AN INTERVIEW WITH KRIS TIMMERMANS AND DR. ANTONIO M. OFTELIE

What were the most interesting insights from the Summit?

Kris Timmermans
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Supply Chain & Operations

A key learning for me was actually that 88% of everybody we interviewed, and everybody we invited to the Summit said that the next couple of years, it's extreme or significant change that they're expecting. So, I would say buckle up because this is going to go really, really fast.

The second learning is that around big data, a lot of the clients, or a lot of the companies have been very disappointed in their tests and everything that they were doing. But that, we found the last mile being Artificial Intelligence that actually is going to start making sense and helping us on big data, and really is going to help and make better decisions within the supply chain and operations space.

And then, thirdly, I found the notion of, as a supply chain leader removing the barriers for the people to start testing, to start failing instead of the traditional approach that we have as managers of a business case, ROI, prioritize things and then long cycles of getting things implemented. There are other ways of testing and failing fast that are going to be essential in today's environment.

Dr. Antonio M. Oftelie,
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I think some of the most interesting findings were on this notion of uncertainty in the marketplace and in the operating environment for supply chain officers. On one hand they're looking at a lot of disruption and define that multiple ways, but everyone is facing disruption on some level. And that creates uncertainty.

The second key finding I think, was that the best supply chain officers out there are looking at, "How do I make my supply chain agile, so that I can not only respond to disruption now, but also potentially disrupt ourselves? Or create new markets, and new products and services that can tap into entirely new market segments." So, that ability to be agile. To not only optimize the current way of working, but also look at generating new business value was a key identifier of great supply chains.

How are digital technologies changing supply chain strategies?

Oftelie

Digital technologies are really giving a firm and the supply chain, much more agility nowadays. And what I am thinking about with agility and flexibility are things like, how can we anticipate market demand? How can we understand what customers really need, how quickly they need it? How can we change our operating models, our business models, our supply chain to meet that?

There are a number of technologies that are driving that. One in particular, I think, is machine learning. Right now we have this new capacity where we can say, "Let me anticipate future demand, customer demand, run some algorithms around that which actually learn." So it can learn what's working well, what isn't working well in real-time, that we can then take back into the firm and our supply chain and do things faster, quicker, more efficiently, and more effectively.

| Timmermans | Yeah, that makes a lot of sense. And, building on the machine learning aspect, if I go deeper down on where this all started, I would say it's the Internet of Things. Sensors become so cheap, you can put a sensor on everything, and there's no incremental cost to that. Those sensors generate all the data. You're able to put that data into the cloud, in the data lake. And then you have incredible, powerful computing available to you today to make sense out of that data through analytics. And this analytics, and this structured and unstructured data, that's where machine learning actually starts truly creating ideas and suggestions for actions in supply chains.

So, this chain of IoT, cloud, analytics, machine learning, and artificial intelligence is probably one of the most profound changes that we're going to see. I'm looking a few years down the road about what's around the corner, because artificial intelligence, machine learning, and that chain is here today. And people are using it today, and we're at the start of it. But there are a few technologies emerging, like block chain, that I think everybody should monitor. There's 3D printing, that is going to fundamentally shift things. And then there is the world of virtual reality and wearables that in a factory environment, in a supply chain environment, is also going to lead to some profound changes for everybody. |
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| Oftelie | And all of this will lead to insight. Which is what chief supply chain officers really need. Insight into the customer, insight into the firm and the supply chain. What's working well, what isn't working well, what can we do better? And that connects back to what we were talking about earlier, which was the visioning. And what do we see in the future, and if we can get that insight more quickly now through the internet of things, through sensors, through data, through analysis of that data, through machines that can learn, we'll drive insight much faster and be better prepared for the future. |

How can I optimize my current operating model and also incubate disruptive models for the future?

| Timmermans | We truly believe in that notion of, "I optimize what I have in my core so I can actually generate value and funds that I need to invest in new business models." Because those new business models, they come with failure. They come with high costs as well.

So, a couple of elements of optimizing your current supply chain and operations. There is still very much a cost element to this. So bringing innovation in managing costs is a critical one. The current technologies allow you to fundamentally shift your cost curves, and you should really be doing that because there is so much non-working money trapped in the supply chain and operations. And you've got to use the new technologies and start from a zero base to understand what they really should be versus what they were in the past. |
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I see a way of segmenting much more of your supply chains and making them fit the purpose, future proof for every separate segment of your channels of your customers being a critical component.

And then, in terms of what to do for the new business models, it is really the ability to take a step back and linking to where your company is going. So, the true linkage of the strategy of the company, the business models your company is going to test, and how you as a supply chain leader can really enable those new business models. We're not saying you need to be inventors of the new business models. You're the one who has to enable them, and that means you need a seat at the table and know what they are, and know where the company is going.

Oftelie

Yeah, that's really insightful. Kris mentioned enabling these new business models, and I think a big part of what we've learned comes from having dynamic capabilities in the firms and in the supply chain. What that means really in practice is, thinking about how we optimize that current business model by making sure the structures, systems, processes in the human capital side are always driving for efficiency and effectiveness.

But supply chain leaders then have to toggle, have to hold this other side which says, "Well how do I then take those same dynamic capabilities and structures, systems, processes and people, and make sure that we're flexible enough, having a little bit of slack in there so that we can understand what the future brings?" And then we can then pivot a bit to that new business model. Making sure that that core is always working really well. We can slowly, or maybe aggressively and quickly nowadays, move to that new model.

What are the most important skills for future supply chain leaders?

Oftelie

I think there are two fundamentally new skills that chief supply chain officers are going to need to really embrace. One is this idea of visioning. We don't spend enough time thinking about what the future may look like. What customer needs may look like in the future, and what that means for supply chains now and in that future. So, visioning, I think is an important one, whether that's scenario planning, or just getting more actively engaged with consumers to figure out what they want. And looking out into the future.

The second piece that's connected to that is this new sense of learning. Creating learning organizations, creating a learning supply chain really, where we can say let's test our hypothesis around the future. Let's do some minimally viable products within supply chains, some experimentation. Learn from that very quickly as we say, fail quickly. Learn from that to be able to then drive those changes and those insights into the supply chain of the future.

So that visioning and that learning is going to be critically important to supply chain leaders in the future.

Timmermans	Yeah, that's great Antonio. That's, how do they say, lifetime learning is the new skill. And I recognize that. The other point I'd like to add is, and it's closely related to learning, is the digital quotient. So, the technologies are so disruptive for supply chain operations of the future, that it becomes a matter of really learning about what they can do. What's the combined effect of all these technologies? And we call this the new digital DNA of the supply chain leader of the future.
	Another thing we start seeing is that supply chain leaders typically grew from a certain function of the supply chain. Some from R&D, some from procurement, some from the logistics area. And the new leader really has a better end to end view. So, they're not functionally deep. They really cross the functions for this end to end reconfiguration, re-imagining of the supply chain.

What advice do you have for future supply chain leaders?

Oftelie	Buckle up, because, just frankly, there's a saying, "I'll never be as slow as it is today." But all of us feel like this is already frantic. So, if you're if you're in an exponential curve and we're just at the start of this and it's going to get a lot worse, there's going to come a lot at us as a supply chain leader.
	In that context, I think it'll be important to really always be able to go back to your core. Why do you exist? What are the three reasons that you're there? What are you trying to achieve? And use that as the filter to make sense out of everything coming to you. And be able to see through all this complexity. See what this is all about.
	Second advice would be something we mentioned before, but it's the lifetime learning. You have to catch up with everything that's going on in a constant learning environment. And that also means in a real important learning environment for your entire workforce. The supply chain typically has the largest workforce in our companies and our clients. And the skill gap therefore is also the largest of all of the workforces.
Timmermans	Buckle up, and I hope you have an airbag, would be the second piece of that to riff off you a little bit.
	But a little more seriously, I think one of the big takeaways from this summit and advice I would then give to chief supply chain officers and their entire teams, is really look at how you spend your time. I think the majority of supply chain officers spend an inordinate amount of time on optimizing the current ways they're working. And that's good. We have to. We have to make sure things are effective and efficient and things are running on time. But we can take all of our time to that end. And, we have to pivot a little bit and think about, "Can I actually allocate time in my schedule with my team, with the C-Suite, to think about the future, to spend some time envisioning what that means." And then back that into what is the supply chain of the future

need to look like.

But that's going to require some work. It's going to require some discipline, and active planning around, yes, keeping the ship running and the train running on time. But how do we actually set time aside to think about the future and create that supply chain of the future.