

RESULTFOCUSED

August 2014

dasRESULTAT is a result focused logistics and supply chain management advisory company.

We partner with our clients to identify and unlock practical and sustainable solutions.



das [R]ESULTAT

integrity • independence • results

Vol 2, No 8 (2014)

BEING RELEVANT...

By Anton Nieuwoudt

Eighteen million rand...per day...except Sundays. That is what Ferrari invests on average in research and development (R&D). In other words to develop their next supercar. Or rather to stay relevant in the increasingly competitive market for ultra fast and ultra desirable vehicles.

As a consulting firm dasRESULTAT cannot afford not to be relevant. Our clients expects us to know more about the subject matter and to work harder to demonstrate value than they do. Being relevant is our business. That is why we attend conferences and build networks not only with our own peers, but also with leaders in other fields. That is why we invest our time in supporting logistics and supply chain research at the University of Johannesburg.

In the past week we were invited to a workshop hosted by the Department of Transport and Supply Chain Management at the University

of Johannesburg to provide some industry input into the design of their Advanced Diploma in Logistics Management. You see, they also need to be relevant when educating the next generation of supply chain professionals.

When BMW set out to design their most radical cars ever, the i3 and i8, they deliberately blocked out their main R&D departments. Why? The main objective of their main R&D departments was not revolution but evolution. Sometimes revolution is the only way to ensure that you are relevant in twenty years time.

So here is my question to you, and one I will continue to ask myself on a daily basis. How relevant are you in your organisation? Are you pursuing excellence and relevance, or have you become so used to working within the organisational boundaries that you don't even give revolution a single thought anymore?

For supply chain management to be relevant in twenty years time we as practitioners cannot afford to keep thinking in only an evolutionary (read cost cutting) way. We need to have courage to become revolutionary in our approach to how we plan and execute.

In this edition of RESULTFOCUSED we look at, among others, how Starbucks is approaching a greener and more sustainable supply chain, how Amazon is implementing the revolutionary technology of 3D printing, who the Gartner Top 25 supply chain software providers are and how Pierre Wack could see the future.

"Don't ask yourself what the world needs. Ask yourself what makes you come alive and then go do that. Because what the world needs is people who have come alive." - Howard Thurman



STARBUCKS - BUILDING A SUSTAINABLE SUPPLY CHAIN

By Elizabeth Baer
(supplychain247.com, September 2013)

In recent years, we've seen the explosion of supply chain management programs and eco-labels assuring buyers that products are sustainably produced.

The [Ecolabel Index](#) currently tracks 424 different types of ecolabels in 246 countries and 25 industry sectors—145 related to food alone.

While many companies have also started developing their own supplier certification programs tailored to their specific needs and operating environment, few programs (even ecolabels) have devoted resources to ongoing monitoring of the programs.

With so much financial investment in these programs, many have begun to ask: Have the programs been effective? Are they driving sustainable production in the sector and providing some of the social benefits they promised?

Recently, Conservation International (CI) collaborated with our longtime partner, Starbucks Coffee Company, to begin answering these questions for its home-grown supply chain program, [Coffee and Farmer Equity \(C.A.F.E.\) Practices](#), and we have a few takeaways to share on the value of these assessments as well as how to build ongoing results assessment into your own program.

Launched in 2004, the C.A.F.E. Practices program includes a set of social, environmental, economic and quality objectives and related guidelines for the production and processing of coffee that are assessed in the field by a third party.

CI has advised Starbucks on the program since its inception, and together, we developed a continuous improvement model designed to keep producers in the program and increase their scores on an ongoing basis over time. In 2011, Starbucks purchased 367 million pounds of coffee—or

86 percent of their global purchase—through its C.A.F.E. Practices program. (You can find CI's logo on the package of verified coffees in any Starbucks store.)

In 2009, CI began to produce annual global reports, which are assessments of the data provided in verification reports from all participating countries. CI also conducted field surveys with farmers participating in C.A.F.E. Practices and farmers not participating in the program in two sample regions, Guatemala and Colombia, to supplement and validate the findings of the global reports.

Our most recent global report covering 2009-2010 was released this month and the full report and summary of program results can be found at [Conservation International's website](#).

Through our experience with Starbucks, we have found that these types of assessments provide many benefits to the company, including specific management-level information that helps them improve the supply chain verification program and its impacts on the ground through its Farmer Support Centers.

The results assessment also gives Starbucks confidence that their investment in the program has been worthwhile. ([Read my CI blog](#) to learn more about the assessment findings and the ways Starbucks is using this information to improve C.A.F.E. Practices.)

Best practices in results assessment are emerging as more stakeholders are expressing interest, but we've found a focus on a few key design elements is critical:

Plan for assessment at the outset.

Incorporating a monitoring and assessment framework into the design of the program itself helps to ensure the necessary data collection and management procedures are in place and are aligned with existing procedures—a strategy that helps to reduce costs.

Simplify. There are myriad indicators we might wish to evaluate as part of our assessments, but assessment can be costly—especially field-based assessment. Focusing on the most critical indicators that really provide the information you're looking for and eliminate duplicate questions helps to keep costs contained.

Provide room for open-ended investigation. Some program benefits are not easily quantified. Designing assessments with this in mind and providing participants room to express opinions about topics outside of the survey questions will help you capture these types of benefits and challenges.

Although much of the interest in sustainably produced goods is currently focused on the food and agriculture sector, the importance of assessment is relevant

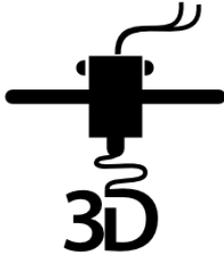
across sectors.

It is no longer enough to measure success by whether production or purchasing according to a standard or supply chain management program is growing. Instead, we should turn our focus to whether the standard is effective in delivering the results it was designed to achieve.

Conservation International (CI) collaborated with Starbucks Coffee Company, to begin answering questions for its home-grown supply chain program, Coffee and Farmer Equity (C.A.F.E.) Practices.

With that assurance and with the nuance the assessment provides, we can ensure that every dollar invested in these programs makes a difference.

To see how Starbucks' C.A.F.E. Practices have impacted coffee farmers in Chiapas, Mexico check out Team Earth Chiapas, Team Earth is a series of videos and stories about the results Conservation International has been able to achieve through partnerships with other nonprofits, governments, and businesses. - **RF**



AMAZON LAUNCHES 3D PRINTING SERVICES

By John Newman
(supplychainbrain.com, July 2014)

Slowly but surely, [3D printing](#) is becoming recognizably available for even the average person, regardless of whether you happen to own an additive manufacturing (AM) system or not.

Service bureaus exist in every major city, you can find 3D printers for well under \$1,000, and, of course, you can barely surf the Internet without tripping over something related to AM.

A number of companies have shown interest in the technology, purely from a consumer service angle, including [Amazon \(Introducing Amazon's 3D Printing Store\)](#).

The online retail juggernaut has eased its way into 3D printing by first offering systems for sale, then moving to a print-on-demand option.

Now the company has moved deeper into the AM waters with the launch of its [3D Printed Products store](#).

"The introduction of our 3D Printed Products store suggests the beginnings of a shift in online retail — that manufacturing can be more nimble to provide an immersive customer experience.

Sellers ... can offer more dynamic inventory for customers to personalize and truly make their own," said [Petra Schindler-Carter](#), director for Amazon marketplace sales.

"The 3D Printed Products store allows us to help sellers, designers and manufacturers reach millions of customers while providing a fun and creative customer experience to personalize a potentially infinite number of products at great prices across many product categories."

Along with the usual array of potential 3D printed goods that include toys, jewelry, and accessories, the new 3D Printed Products store offers an area named "[Creative Expressions](#)."

After clicking on the link, customers will find a new set of products that can be personalized by adding words, selecting different colors and tweaking the design in simple ways.

Possibilities in the Creative Expressions area include personalized bobble head dolls, a 3D printed wallet, jewelry and even miniature swords.

"The personalization widget empowers customers to make something unique in seconds without knowing how to 3D model. A product personalization platform on [Amazon](#) has the potential to become the app store for the physical world," said [Nancy Liang](#), co-founder of [Mixee Labs](#).

"Customization gives customers the power to remix their world, and we want to change the way people shop online. It also makes the shopping experience more fun, creative and personal."

It seemed inevitable that Amazon would eventually take the full plunge into the consumer side of [3D printing](#). While the new store is good news for Amazon customers, it might be bad news for other companies, such as [Shapeways](#), which offer similar services.

[Amazon](#) did essentially kill Borders, and it has lost none of its commercial clout or reach since that time. - **RF**

Gartner

2014 TOP 25 GLOBAL SUPPLY CHAIN MANAGEMENT SOFTWARE SUPPLIERS

By Bob Trebilcock
(supplychain247.com, July 2014)

The market for [supply chain management software](#) (SCM), maintenance and services posted another year of solid growth, generating \$8.944 billion in 2013, including applications for procurement software.

That represented a nearly [7.4% increase over 2012 revenues](#), according to [Chad Eschinger](#), vice president of supply chain with research firm Gartner.

Without procurement, the market generated \$6.1 billion, a healthy 9% increase over 2012 revenues for the group of applications that are most relevant to our readers, including supply chain planning and supply chain execution applications such as [warehouse management systems](#) (WMS) and [transportation management systems](#) (TMS).

Looking forward, Gartner is predicting a compound annual growth rate (CAGR) for SCM software excluding procurement of 9.9% for the next 5 years, reaching \$9.8

billion in 2018.

The biggest change in the market may be the way processes that once operated in their own silos are now converging into the broader supply chain management space, such as procurement.

That is reflected in the appearance of tracks on procurement and supply management at conferences such as [WERC](#), [APICS](#) and [CSCMP](#). It's also reflected in the growing revenues in the procurement software space. "Less supplier revenue is being generated out of supply chain planning and execution applications with more activity in procurement," says Eschinger. "If you think about it, there is a limited audience for planning and execution, but procurement is as universal as e-mail: Everyone needs it."

The top five market leaders will look familiar to readers of last year's survey. SAP (\$2.138 billion) and Oracle (\$1.455 billion) once again lead the pack. SAP posted a gain of some \$400 million, or nearly 20%. Much of that increase can be attributed to the addition of Ariba to its product suite.

Meanwhile, Oracle held its own, posting an increase of about \$2 million in revenue. As with last year, they were followed by [JDA Software](#) (\$445 million) and [Manhattan Associates](#) (\$167 million). [Epicor](#) held on to the No. 5 spot with \$159 million. As with last year, enterprise resource planning (ERP) vendors occupy four of the top eight spots. Meanwhile, the top three providers (SAP, Oracle and JDA) accounted for 45% of the total supply chain management software market, down slightly from 48% last year.

Last year's [merger of JDA and RedPrairie](#) made room for PTC, at No. 12 with \$69 million. Best known as a provider of [product lifecycle management solutions](#), PTC makes the supply chain management grade as a result of its acquisition of Servigistics.

Making the List

The year 2014 is Lucky 13 - marking the 13th time we have reported on the supply chain software market from a business standpoint since 2002. Although we initially focused on the top providers of WMS solutions, the lines between supply chain execution and supply chain planning providers are no longer clearly drawn; ERP providers supply WMS and supply chain execution providers offer planning and optimization solutions. And, as noted above, companies are increasingly looking to integrate their procurement activities into their manufacturing, distribution and transportation strategies.

For that reason, we partnered with Gartner to create this list. Our starting point is Gartner's annual list of the top supply chain management providers, which this

year included 27 names. It is a numbers game and not a popularity contest. The rankings are based on Gartner's estimates of a provider's annual sales for 2013. Meanwhile, Gartner's estimates are based on revenues related to supply chain management software and not a company's total revenues.

The market for supply chain management software continues to expand, highlighting the importance of software in today's supply chains.

We make just one adjustment to Gartner's original list, stripping out companies such as Basware (\$124 million), Fieldglass (\$83 million), SciQuest (\$68 million), IQNavigator (\$58 million), Bravo Solution (\$55 million) and GEP (\$45 million) that are primarily focused on procurement or spend management. While our readers may now coordinate activities with purchasing, their duties are still focused on planning and execution—moving things through the supply chain.

Admittedly, this is an imperfect science. Gartner, for instance, strips out hardware sales from its estimates. For that reason, Gartner credits Manhattan Associates with \$167 million when the company's overall revenues totaled \$414 million. What's more, Gartner does not follow the warehouse control systems (WCS) or manufacturing execution system (MES) spaces for the purposes of its chart.

Finally, it does not include SCM vendors that focus on specific verticals, such as Retalix, now part of NCR. However, it is an apples-to-apples comparison. More importantly, whether you agree with all of the numbers, the order provides a good ranking of the major providers across the supply chain management space.

Notable Trends

Several trends were at work last year in each of the four categories relevant to our readers: ERP and supply chain planning (SCP); WMS; TMS; and MES.

JDA and RedPrairie come together: RedPrairie's acquisition of JDA was the most talked about event of 2013 in this space. There have been some bumps in the road. For one, JDA's long-time CEO was replaced this past May. For another, sales took a slight pause: While JDA's revenue jumped from \$426 million in 2012, when RedPrairie was a stand-alone company, to a combined \$445 million last year, RedPrairie had posted \$105 million on its own in 2012 for a combined \$531 million. "This was a difficult year," says Eschinger. "But the sense I'm getting is that going forward, they are breathing new life into their initiatives and pushing the envelope on innovation." He points out that JDA remains the No. 3 provider and the largest, stand-alone provider focused solely on supply chain technologies.

ERP/SCP/SCM: Enterprise-level supply chain planning applications grew by 10% last year, reaching \$3.4 billion. Several trends were at work, including:

It's all about inventory: As with last year, there was continued interest in inventory optimization, which posted 11% growth, a reflection of companies' continued interest in driving down their investments in inventory while maintaining or increasing their service levels.

Another strong year for sales and operations planning (S&OP): For the second year in a row, S&OP applications, which tie supply chain activities closely to marketing and sales efforts, grew by 20%. "These applications can extract information from a variety of sources and present it in a way that can be acted on in real time," says Eschinger. "With analytics, S&OP can create a what-if scenario in a few hours that once took several days to create with spreadsheets."

Multi-business platform collaboration: Collaboration remains a topic of supply chain conversations. Companies increasingly want to take advantage of their network of suppliers and customers. SAP's acquisition of Ariba—a community that includes 1.5 million businesses—is driving that message home. "You now have one vendor with much tighter integration capability to bring together your buyers and suppliers," Eschinger says. "This is the way many of us think businesses are going to get greater visibility."

Cloud computing continues to get traction: The cloud computing space is growing at about 25% a year, says Eschinger. More companies are migrating some of their offerings to the cloud. Still, in today's market, the cloud is most prevalent in network-based applications, such as transportation management and procurement.

WMS: The market for warehouse management software grew by 3% in 2013, to just more than \$1.1 billion. The market continues to evolve in several ways. ERP is coming on strong: As we reported last year, ERP vendors such as SAP, Oracle, Infor and Epicor continue to take market share, according to Dwight Klappich, vice president of research. As Klappich points out, Manhattan is growing its top-line revenue, but the ERP vendors are growing the number of clients in their rosters, and doing so at a rate that is faster than the market. "They now have credible WMS products, which allows them to go after bread-and-butter clients," says Klappich. "There's a far bigger market for good enough, core WMS and if you're already an ERP user, it's easy to go to their WMS."

Get on a platform: For the past several years, Klappich has been writing about supply chain convergence. The concept is that companies have long focused on optimizing the silos in their operations, such as transportation and distribution. Now, they want to work across those functions as an end-to-end fulfillment process. The technical hurdle: "We can't synchronize functions, let alone optimize them, until we can get all of our supply chain execution applications on a common technical platform," says Klappich. He adds that he is now talking to end users who are making platform decisions, a trend that may benefit Manhattan, which has been building its platform since 2005, and SAP. Both companies have developed most of their applications internally compared to competitors that have grown through acquisitions that then have to be integrated.

Work planning: An emerging application gaining traction, work planning looks at a body of work, from receiving to order picking to shipping, across a shift and creates a plan to allocate people and equipment in the right functional areas at the right time to complete the work. "These are nascent developments coming from leaders such as Manhattan and JDA, but it's a step in the right direction," says Klappich.

WMS/WCS convergence: As companies ramp up the level of automation in their facilities, especially around multi-channel commerce, the lines between WCS and WMS continue to blur. "It's driving end users to think more about WCS than in the past," says Klappich.

TMS: The market for transportation management software grew by 12% in 2013, posting revenues of about \$820 million.

Growth of the mid-market TMS: As with last year, Klappich sees much of the growth coming from mid-sized shippers spending \$25 million to \$100 million a year on freight. "We continue to look for someone to develop a dominant strategy to serve

shippers in the small- to mid-sized business market,” Klappich says.

More analytics: Some leading TMS providers are now offering tools that allow for what-if scenarios outside the traditional planning horizon. Two examples: What is the best way to ship if fuel surcharges go up by 10%, or, what are my capacity requirements four months from now so that I can negotiate with my carriers today.

Mobility: Solution providers are moving away from dedicated hardware that has to be installed inside the cab of a truck to deploying their solutions on smart phones and tablets that may simply plug into a dashboard. “They’re less cumbersome, they offer a more modern interface, and they can take advantage of social media,” says Eschinger. “It’s a leapfrog over where we were.”

MES: Gartner does not formally survey and size the market for manufacturing execution software solutions for discrete manufacturers. However, Simon Jacobson, a vice president who covers the MES space for Gartner, estimates it at \$1.6 billion, a leap of about \$100 million from 2012. As with the WMS space, some of that growth is now coming from ERP vendors who are adding MES to their portfolios. A key driver to the growth, Jacobson says, is “the desire for a flow of information within the factory environment.”

There were two important acquisitions in the space. First, Schneider Electric purchased Invensys, an acquisition that closed in January of this year. The second was the acquisition in February of Werum, a German-based provider of MES, by Korber, an international technology group.

While the market continues to grow slowly, one of the most important evolutions Jacobson sees is that companies are moving away from full-blown MES implementations to more targeted applications that support “manufacturing intelligence”—that is applications that provide better visibility and traceability into the manufacturing process. “Companies are focused on getting more out of their existing manufacturing lines rather than building new lines,” says Jacobson. “For that reason, they are looking to manufacturing intelligence to optimize their processes and get the most from what they have.”

He cites the example of a food and beverage manufacturer that realized an \$800,000 savings in its first year by getting better visibility into its raw materials usage. “They now know when they’re using too much or too little in a batch,” says Jacobson. “It’s an example of manufacturing intelligence driving very quick value within a year rather than going through the entire MES implementation process.” - **RF**



MIDDLE EAST EMERGES AS GLOBAL LOGISTICS HUB

By ASC Staff
(arabiansupplychain.com, June 2014)

The Middle East offers “extremely lucrative” opportunities for companies able to take advantage of the region’s emergence as a global logistics hub, Essa Al-Saleh, president & CEO of Agility Global Integrated Logistics, said last week. In a keynote speech to the Emerging Markets Logistics Conference in Dubai, Al-Saleh highlighted the outstanding performance of the Middle East in the 2014 Agility Emerging Markets Logistics Index.

The region outperformed all others in favourability for business and trade in general.

Qatar, UAE, Oman, Jordan, Saudi Arabia and Kuwait ranked highest out of 45 emerging markets countries in the key category of “market compatibility”. “Against a background of a sluggish global economy, the Middle East continues to shine. The UAE is an attractive location for logistics investments based on ease of doing business, while Saudi Arabia’s strong economic and population growth have also made it a market ripe for investment,” Al-Saleh said.

“Saudi Arabia continues to spend on infrastructure. It has been a star performer among emerging markets globally, taking third spot in the 2014 Index.” Al-Saleh said Dubai has become a regional hub for business expanding into Africa. The UAE topped all other countries in the Index as having the best domestic and international transport infrastructure and best connections between the two.

Logistics and trade professionals pointed to the UAE as the only Middle East market among the top ten emerging markets where they were likely to invest in the coming five years.

New data presented at last week’s conference by Transport Intelligence (Ti), the leading global, transport-focused research house, supported the healthy picture painted by Al-Saleh.

Ti estimated that the contract logistics sector in the Middle East will expand 33 percent by 2017, at an average of 7.5

percent a year, and growth in freight forwarding in the Middle East will be even stronger at 7.8 percent annually until 2017.

As a share of the region’s international freight forwarding market, ocean freight is expected to grow to 57.8 percent in 2017, up from 55.2 percent last year.

The Middle East has emerged as a global logistics hub as countries, mainly on the Arabian Gulf, have built modern warehouses and transportation infrastructure, developed free zones, adopted ‘open skies’ policies, simplified customs procedures and strengthened anti-corruption measures.

The Middle East is filling a gap for Africa, Central Asia, India and Pakistan, which have fast-growing consumer markets and local production but often lack adequate transport infrastructure, storage and services.

Transport Intelligence estimated that the contract logistics sector in the Middle East will expand 33 percent by 2017, at an average of 7.5 percent a year, and growth in freight forwarding in the Middle East will be even stronger at 7.8 percent annually until 2017.

Gulf countries are able to act as gateways for goods coming from Asia, Europe or North America or as distribution points for goods moving within markets in the Middle East. - **RF**



THE MAN WHO SAW THE FUTURE

By Art Kleiner
(strategy-business.com, February 2003)

I had the feeling,” said Pierre Wack, “of hunting in a pack of wolves, being the eyes of the pack, and sending signals back to the rest. Now if you see something serious, and the pack doesn’t notice it, you’d better find out — are you in front?”

That observation is probably the most succinct description there is of the practice of scenario planning. Scenario planning — the use of alternative stories about the future, many with improbable and dramatic twists, to develop strategy — is one of the few management innovations to have actually been created in a corporate setting, amid the real-life battle for profits. Pierre Wack, who died in 1997, was the leader of the Royal Dutch/Shell Group of Companies’ elite London-based scenario team. With his colleagues and successors at Shell’s Group Planning department, he designed and refined this important business tool, in effect serving as the chief analyst of Shell’s version of Her Majesty’s Secret Service. Scenario planning alerted Shell’s managing directors (its committee of CEO equivalents) in advance about some of the most confounding events of their times: the 1973 energy crisis, the more severe price shock of 1979, the collapse of the oil market in 1986, the fall of the Soviet Union, the rise of Muslim radicalism, and the increasing pressure on companies to address environmental and social problems. The method has since become widely popular outside Shell, not just in corporations but in some governments. In South Africa, for example, scenario planning played a major role in the peaceful transition from a system of apartheid to a stable multiracial government.

Yet for all of that, and despite its reputation for prescience and panache, scenario planning has not always been influential within the companies that use it, including Shell itself. To be sure, the “energy crisis” scenarios, in particular,

helped Shell prosper more than its rivals. Called the “Ugly Sister” by Forbes for its relatively weak financial position in the late 1960s, Shell moved to become one of two breakout leaders (Exxon was the other) of the industry. Even so, the company often seemed to ignore many of the warnings from its own scenarios. For example, the scenarios might have helped it avoid some extremely costly failed investments in the 1970s and 1980s, as well as the public relations and legal damage associated with its 1995 plan to dispose of the Brent Spar storage facility by sinking it in the North Sea.

Shell is hardly unique; most companies that create scenarios of potential risks and opportunities find it difficult to actually make effective real-world decisions based on the stories they imagine.

Pierre Wack understood this paradox as well as anyone. Today, his legacy is more relevant than ever: The political and economic uncertainties that Mr. Wack foresaw (he christened the future “the rapids” back in 1975) have become a fundamental part of business life. A clear sense of the future’s obscure challenges and opportunities is the most valuable asset an executive can have. To Mr. Wack, the ability for which managers are most celebrated — the ability to get things done — was only one part of their necessary skills. Equally important, and much harder to come by, was the ability to see ahead. The more aware the wolf pack is of the terrain in which it runs, the more effectively it hunts. What does it take to engender that awareness in managers, particularly in these shocking and skittish times?

Early in October 2002, I visited Shell Centre in London for an answer. Officially, I was there to attend a commemorative celebration of 30 years of scenario planning at Shell. The first great scenario event at Shell had been a 1972 report to the managing directors anticipating the impending energy crisis. With host Ged Davis, Shell’s vice president of global business environment and the company’s genial and erudite leader of scenario planning today, we met in a corporate banquet room. On the walls were brightly colored murals with the names of futures from years gone by, some of which never came to pass and others of which were counterintuitive but did come true: “Oil Tightrope,” “Greening of Russia,” “Liberalisation,” “Business Class.” The room was filled with Group Planning members and alumni ranging in age from 30 to 80, along with about 30 outsiders who had used or explored scenarios in some noteworthy way.

During one breakout session, I joined a group of obstreperous firebrands (Shell’s

Group Planning department has always employed some of these) on the subject of “life after scenarios.” They were keenly aware, of course, that scenarios have become a widespread consulting practice, popularized by such futurists and management writers as Peter Schwartz, Arie de Geus, Joseph Jaworski, Charles Hampden-Turner, and Kees van der Heijden — all former senior officials in Shell’s Group Planning department. There is also now a collegial network of scenario planners and consultants around the world; one Shell alumnus, Napier Collyns, was honored at the celebration for his role in fostering that network. (Mr. Collyns and Mr. Schwartz went from Shell to cofound Global Business Network, another central source of scenario practice.)

Scenario planning — the use of alternative stories about the future, many with improbable and dramatic twists, to develop strategy — is one of the few management innovations to have actually been created in a corporate setting, amid the real-life battle for profits.

But Mr. Collyns pointed out the essential contradiction in scenario work: Shell's original insights came from "years of deep research, rigorous analysis, ongoing conversations, and multiple iterations of the scenarios themselves" — all conducted by Shell's mysterious and brilliant team. But over time, the method seems to have been watered down into just another three- or four-day workshop in which people feel like they've expanded their thinking away from the office, but still return to business as usual. Perhaps, some of the firebrands suggested, the golden age of scenarios is ending. Maybe some new methodology is needed to help companies see their own troubled futures as clearly as Shell saw the energy crisis in 1972.

I felt that if Pierre Wack were at the anniversary celebration himself, he might find the discussion beside the point. He had, after all, experienced the same sort of frustration throughout his career with scenarios, which began in the 1960s.

Thinking the Unthinkable

The seeds of scenario planning methodology were planted in the late 1940s, when the futurist Herman Kahn, then a young defense analyst at the Rand Corporation, started telling brief stories to describe the many possible ways that nuclear weapons technology might be used by hostile nations. (For this, Scientific American described Mr. Kahn as "thinking the unthinkable," a characterization he embraced gleefully.) Near Rand's Southern California offices, Mr. Kahn hung out with screenwriters and moviemakers — one of whom, Stanley Kubrick, used him as a model for Dr. Strangelove, and another of whom, Leo Rosten, suggested the name "scenarios" for these storytelling exercises.

But by the mid-1960s, Mr. Kahn's methods had become a mechanistic smorgasbord approach, serving up dozens of possible forecasts (often generated with mainframe computers). The method would probably have died of sheer complexity, except that two individuals from Shell sought out Mr. Kahn. One was Mr. Wack, then head of planning at Shell Française (originally from Alsace-Lorraine, he pronounced his surname to rhyme with "Jacques"). The other was Ted Newland, a senior staff planner known for his incisive, unsentimental views of global politics. When Mr. Wack and Mr. Newland joined forces at Shell's headquarters in 1971, they already shared two key insights. First, change in the Arab world was about to destroy the stability of the existing oil regime, which oil companies had dominated (and drawn a profit stream from) for 25 years. Second, everybody in the oil industry knew it, but nobody was prepared to do

anything. With sponsorship from several far-seeing Shell managing directors, the two assembled a team to bring that awareness to the entire organization.

Successful companies typically have one or two people with the ability to see their environment clearly. Companies that achieve this tend to remain out of public view for fear of being copied or outdone.

Scenario planning was just a starting point for them. Mr. Wack, who had studied some of the mystic traditions of India and Japan in depth, had been a student of the Sufi mystic G.I. Gurdjieff in the 1940s, and he had learned to cultivate what he called "remarkable people" around the world; this phrase in French means not so much gifted or eccentric people, but people with unconventional insights about the world around them. At that time, most oil executives believed that tensions in the Middle East would soon abate because Western-dominated stability would triumph; it always had before. Mr. Wack and Mr. Newland systematically examined every possible angle of the situation, with particular attention to the pressures faced by the ruling governments of Iran and Saudi Arabia. They concluded that it would take a miracle to avoid an energy crisis, and a set of keenly focused scenarios to make managers not just intellectually realize the danger, but prepare for it.

"People today could not possibly believe the degree of inward-lookingness that there was in the companies [of the 1960s]," Mr.

van der Heijden told the 30th anniversary celebrants gathered in London last October. "Suddenly Pierre and Ted came in and showed us that you could open the window and look at the world."

Shell Responds

During 1972 and early 1973, the Group Planners' message percolated through the global Shell organization: The oil price could soar from its current \$2 per barrel to an unimaginable price of as much as \$10 per barrel. (Actually, by 1975, it would hit \$13.) Despite resistance from some Shell managers, the organization began to put in place many of the commonsense, mundane frugalities that had been lost amid the frenetic growth of the 1950s and 1960s. This put Shell in an enviable position when the crisis did occur, and an even more enviable position during the Iranian revolution of 1979, when the oil price soared a second time, up to \$37 per barrel. As the shock from that shift subsided, the industry entered a bubble. Through the early 1980s, oil traders assumed the price would keep rising; they kept bidding for oil futures and driving the price higher.

Once again, in the early 1980s, Shell's planners offered a counterintuitive message: They said the bubble would collapse. The forces holding OPEC together would fragment, energy demand would finally slow down, and the industry would have to retrench. Mia de Kuijper, one of the young planners of that era, proposed that oil was about to become a commodity product. This was a shocking notion to many executives because it meant, as Ms. de Kuijper later noted, that "a trader in Rotterdam would have more to say about the price of oil than the managing directors." Ted Newland actually stood before the Shell managing directors in 1982 and intoned a nursery rhyme to describe OPEC's impending disarray: "Humpty Dumpty sat on a wall. Humpty Dumpty had a great fall." As the price fell over the next three years, it set in motion an industry consolidation that eventually swallowed three of the major oil companies known as the "Seven Sisters."

Mr. Wack and Mr. Newland left Shell in 1982. Mr. Wack began consulting for Anglo American, the South African mining corporation, on its efforts to globalize. One of his fascinating insights involved the effect of apartheid on the price of gold production. He said, "South Africans live with the feeling that they are blessed with a geological miracle: their gold and diamond deposits. But it is actually a human miracle: People work in horrible conditions for very low wages. 'Be careful,' I told them. 'You are going to be the highest-cost producer, because this human miracle is not going to last.'"

Successful companies typically have one or two people with the ability to see their environment clearly. Companies that achieve this tend to remain out of public view for fear of being copied or outdone.

To Anglo American executives, Mr. Wack seemed to be predicting the end of apartheid, and they wanted to hear more. So did their spouses; indeed, they wanted to know if there was a future for their children in South Africa, or whether they should emigrate. An Anglo American executive named Clem Sunter picked up the challenge, and, inspired by Pierre Wack, he suggested two scenarios for the country: A “low road” scenario in which the whites fought to hold on to apartheid, and a “high road” scenario in which they accepted the inevitability of a multiracial society and pushed for the kind of widespread economic growth that would allow such a society to thrive (in part by bringing South African business back into the flow of the international economy). Mr. Sunter’s 1987 book, *The World and South Africa in the 1990s* (Human & Rousseau Tafelberg Ltd.), became a bestseller in South Africa during the late 1980s and early 1990s, second only to Nelson Mandela’s autobiography *Long Walk to Freedom*. It is credited with helping South Africa’s white population see the value of a peaceful transition from apartheid.

The Gentle Art

By the time Mr. Wack left Shell, he had concluded that scenario planning, in itself, was not nearly effective enough at changing, as he put it, “the mental maps of managers.” The best way for me to explain this deficiency is to describe one of my own scenario projects, conducted for an Internet service provider at the height of the dot-com bubble.

We came up with four possible images of the future. Three represented glittering futures of easy success, and then there was

the sad story called “Gruel,” in which the venture capital market for Internet entrepreneurs dried up. During our sessions, I tried but failed to coax the group to pay more attention to Gruel. Preparing for that future would have meant building some cash reserves, being more frugal, and focusing on short-term revenue streams. Had they done all that, they might still exist today. Had I paid better attention to changing their mental maps, I might have had the confidence to tell them not just that this worst-case scenario was plausible, but that it was predetermined. By not seeing the possibility of Gruel, my clients were helping to ensure that it would happen.

What, then, does it take to come up with the kind of scenario that makes people shed their natural defenses so they can understand and prepare for the futures that are inevitable, if only they could spot the factors that create them? Mr. Wack spent his last year with Shell traveling the world, trying to come up with an answer to this question. He returned with a single cryptic diagram labeled “the gentle art of re-perceiving.” It showed a process involving not just study of the business environment (through scenarios), but a rigorous and intuitive examination of one’s own intent, of competitive advantage (à la Michael Porter), and of strategic options. But even Shell, which based a set of workshops on the Pierre Wack process, couldn’t make them stick.

It turns out that you can’t develop this kind of capability in a set of workshops — or even through an elite agency of analysts and internal consultants. If you truly want to create a “pack of wolves” attuned to the environment around them, then the people making decisions have to devote their careers to increasing their collective awareness of the outside world. Scenario planning, as Mr. Wack conducted it, provides precisely this kind of in-depth training over time. You research present key trends; you determine which are predictable and which are uncertain; you decide which uncertainties are most influential; you base some stories of the future on those uncertainties; you spend some time imaginatively playing out the implications of those stories; and then you use those implications to start all over again and develop a sense of the impending surprises that you cannot ignore.

Very, very occasionally, a company takes this way of using scenarios to heart. For instance, the South African energy company Sasol Ltd., working with a scenario practitioner named Louis van der Merwe, has used an elaborate year-long exercise to shift the entire culture of the company toward scenario thinking — in part by having managers throughout the company

take part in writing and publishing their own highly polished scenario book. Only time will tell, of course, whether or not that translates into better results. Managers and executives already report themselves taking risks more confidently and seeing options more clearly, which is not usually the case after scenario exercises.

Successful companies typically have one or two people with the ability to see their environment clearly. Pierre Wack’s methodology, which he never fully articulated while he was alive, is a way of developing this aptitude throughout the organization. Companies that achieve this tend to remain out of public view for fear of being copied or outdone. (Sasol, for instance, is ruthlessly private about the content of its scenarios.)

If executives at many companies seem paralyzed or in retreat during this moment of exceptional business uncertainty, perhaps it’s not just the environment that’s gotten to them. Perhaps it’s that, while pursuing the numbers day after day, they haven’t been systematically training themselves to be like wolves at the front of the pack. They haven’t been training themselves to see as far as they can see. - *RF*



GLOBAL MACROTRENDS THAT WILL SHAPE THE SUPPLY CHAINS OF THE FUTURE

By Alison Feeney-Hart
(bbc.com, March 2014)

Global macrotrends are very big forces at work on the planet with the potential to significantly impact its inhabitants, says Goldsby, professor of logistics. Goldsby has studied these macrotrends and their potential impact on supply chains along with Chad Autry, associate professor of supply chain management, and John Bell, assistant professor of supply chain management, both at the University of Tennessee. The three have published a book, *Global Macrotrends*

and Their Impact on Supply Chain Management Strategies for Gaining Competitive Advantage.

The three chose to study the impact of these major forces on supply chains because of the rising focus on supply chain risk management and higher levels of accountability to which supply chain

Professor Thomas Goldsby of Ohio State discusses his study of global macrotrends and how they will impact supply chains of the future.

professionals are being held, Goldsby says. Business people and supply chain professionals, in particular, are being held accountable for not only good things that happen, but increasingly for the bad things that disrupt supply. We believe that any effort we can make to anticipate things that are likely to happen, whether within our direct control or not, will be helpful to supply chain professionals.

The team chose four macro trends as the main focus of their research: population growth and migration, the flattening world, climate change and resource scarcity. The first two trends are on the demand side and will have the most supply chain impact, says Goldsby. The first involves population growth in various parts of the world as well as the tendency of people to move to cities. The second macro trend was examined by Tom Friedman in his books, *The World is Flat and Hot, Flat and Crowded*, he says. This macro trend is all about the rising middle class and socio-economic leveling, which will have very significant implications for business if companies can leverage the demand opportunities of growing populations and increasingly rising wealth.

The second two macro trends of climate change and resource scarcity are more focused on the supply side, Goldsby says. Supply chain managers need to think very deeply about these two issues and how decisions they make today can help prepare them for challenges and opportunities in the future.

As an example of the potential impacts of these macro trends, Goldsby points to the big differences between stagnant or even declining populations in most of developed world and other regions where populations are growing in size and becoming more wealthy. Products that might have been out of reach of a typical consumer in a nation like Ghana suddenly become accessible, which creates big business opportunities for companies that have the courage to go there he says. This means that businesses will need to seek out markets they have never before explored and being the first mover into one of these new markets can present tremendous business advantages.

Most companies are not paying enough attention as yet to these macro trends, Goldsby says. One of the premises of the book is that today's business professional is very fixated on the present day with not enough emphasis on the more distant future. We think there are great opportunities for those that engage in long-range planning and seek to think not only about how to minimize risk but how to embrace the opportunities and upside potential. - **RF**



RICHARD BRANSON - TOP 10 TIPS FOR SUCCESS

By Alison Feeney-Hart
(bbc.com, March 2014)

Richard Branson left school at the age of 16 and set up Student Magazine with one of his friends. He went on to start Virgin Records in the 1970s and is the founder of the Virgin Group. In the 1980s he formed Virgin Atlantic airline and the 1990s saw the arrival of Virgin Mobile and Virgin Trains.

He is one of the most successful businessmen in the UK and an icon of entrepreneurship. His latest project is Virgin Galactic, which he hopes will one day become a space tourism company. Here are his Top Ten Tips for success:

Follow your dreams and just do it

Follow your dreams, get involved in life, in the things that interest you. If you are going to create a business, make sure it is your hobby, your passion or something that you really enjoy.

You will live a much better life that way. Don't just set out to do something for the sake of making money.

I think lots of people have lots of great ideas, but very few people actually go out and try to put them into practice.

There are lots of people who think that somebody must have done that before, or you'll never raise the money or you shouldn't take a risk in life.

It's the people who say I'm just going to do it, that end up having a chance of having a much more exciting and rewarding life.

Make a positive difference and do some good

The first thing to do if you want to become an entrepreneur is basically to have an idea that is going to make a positive difference to other people's lives. A business is simply that.

If you're running a business you are in a position where you can make a hell of a difference in this world.

I also think it's great for the staff of a company that they can feel good about a company that is actually getting out there and doing good.

Believe in your ideas and be the best

You definitely need to believe in your idea. There's really no point in doing something in life unless people feel really good about it and proud about it. You've got to have passion for it and you've got to be able to inspire other people to have a passion for it too.

If an idea is a good idea you should be able to pitch it in two or three sentences and two or three sentences fit very neatly on the back of an envelope.

There was no point creating a new airline unless it was going to be palpably better than every other airline in the world, you've got to make sure that every aspect of what you do is better than the competition.

Have fun and look after your team

I 100% believe that it's important to have fun and if you're not having fun anymore, it might be time to move on. You should have fun from the top down and create the kind of environment that's pleasant to work in.

Make sure that you've got the kinds of people running your companies who genuinely care about people, who look for the best in people and who praise and don't criticise.

People are not that unlike flowers. If a flower is watered it flourishes and if a flower is not watered it dries up and dies and I think the same applies to people.

Don't give up

It's extremely important not to give up. There have been situations in my adventures, like crossing the pacific in a balloon, where the odds were stacked very heavily against us surviving.

Being an entrepreneur is not that dissimilar to being an adventurer. You have plenty of situations where your back is right up against a wall and you've just got to work day and night to make sure you overcome the difficulties a particular company finds itself in. Brush yourself down the next day and move on into something else.

I think I'm reasonably good at dealing with failure and not letting it get me down for more than an hour or two as long as I put everything I can into avoiding it.

Make lots of lists and keep setting yourself new challenges

I make copious lists because I think it's the little details that make for an exceptional company over an average company. Details are very important and I think it's important to keep setting yourself new challenges and targets.

I do believe that the first of the year is a good time to write down your goals for the year. Unless you actually organise yourself and write down the kinds of things you want

Richard Branson is one of the most successful businessmen in the UK and an icon of entrepreneurship. Here are his Top Ten Tips for success.

to achieve, there's a danger that as time slips by, you don't achieve a lot.

Spend time with your family and learn to delegate

One of the early things you have to do as an entrepreneur is learn the art of delegation. Find people who are better than you to run the companies on a day-to-day basis, freeing yourself up to think about the bigger picture and spend time with your family.

That's very important, especially if you've got children, they are what's going to be left when you're gone.

I know I'm a good entrepreneur, but I'm not sure that I'd be a very good manager and there is a difference. My mind is always thinking ahead and wanting to create new things.

I just think once I've set something up, it's better if someone else runs it. I can dive in and out and be a pain occasionally, but the

day-to-day business is better for somebody else to do.

Try turning off the TV and get out there and do things

My mum brought us up very much to get out there and do things, don't watch other people do things, and don't watch television. I think that was a good way of bringing up kids. With my own kids, we've spent quite a lot of time in the Caribbean and we never watch television there.

I think I am capable of switching off on Necker Island which is where we sort of pull up the drawbridge. But what I'm doing I see as so fascinating, so rewarding, so interesting that I don't ever really want to switch off too much because I find myself in such a wonderful, challenging position that I don't want to waste that position and there are just so many important challenges going on.

When people say bad things about you, just prove them wrong

There are people who hang onto the coat tails of successful people and try to sell a few books on the back of their name. It's unpleasant but you know that if you sue them or kick up a fuss, all it will do is publicise the book. So I've had to learn the art of ignoring people like that.

I think the best thing to do is just to prove them wrong in every single way. This particular book, (Branson: Behind the Mask by Tom Bower), says that our spaceship programme is a white elephant, later this year we will prove them wrong.

Do what you love and have a sofa in the kitchen

You only live one life, so I would do the thing that you are going to enjoy. When life boils down, this might sound like a little much coming from me, I do have my own little island in the Caribbean, but when we are on that island, we tend to just live in the kitchen.

The truth is, so long as you've got a kitchen which has space for a sofa, and a bedroom, and a partner that you love, you don't necessarily need the add-ons in life.

Then, if you're doing something that really interests you, it will result in a much more enjoyable life rather than just doing something for the sake of making money.

- RF

Note - All credit goes to the particular author and/or publication of the articles shared in this publication.

Result focused logistics and supply chain advisory services

By Anton Nieuwoudt / Niels Rudolph

dasRESULTAT is a results focused logistics and supply chain management advisory company with greater than 30 years combined experience in various functional areas of logistics and supply chain management across diverse industries.

Our primary objective is to support our clients to reduce operational costs and increase their service offering to their clients through optimising their supply chain, by offering a wide range of services based on our own practical experience.

dasRESULTAT stands under joint leadership of Anton Nieuwoudt and Niels Rudolph.

Leadership

Anton has close to 15 years experience in logistics- and supply chain management across various industries.

Prior to co-founding dasRESULTAT as a boutique logistics and supply chain advisory company, Anton was at Accenture where he was involved in various projects in the Retail, Mining, FMCG and Energy sectors. Here he was able to expand and apply his fulfillment, supply chain management, supplier management, project management and business consulting expertise.

At DB Schenker, Anton gained experience in integrated logistics management, spare parts logistics as well as inbound- and outbound logistics solution implementation.

Anton holds a Bachelors degree in Marketing from the Rand Afrikaans University and a Masters degree in Logistics Management from the University of Johannesburg.

Niels has more than 20 years experience in logistics- and supply chain management mainly within the 3PL industry.

Prior to co-founding dasRESULTAT as a boutique logistics and supply chain advisory company Niels founded ORAscm as a specialised logistics consultancy company. He also worked at DB Schenker and PriceWaterhouseCoopers in Germany as a project consultant.

Niels spent the largest part of his career at DB Schenker in various roles in Germany, Singapore, Malaysia and South Africa. During his last role at DB Schenker in South

Africa, Niels was responsible for logistics development, reporting directly to the CEO. Here he applied and expanded his knowledge to develop logistics solutions across the local automotive, high-tech and retail industries.

Niels holds a Diplom Betriebswirt (BA) from Staatliche Berufsakademie, Mannheim (Germany).

Functional experience

Our functional experience include among others warehouse design & management, transportation management, inventory management, demand planning, supply planning, supply chain planning, supplier relationship management and project management.

Industry exposure

We have had exposure to industries such as retail, automotive, consumer goods and services, petrochemical, mining and defense aerospace.

Core offerings

Through our core offerings we can support our clients to achieve strategic, tactical and operational results. These offerings cover areas such as Strategic Supply Chain Planning, Fulfillment, Sourcing & Procurement, and Project Execution.

Credentials

Since founding the company in the fourth quarter of 2012 we've been involved in various engagements.

Our primary engagement in 2013 has been with a leading global third party logistics company. Here we've been tasked to support them in their turn-around of their contract logistics department, transportation management strategy and operating model design, Africa business development strategy, and procurement strategy development.

Secondary engagements during our first year of operations included a warehouse performance assessment at the Cape Town operations of a global apparel company, supporting a logistics service transition at a German automotive manufacturer, and providing warehouse implementation support for an agricultural equipment manufacturer.

We are currently supporting a transportation consulting company with project management and subject matter advisory at a South African FMCG company, and with a supply chain assessment at a Durban based manufacturer of engineered wood products. - **RF**

dasRESULTAT (Pty) Ltd.

14 Crummock Avenue
Modderfontein
Johannesburg
Gauteng
2065

dasRESULTAT is a results focused logistics and supply chain management advisory company.

We partner with our clients to identify and unlock practical and sustainable supply chain solutions.



www.dasresultat.com

Thought Leadership @ dasRESULTAT

www.dasresultat.com/thought-leadership/



www.linkedin.com/company/dasresultat



[@resultfocused](https://twitter.com/resultfocused)

Anton Nieuwoudt
anton.nieuwoudt@dasresultat.com
dasresultat.com
+27 82 495 3419



za.linkedin.com/in/antonnieuwoudt/

Niels Rudolph
niels.rudolph@dasresultat.com
dasresultat.com
+27 79 588 8098



<http://www.linkedin.com/pub/niels-rudolph/4/4aa/231>