

TRANSFORMING SUPPLY CHAIN MANAGEMENT

A dynamic end-to-end approach for future-ready operations

EFESO
MANAGEMENT CONSULTANTS

SUPPLY CHAIN MANAGEMENT
INSIGHT

EFESO's perspective on achieving supply chain excellence through comprehensive end-to-end transformation in increasingly complex market environments

Today's supply chains face challenges such as geopolitical instability, fluctuating demand, and rapid digital transformation. Traditional, fragmented supply chain management strategies are no longer effective.

To succeed, businesses must adopt an empowered end-to-end supply chain organization with fully digitalized, integrated processes.



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In the following pages, we address challenges like geopolitical tensions, market volatility, and technological change, which demand adaptive supply chain management strategies.

EFESO sees strong potential for sustainable performance improvements through practical solutions. Common SCM issues, such as limited visibility, slow responses, and poor collaboration, often hinder efficiency, particularly in fragmented organizations.

We also introduce our end-to-end SCM transformation approach, from suppliers to Tier-X customers, outlining benefits, key success factors, and a roadmap to a new target operating model. This demonstrates how organizations can boost agility, efficiency, and resilience.

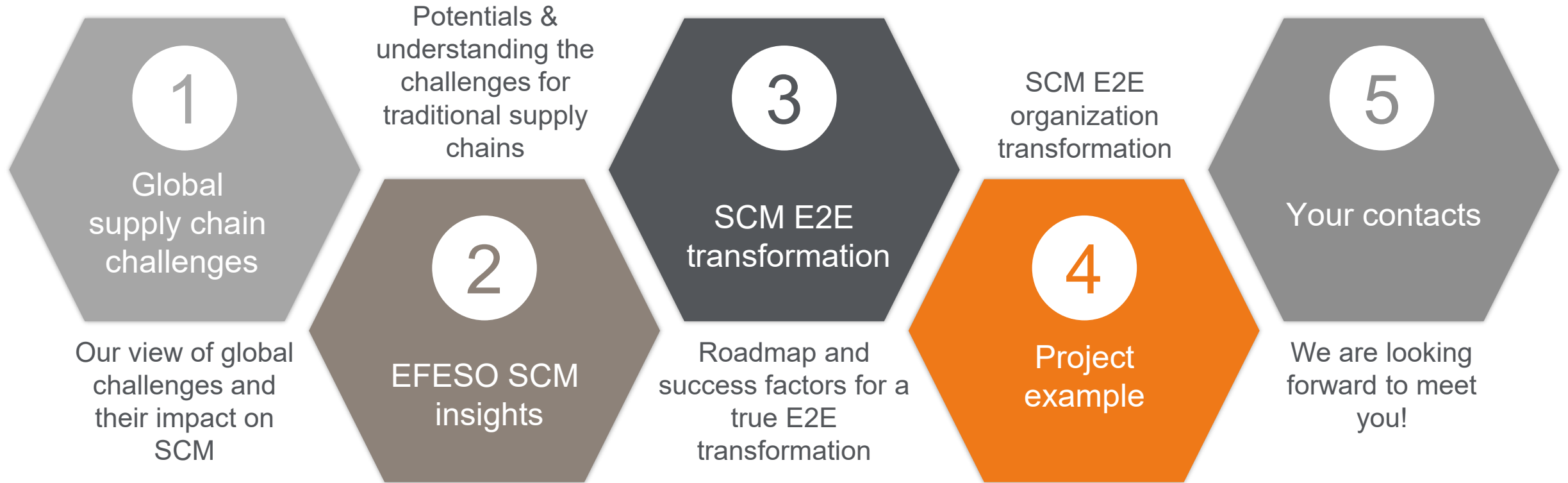
In today's rapidly evolving market, the question is no longer whether to adopt E2E SCM, but rather how quickly can a robust system be implemented to mitigate risks to operations while maximizing saving opportunities.

To tackle these challenges, organizations need clear guidance and a true north, a capable organization to execute strategies effectively, transparent and digitalized processes for improved visibility, adaptable planning to remain agile, and resilient risk management to handle uncertainties.

By partnering with EFESO and taking proactive steps toward transforming your supply chain into a fully integrated E2E organization, businesses won't just survive future crises – they will master them and thrive through ongoing disruptions.



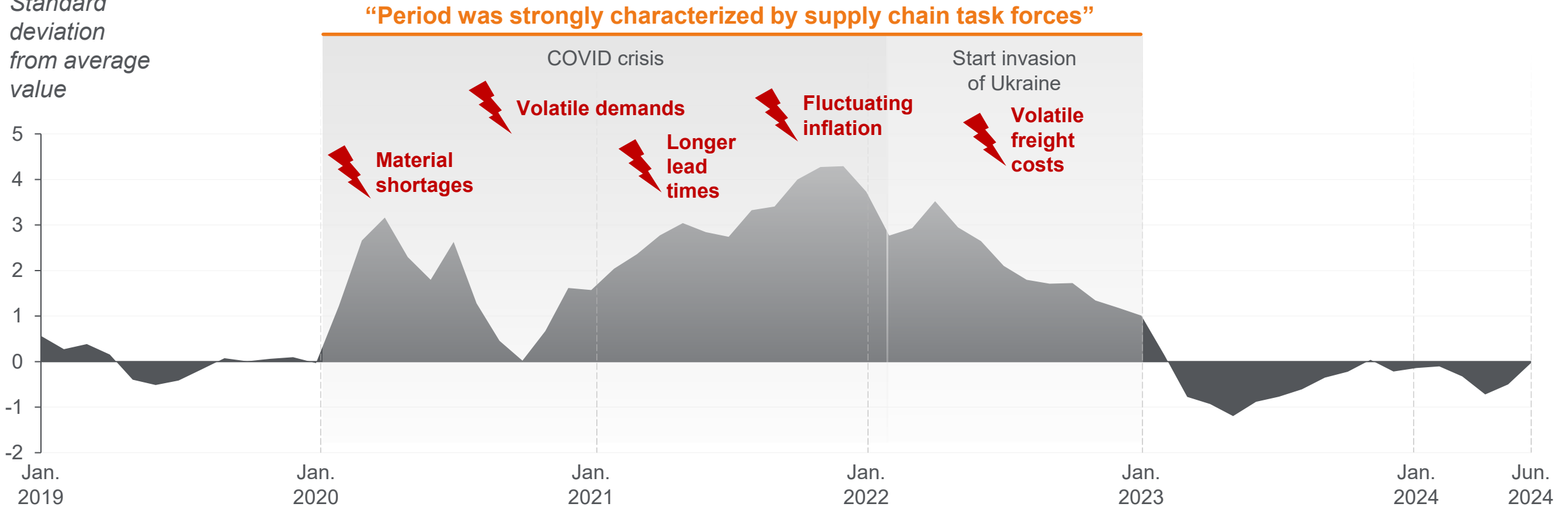
Overview



Significant pressure on supply chains from the covid crisis and the war in Ukraine has made supply chain disruptions and volatile markets the new normal

Global Supply Chain Pressure Index*

Standard deviation from average value



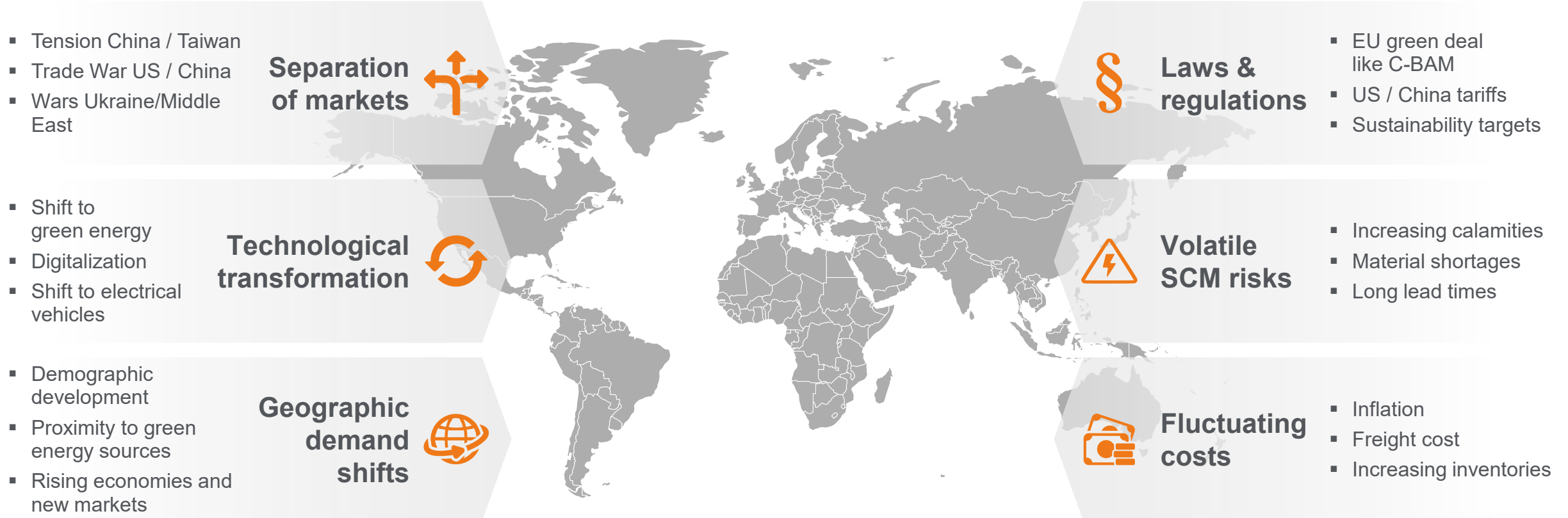
>>> However, as the pressure stabilizes, the supply chain challenges remain.



*Source: Federal Reserve Bank of New York

With more volatile markets supply chains have become much more fragile and challenging, weakening competitive positions

Global supply chain challenges












Mastering these challenges can drive significant improvements in performance and efficiency.



Our experience shows that numerous key improvement levers can be unlocked through true end-to-end supply chain management

 **Key improvement areas in supply chain & savings opportunities (%)***

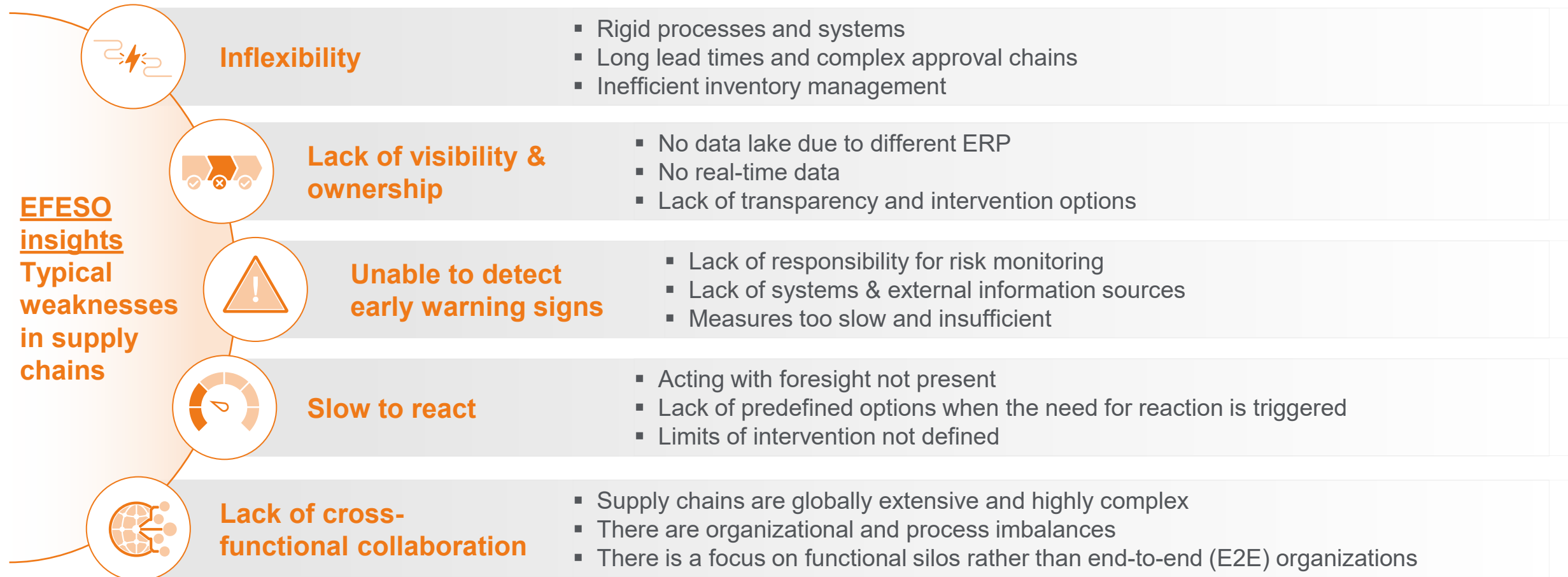
1 Demand forecasting  20-60%	2 Collaboration with customer & supplier  10-25%	3 Production planning capacity (OEE)  10-25%	4 Sales and operations planning  10-25%
5 Inventory management  10-25%	6 Warehouse operations  5-10%	7 Transportation  5-15%	8 Network footprint  10-25%

 Despite the vast potential for performance improvement and efficiency, many companies still face significant and shortcomings in supply chain management.



*Cumulative saving range – not all levers work in every case

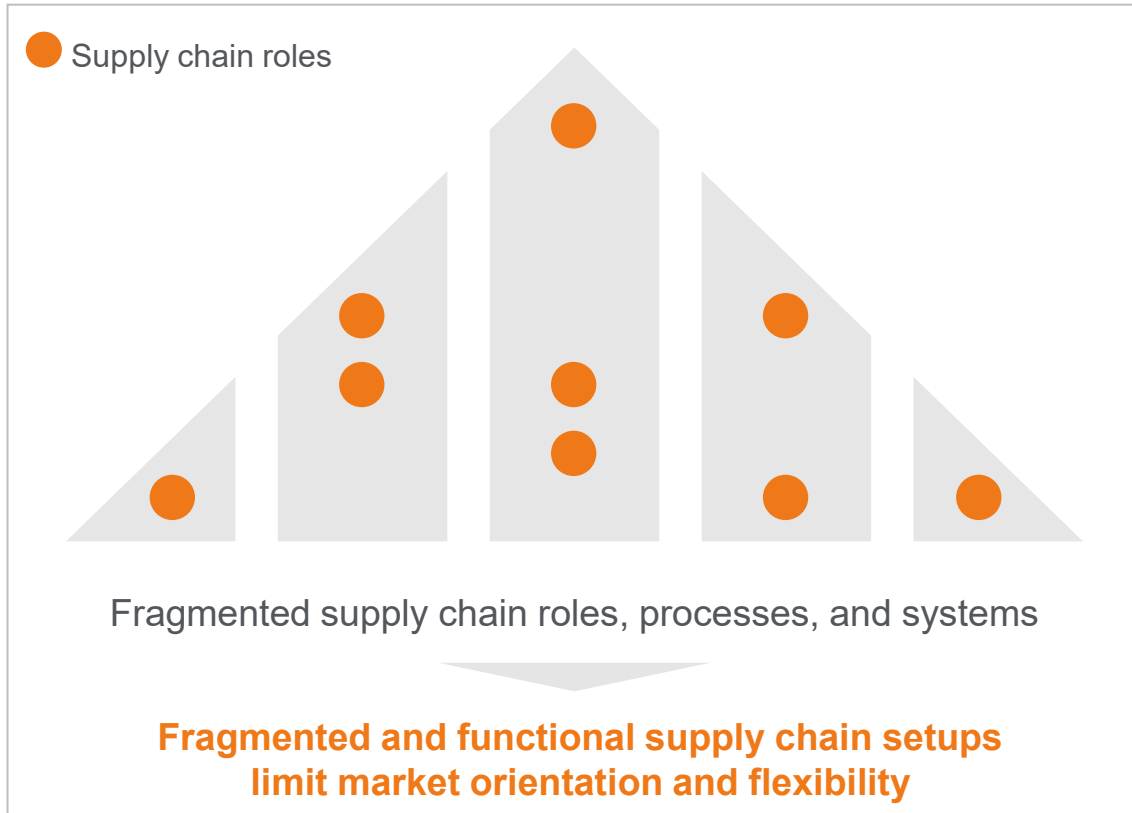
Drawing from extensive experience within its global network EFESO has identified five major weaknesses of supply chain management



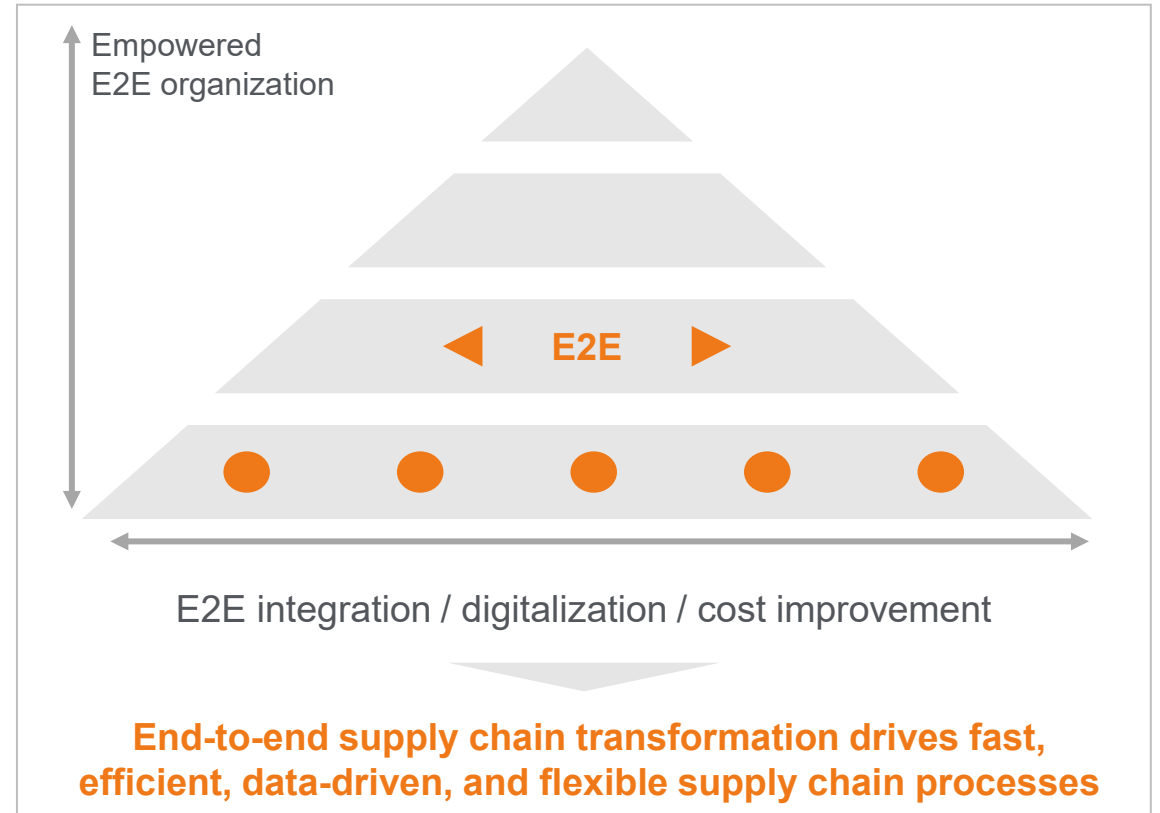
Due to these shortcomings, supply chain management often fails to achieve its full performance potential, which is usually driven by organizational fragmentation.

To boost performance, SCM needs to be transformed from a fragmented and siloed structure into an empowered and integrated end-to-end organization

Common supply chain situation



End-to-end strategy

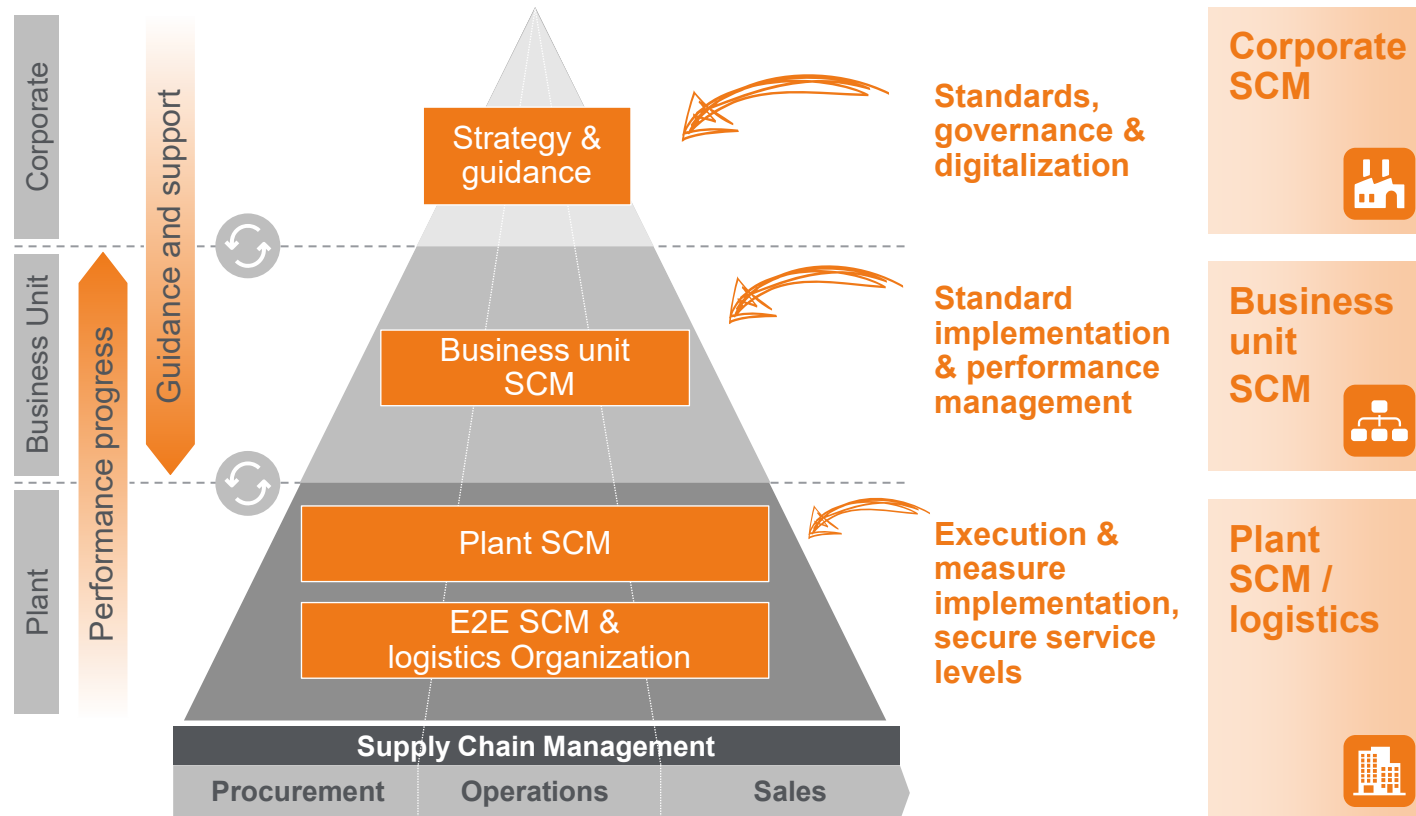


If a true end-to-end organization is implemented and fully executed, the highest levels of efficiency and cost savings can be achieved, but it requires a fundamental transformation.



SCM requires a comprehensive and fundamental transformation at all levels of the organization to fully leverage its potential towards a true end-to-end organization

SCM related tasks & responsibilities

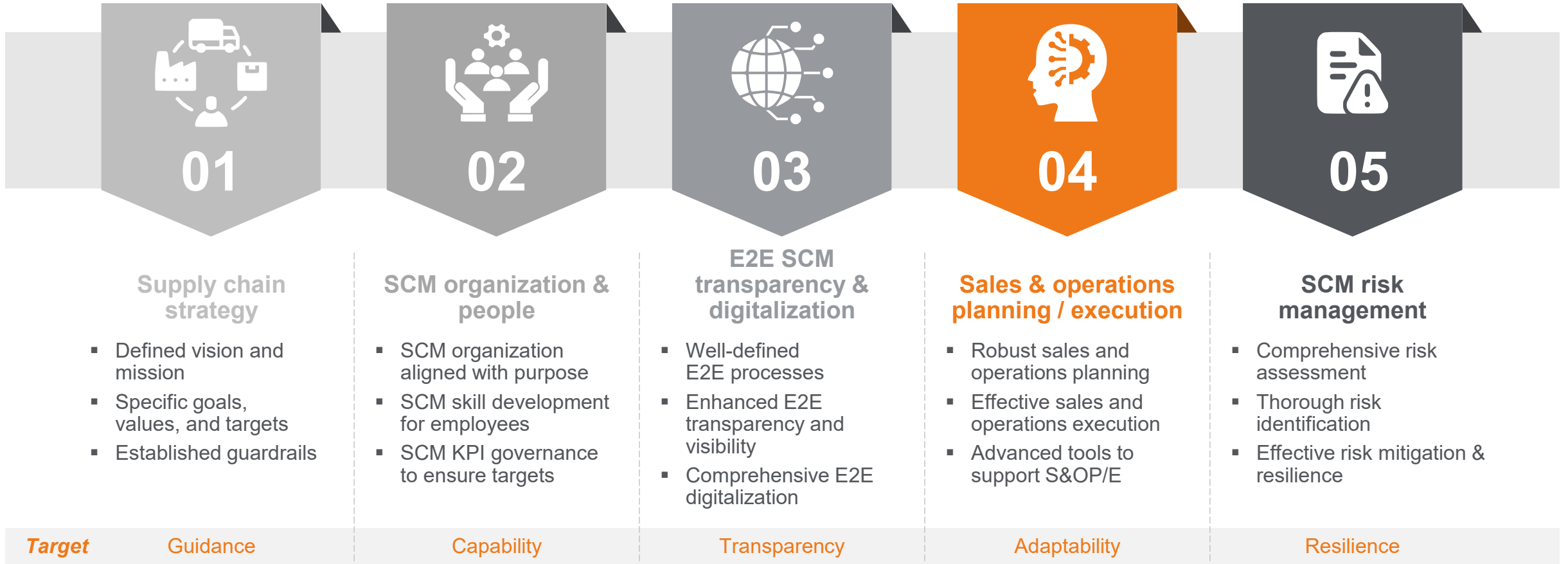


Required enablers



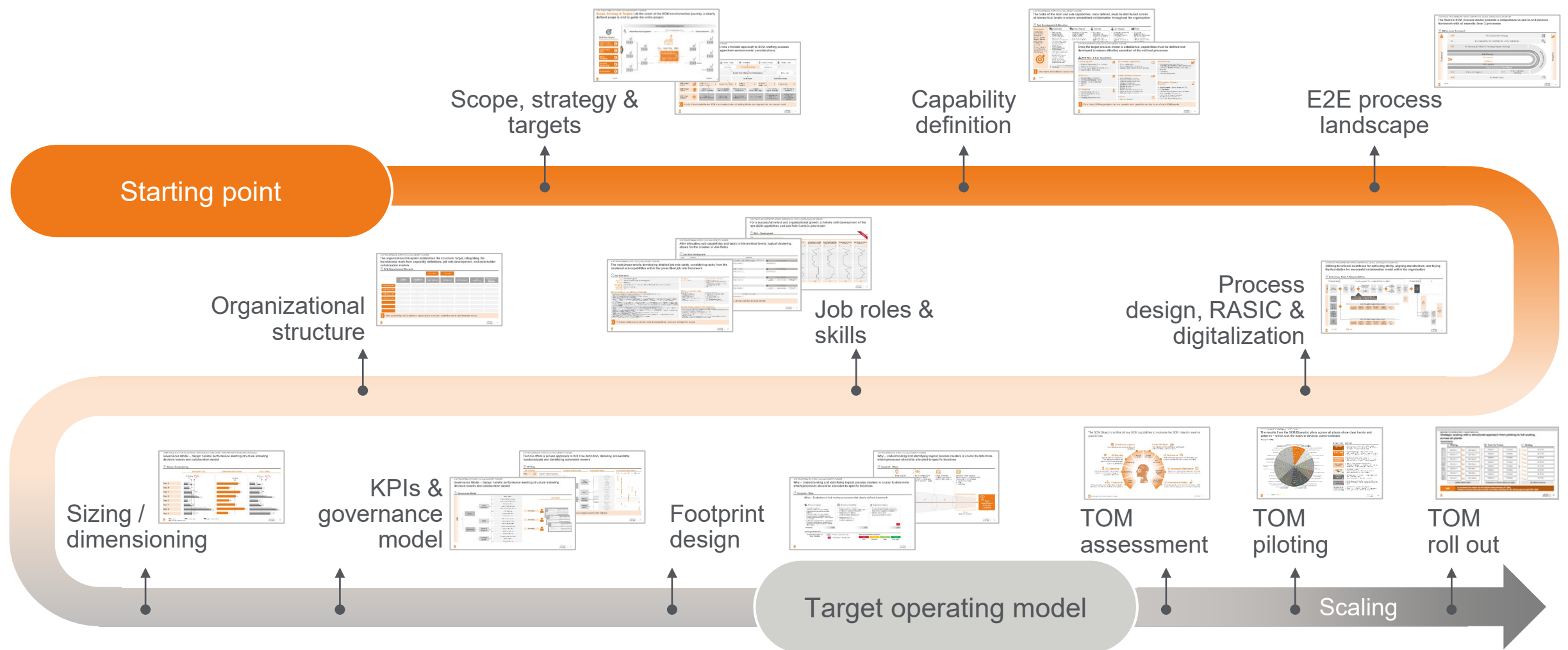
To achieve SCM excellence and a successful end-to-end transformation, key elements are needed.

EFESO's key success factors serve as universal guidelines for achieving supply chain excellence



To achieve all key success factors and realize the full benefits, a comprehensive and holistic new target operating model must be developed and implemented.

We've developed a clear roadmap with interconnected elements to guide the end-to-end supply chain transformation and target operating model development



End-to-end SCM transformation professionalizing and strengthening the SCM organization to prepare for future challenges, **impacting more than 855 employees**



Initial situation

- **External challenges** leading to lower customer demand fulfillment
 - **High freight** and capital costs
 - **Weak position** of the SCM organization within the Group
 - **Fragmented supply chain** set up with limited end-to-end mindset
- **Target: achieving a true end-to-end** supply chain organization to amplify the overall group performance

Approach / method

- **Introduce advanced SCM capabilities**
- **Designing the E2E process architecture**
- **Streamlining processes** and RASIC charts
- **Formulating organizational blueprint**
- **Creation of job role cards** incorporating a **cross-hierarchical collaboration model**
- **Forming a KPI framework**



Customer value added



39 detailed sub-capabilities with detailed description across hierarchical levels



More than 885 employees affected at 60 sites at group, division, and plant level



Development of 9 SCM KPIs, each with specific, actionable inputs



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