

TRANSFORMING THE SUPPLY CHAIN INTO THE DEMAND CHAIN

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Agenda

- Designing the supply chain from the customer backwards
- Aligning supply chains to customer segments
- What does it take to become 'customer driven'?
- The implications for business and organisational transformation

Designing the supply chain from the customer backwards

- Traditional supply chains are production driven
 - Designed to optimise production flows
 - Often based on 'lean' thinking
 - Functional orientation rather than integrative
 - Cost rather than responsiveness has been the driver

Aligning supply chains to customer segments

- Markets are segmented, so supply chains must reflect this
 - Customers buy on value
 - How can value segments be identified?
 - Supply chains must deliver the ‘value proposition’
 - Designing customer-specific supply chains

What does it take to become 'customer driven'?

- There are a number of critical principles underpinning customer-driven supply chains
 - The consumer is the start of the supply chain, not the end
 - Increasingly customers are becoming 'co-creators'
 - Markets become fragmented; from mass-markets to 'markets-of-one'
 - Agility and responsiveness are fundamental requirements

The implications for business and organisational transformation

- Demand chain management requires a number of fundamental changes in the way we do things
 - Shifting from a product focus to a customer focus
 - Changing from a functional to a process organisation
 - Substituting information for inventory
 - Making a transition from ‘forecast-driven’ to ‘demand-driven’