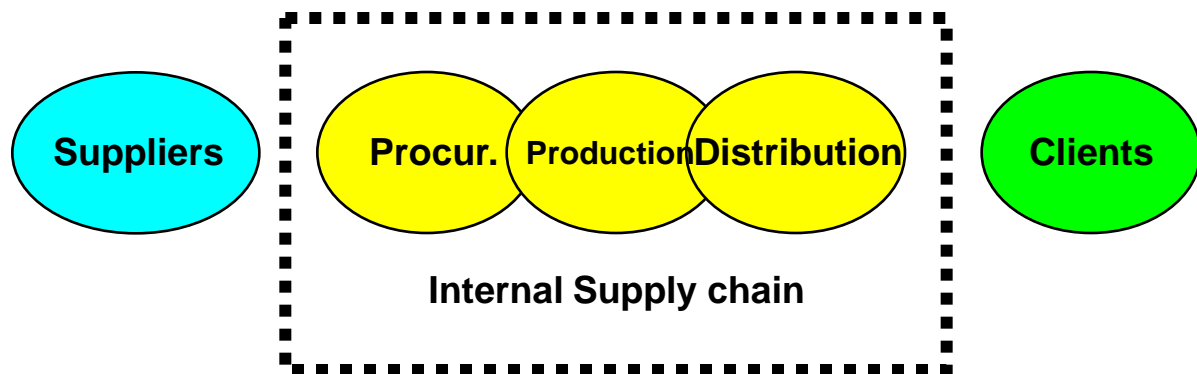


Levels of Supply Chain Integration

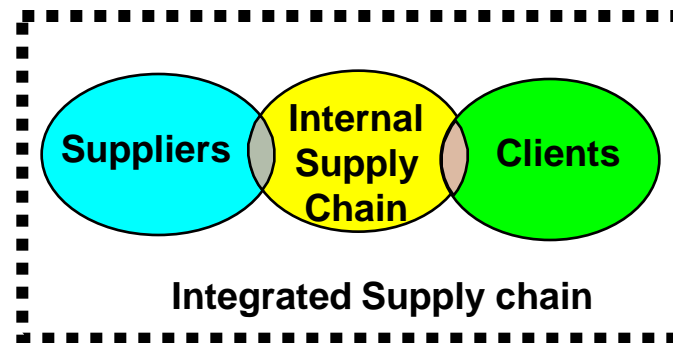
Level 1:
Independent
Entities



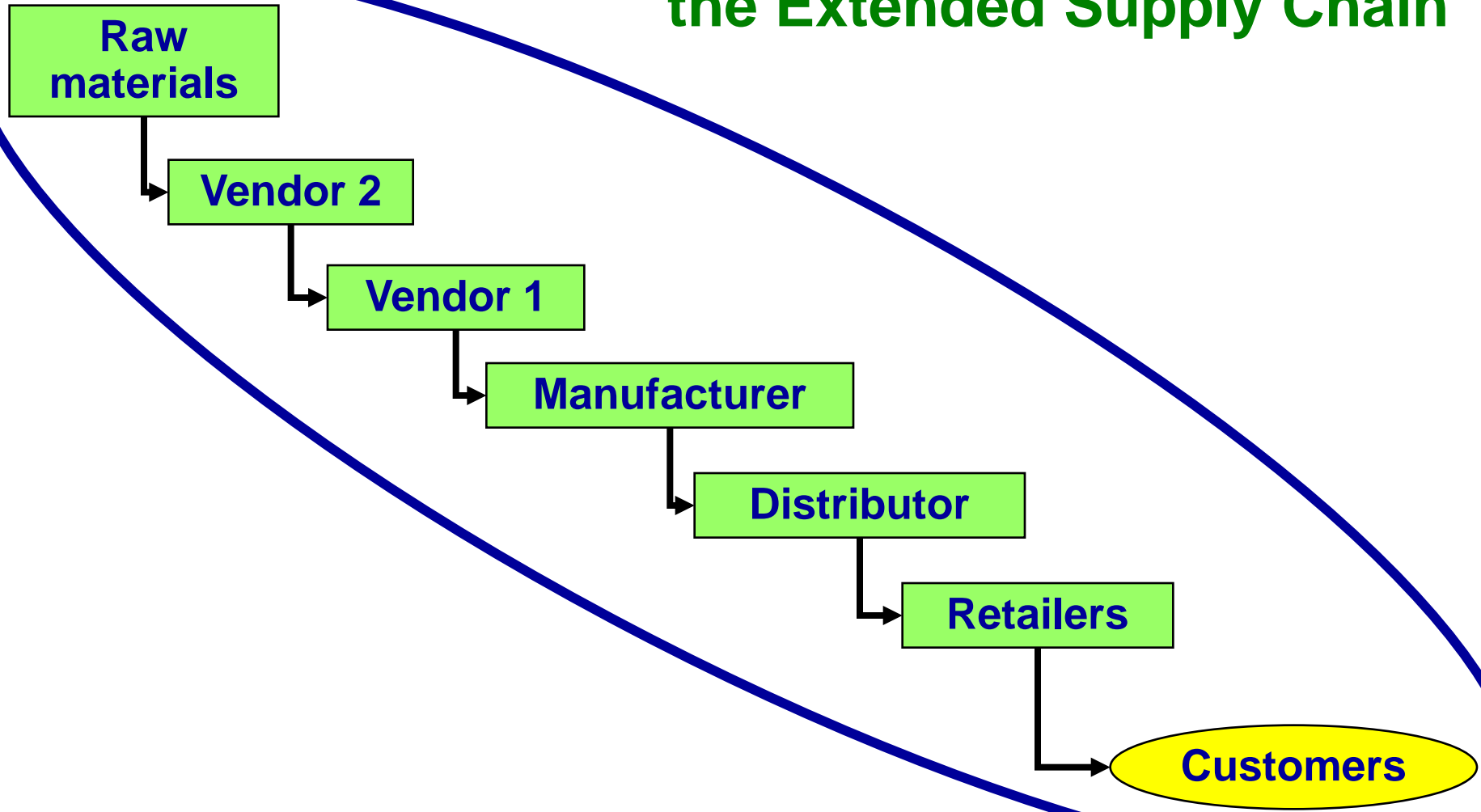
Level 2:
Internal
Integration



Level 3:
Integrated
Supply-chain

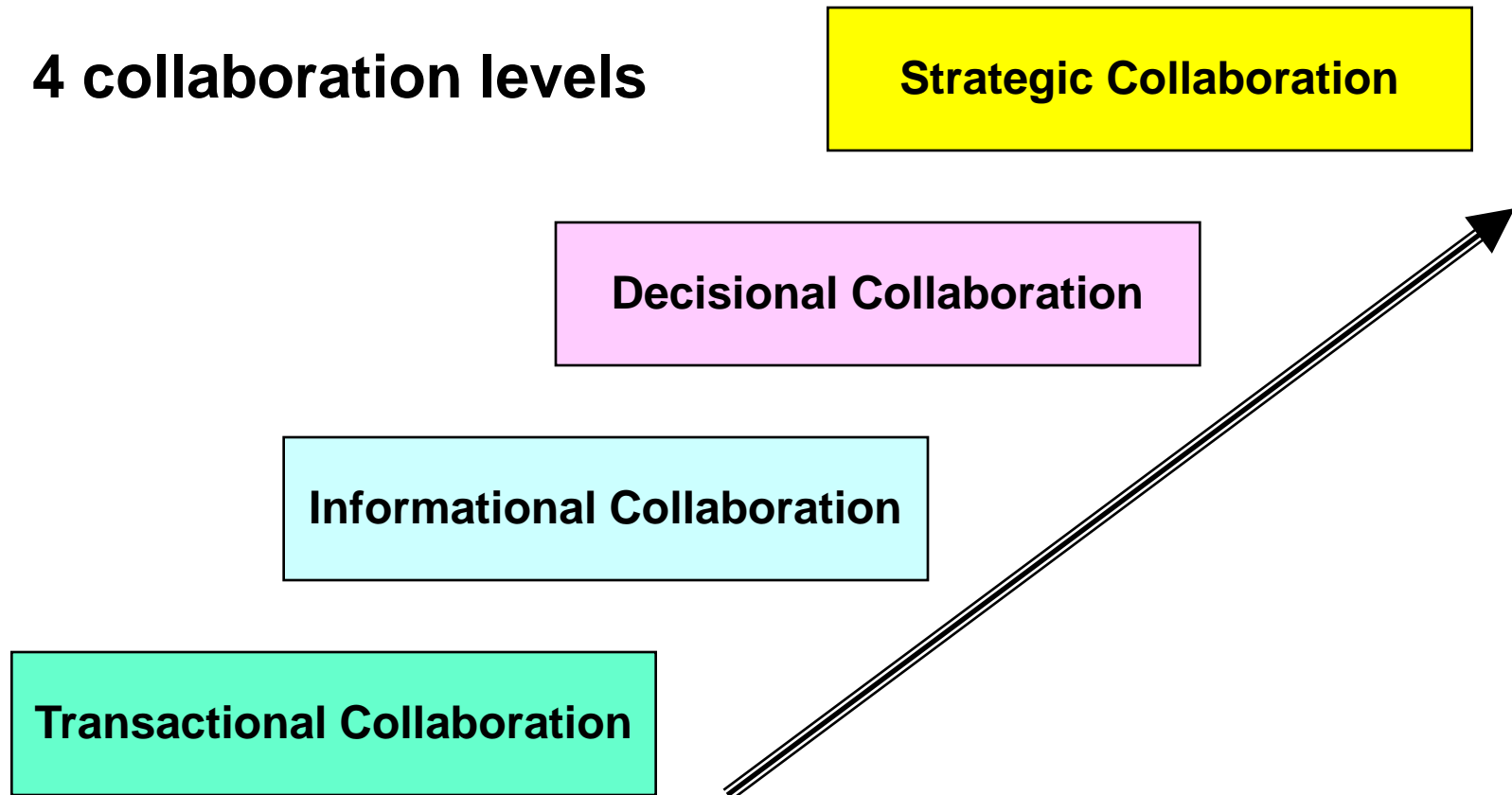


Level 4: the Extended Supply Chain



Collaboration Levels

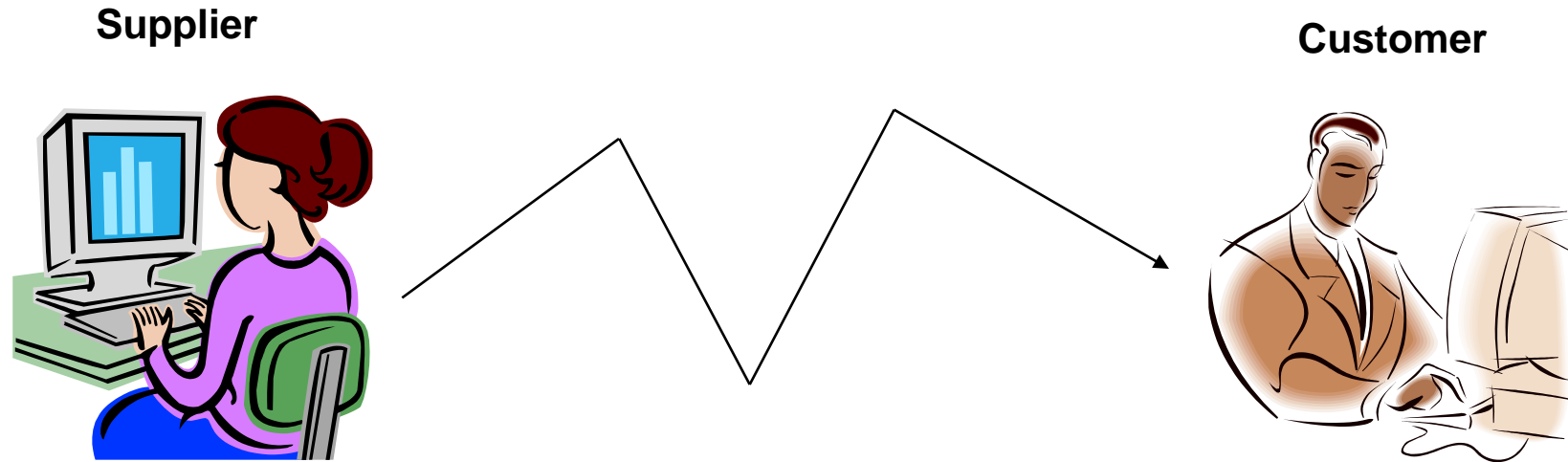
4 collaboration levels



1. Transactional collaboration

- **Consists in improving the efficiency of transactions between companies**
(Cost reduction, errors avoidance, speed)
 - **Transmission of formatted documents through electronic means**
 - » **Orders, Shipping Notices, Invoices...**
 - **Supplier Invoice preparation**
 - **Supplier electronic catalogues**
 - » **WEB portal**
 - » **Avoid to enter all the information about the supplier products**

EDI (Electronic Data Interchange)

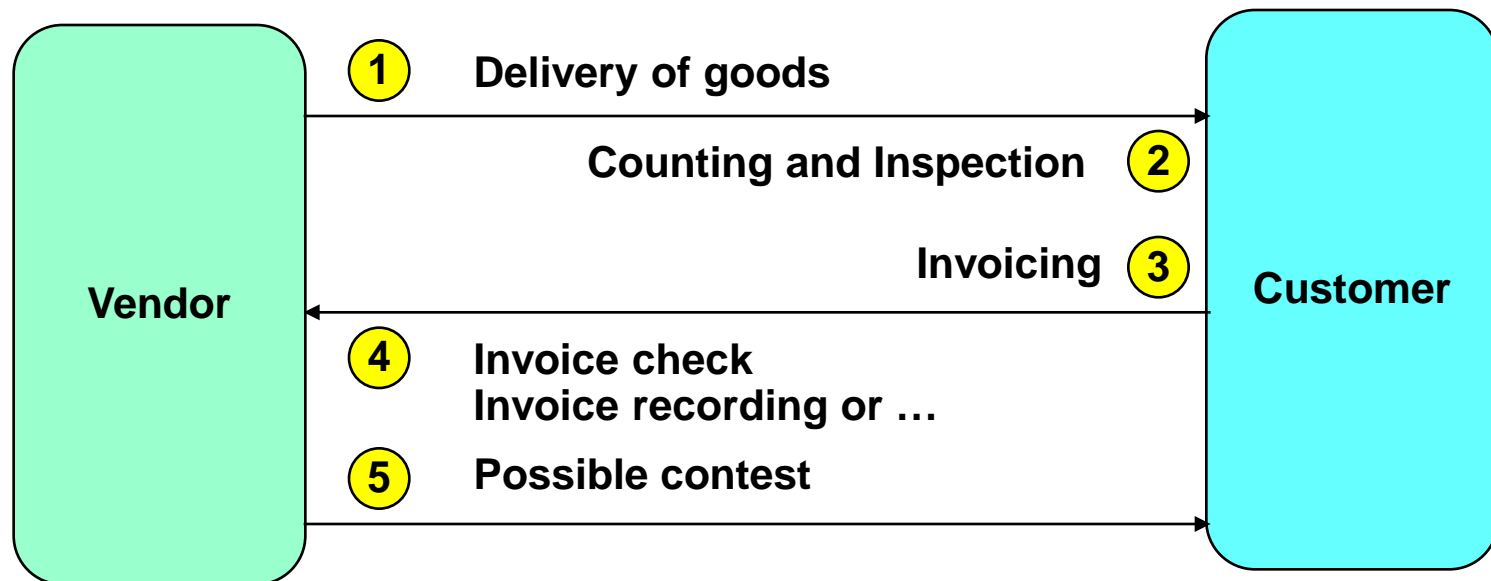


- **Transmission of electronic documents**
 - Orders, Shipping Notices, ...
 - Invoices
 - Standard Protocols (Gallia, EDIFACT)

Supplier Invoice Preparation

- **Principle**

- The customer prepares the invoice expected from his supplier
- He sends it to the supplier for approval
- Invoice Checking done by the supplier



Electronic catalogues

- **Dynamic Internet Sites**
- **The vendor publishes information about sales and marketing, pricing, techniques and logistics**
- **The catalog should be updated regularly, and the customers have to go on the site to retrieve the information**

2. Informational collaboration

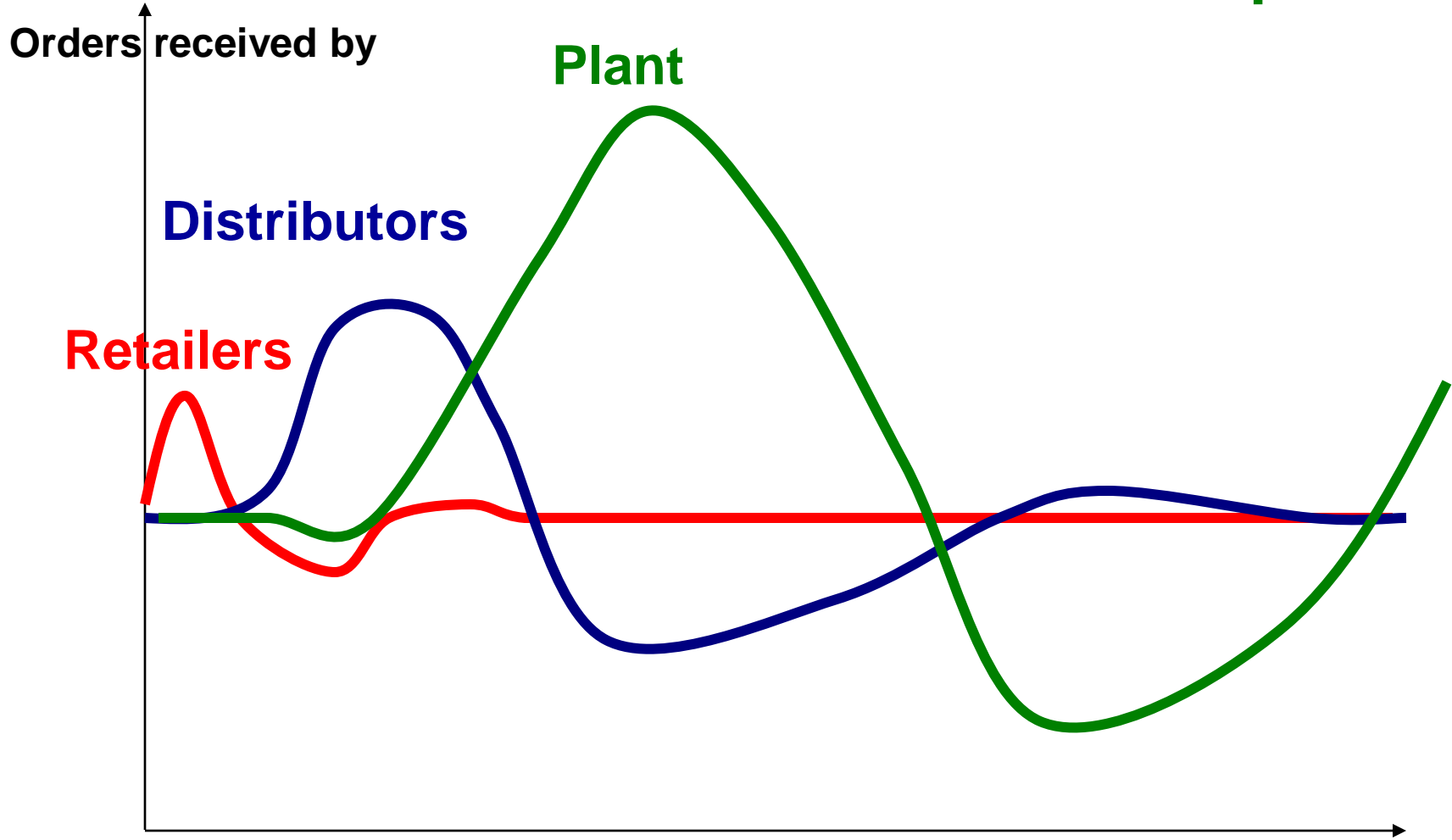
- **Consists in sharing information**
 - Demand and inventory levels
 - » Sales forecast
 - » Actual sales to final customer
 - Sell-in / sell-out
 - » To avoid the bull-whip effect
 - Information on planned promotions
 - Supplier production capacity
 - Vendor ATP (Available To Promise)

Sales forecast and inventory levels



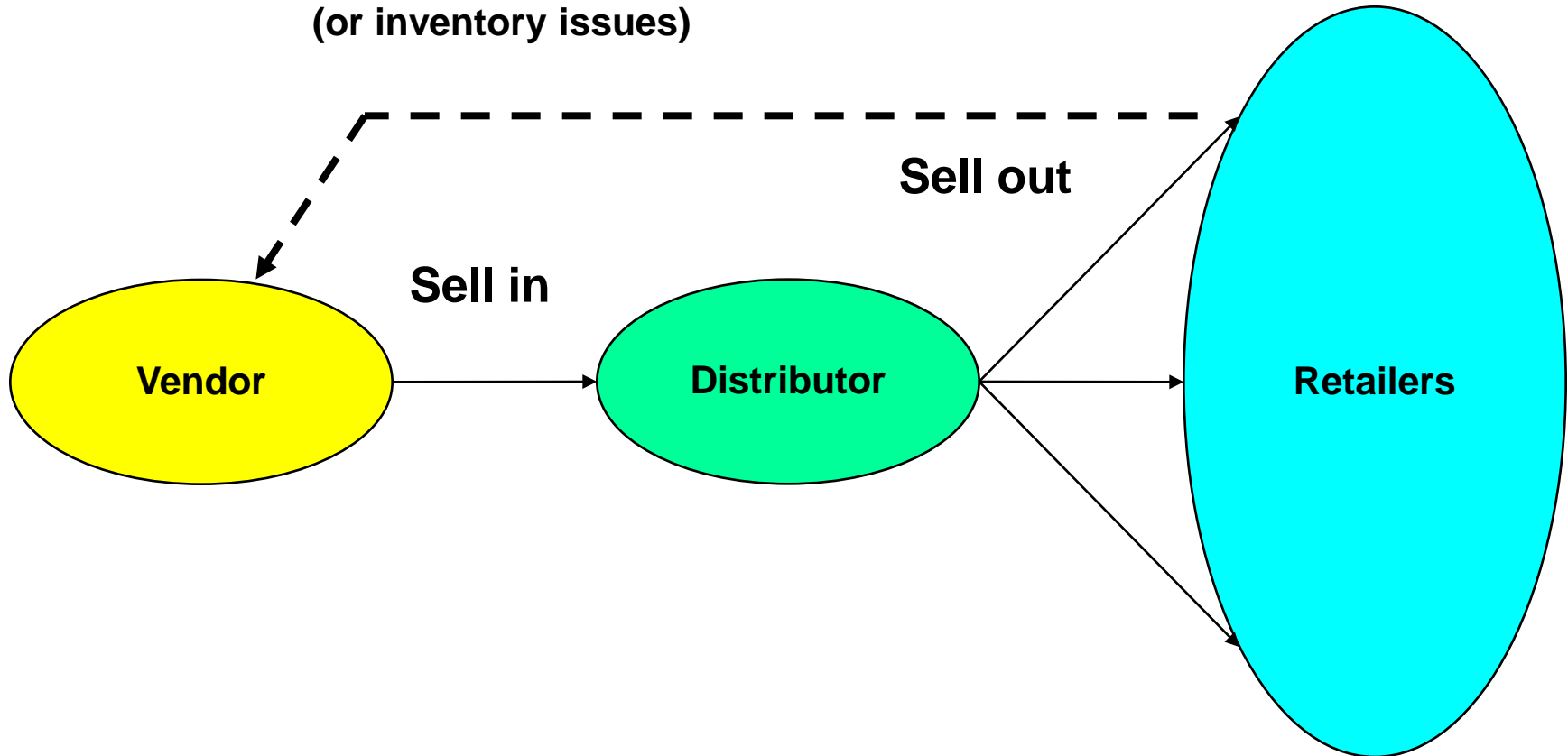
- **The customer sends to the suppliers his sales forecast or his inventory levels**
 - Especially important for promotions
- **The supplier can anticipate his own demand**
- **Problems: confidentiality of commercial information**

The Bull-Whip Effect

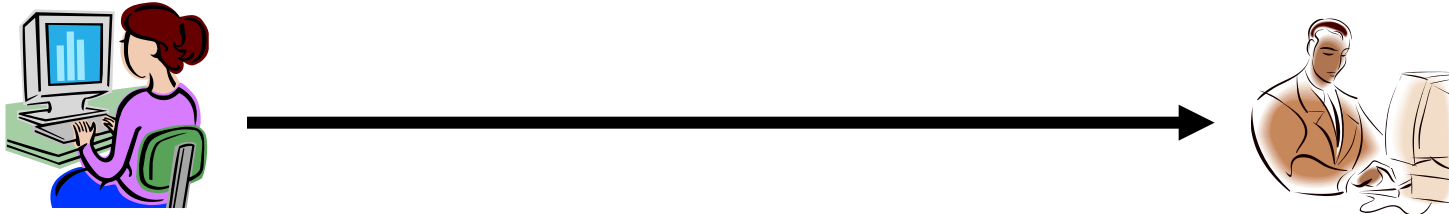


Sell In – Sell out

Transmission to the vendor of actual final customer sales
(or inventory issues)



Supplier Production Capacity



- **The supplier informs customers about**
 - his production capacity
 - his delivery lead time
- **The customer can organize his own activity accordingly**

3. Decisional Collaboration

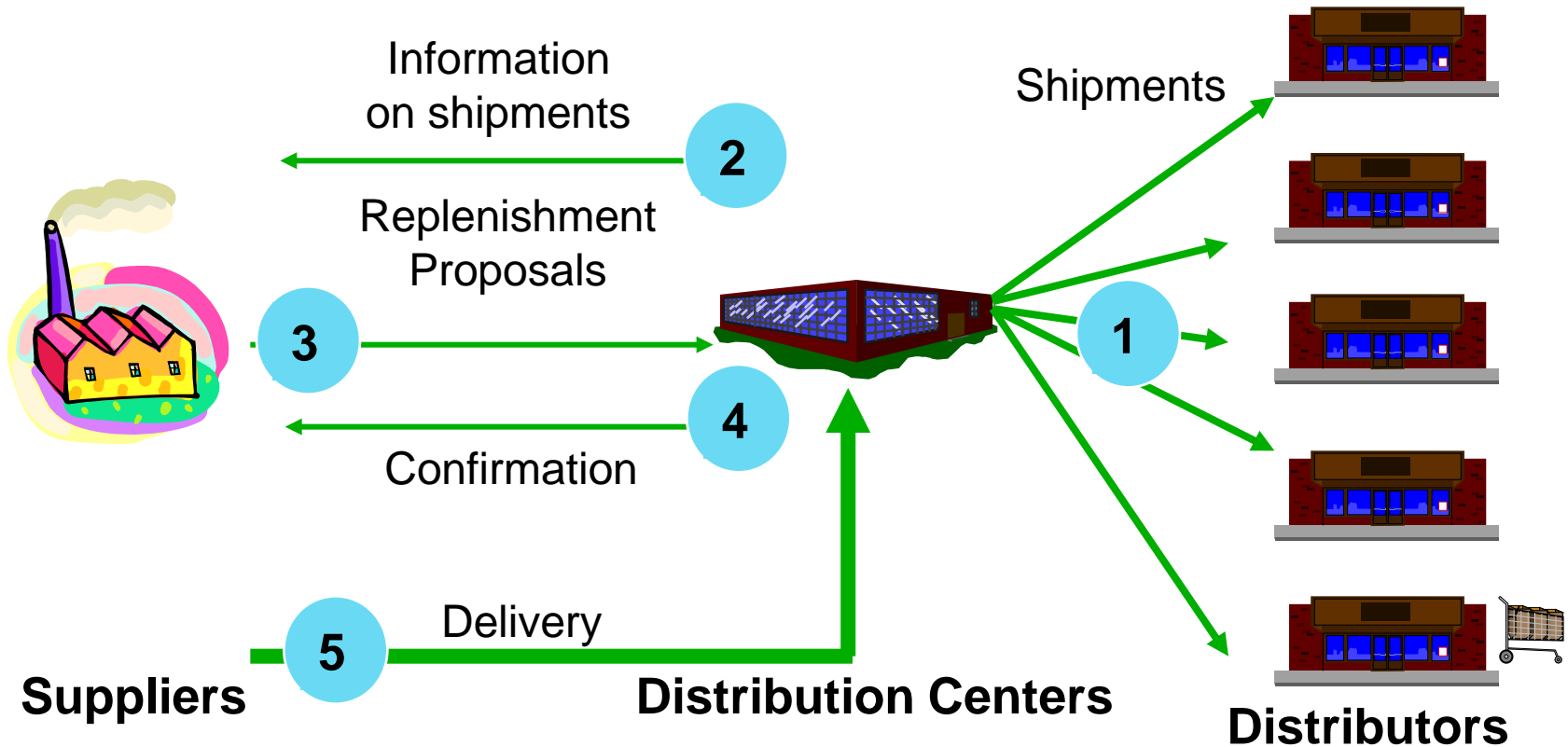
- **Decisions are made jointly between customers and suppliers**
 - VMI / consignment inventory
 - Promotions
 - Problem solving
 - » Disruptions
 - Supplier Quality Insurance

 - Shared Performance Indicators

VMI / Consignment inventory

- **VMI (*Vendor Managed Inventory*)**
 - Principle: the supplier is responsible of his customer inventory level
 - He must have information about the demand for his products
- **Consignment Stocks**
 - Principle: inventories at the customer site are owned by the supplier
 - The working capital requirement is on the vendor side
 - The invoice is issued when the customer withdraws the products from the inventory

VMI (Vendor Managed Inventory)



4. Strategic collaboration

- All the supply chain actors have common interests
- « Partnership »
- Supply Chain jointly managed
- Joint product development

Facilitate the work of one's partners: Develop services

- **Upstream:**
 - Transmission of forecast enables the supplier to plan his production and thus to lower volume variations
 - Sharing / Optimization of transportation
 - Supplier Invoice Preparation
- **Downstream:**
 - Order Preparation
 - » Third- Party Logistics specialized in integrated operations
 - Warehousing
 - Packaging
 - On site delivery

Questions?



Debate

Animated by Olivier MASBOU, Editor at FLD



- **Julian BRIZ ESCRIBANO**, Professor at the Polytechnic University of Madrid
- **Gérard BAGLIN**, Professor at HEC Paris

- **Didier DELMOTTE**, Managing Director of Lille-Lomme wholesale market
- **Thierry MOUNEYRAC**, Managing Director of Mouneyrac Rungis
- **Bruno DUPONT**, Chairman of the French national fruit producers association
- **Bernard PITON**, Chairman of the French national fruit and vegetables wholesalers association

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