



# *Supply Chain Management Professional Education Review*

A monthly e-Newsletter by Department of Supply Chain  
Management and Marketing Sciences  
March 2009

## *Upcoming Events*

Annual SCM executive certification  
program

- June 10-12, 2009

2009 SCM summit meeting

- April 1 (Transportation  
Security)

- June 4 (SC Collaboration)

- Sept. 18 (Organization  
Transformation)

Strategic Project Management

- May 8, 2009

Six Sigma Black Belt Training

- Starting May 15, 2009

For more information, please go to  
[www.scm.rutgers.com](http://www.scm.rutgers.com) and click on  
our link Executive Education.



Rutgers Business School  
Newark and New Brunswick

***Supply Chain Management Professional Education Review***

A monthly e-Newsletter by  
Department of Supply Chain Management and Marketing Sciences  
March 2009

The ***Supply Chain Management Professional Education Review*** is a monthly e-newsletter published by the Rutgers Center for Supply Chain Management and Marketing Sciences (SCMMS - [www.scm.rutgers.edu](http://www.scm.rutgers.edu)). SCMMS is a major provider of supply chain education for today's and tomorrow's supply chain professionals and executives. The ***Professional Education Review*** will provide information concerning current and emerging supply chain issues.

We value your input. Please contact us at [cscm@business.rutgers.edu](mailto:cscm@business.rutgers.edu) regarding this newsletter or other SCM issues.

**Value of Professional Development**

Every supply chain professional understands that his / her responsibility is to create and add value for the shareholder and the customer. Procurement professionals in average performing companies return cost reductions up to 2.5 times their salary and in best performing companies up to 9.0 times. Logistics and transportation professionals ensure that our products reach our customers on-time no matter how extended our global supply chain is.

At the Rutgers Center for Supply Chain Management our mission is to ensure that you have access to cost-effective, world-class development programs. Our local presence helps you to get the best value for your development dollar. To learn more. visit

---

## Supply Chain Competitive Intelligence

If you ask the average senior manager to describe how companies use business intelligence or competitive intelligence processes, their reply will usually be in terms of customers, markets and the manner in which their company is competing to win customers in key markets. Those of us in supply chain may think differently. We know that the success of our company is tied directly to how well our supply chain performs. It was precisely this realization that drove one of our corporate sponsors to recently ask a team of MBA students to explore the topic of *'Supply Chain Competitive Intelligence.'*

### *A changing business environment*

The Society for Competitive Intelligence Professionals (SCIP) defines competitive intelligence as a necessary, ethical business discipline for decision making based on understanding the competitive environment. Vernon Prior's *Glossary of Business Intelligence Terms* provides an expanded definition: 'Competitive intelligence is a systematic and ethical program for gathering, analyzing, and managing any combination of data, information, and knowledge concerning the business environment in which a company operates that, when acted upon, will confer a significant competitive advantage or enable sound decisions to be made. Its primary role is strategic early warning.'

When we apply this definition to a company's end-to-end supply chain, rather than its markets, we see the need for the same rigor, i.e. **create competitive advantage through the systematic and ethical gathering, analyzing, and managing of data, information, and knowledge concerning the supply chain environment in which a company and its competitors operate.** Strategic supply chain managers need to not only know the strengths, weaknesses, opportunities and threats (SWOT's) for their own supply chains, they also need to study the SWOT's for the supply chains of their company's key competitors!

In the new business environment, the old-world thinking about business and competitive intelligence won't work. The following chart highlights critical differences in the old versus new way of thinking.

<i>Old World</i>	<i>Vs.</i>	<i>New World</i>
<ul style="list-style-type: none"> <li>• Static competitive intelligence</li> </ul>		<ul style="list-style-type: none"> <li>• Dynamic competitive response modeling</li> </ul>
<ul style="list-style-type: none"> <li>• Routine reports</li> </ul>		<ul style="list-style-type: none"> <li>• CI embedded in strategy development and option analysis</li> </ul>
<ul style="list-style-type: none"> <li>• Responsibility of BI/CI analysts</li> </ul>		<ul style="list-style-type: none"> <li>• Everyone's responsibility</li> </ul>
<ul style="list-style-type: none"> <li>• Driven by individuals and functions</li> </ul>		<ul style="list-style-type: none"> <li>• Team effort</li> </ul>
<ul style="list-style-type: none"> <li>• Need to know</li> </ul>		<ul style="list-style-type: none"> <li>• Need to share</li> </ul>
<ul style="list-style-type: none"> <li>• Sporadic top management support</li> </ul>		<ul style="list-style-type: none"> <li>• Deep top management involvement</li> </ul>

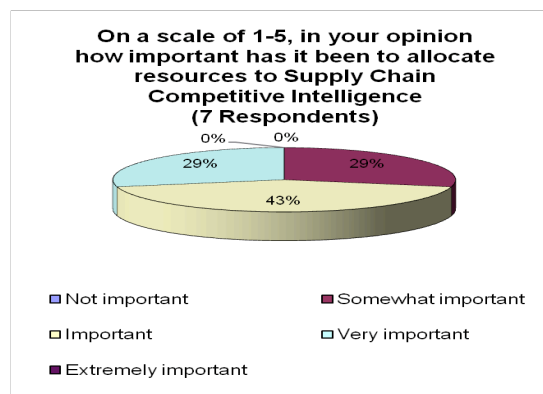
Companies who want to excel at supply chain competitive intelligence need to develop the skill sets and organizational structures that promote "new world" thinking and behaviors. This goes beyond the functional boundaries of supply chain professionals and touches virtually all areas of the firm.

---

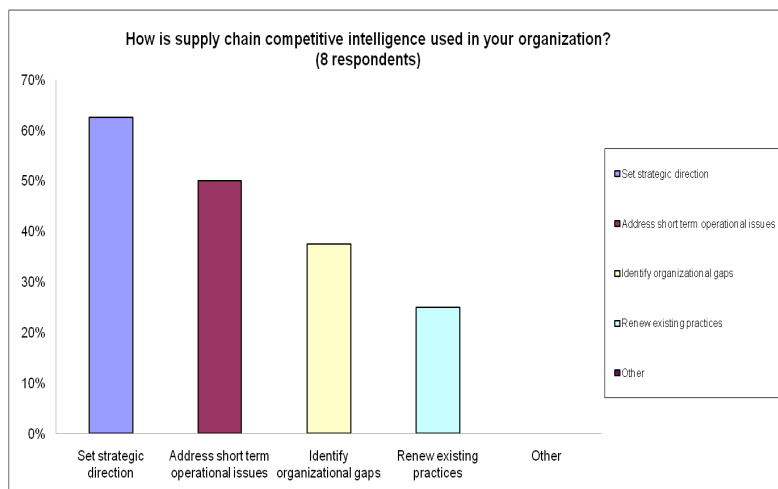
## CI is Growing in Importance

The Rutgers MBA team conducted a limited survey of companies with the following results:

- 72% of the respondents rate allocating resources to CI as Important or Very Important



- The most important roles of SC-CI are to formulate strategy and maintain competitive advantage



- Systems and Infrastructure was identified as the main area to gather CI information, with Logistics Management and Lean Manufacturing / Asset Management both a close second in importance.
  - 80% Supply Chain Systems and Infrastructure

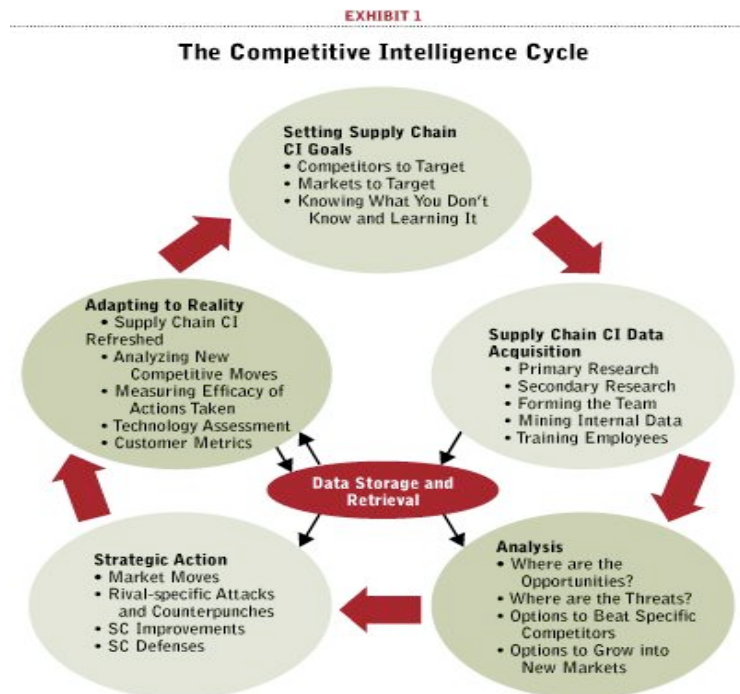
- 60% Logistics Management and Systems
- 60% Lean Manufacturing and Asset Management
- 40% Suppliers
- 40% Quality
- 40% Continuous Improvement
- 20% Customer Responsiveness and Demand Planning
- 20% Contract Manufacturers

### **The Competitive Intelligence Process Cycle**

In the January 2007 *Supply Chain Management Review*, Richard L. Wilkins suggests a framework for a continuous CI process methodology. Wilkins states, “It’s important to note that competitive intelligence is a process, not a function. Good competitive intelligence unfolds over time and proceeds in a methodical way. When properly implemented, CI will give early warning of:

- Competitive moves.
- Competitor strategies.
- New product launches.
- New, emerging, or changing markets.
- New technologies or business methods.”

The framework that is suggested by Wilkins is shown below.



It is important to apply this same continuous process framework to our own supply chains as well as the supply chains of our top competitors. In this way we will be assured of performing at least as well as our competitors. And, if we apply our new knowledge to our supply chain competitive strategy, we stand a better chance of gaining advantage over our competitors. As in any business scenario, first mover advantage can be critical. Failure to act can leave us lagging behind our competitors.

The performance of our supply chain has a dramatic impact on our company's cost structure, ability to serve our customers, innovativeness and overall return to shareholders. Competitive intelligence is a business process that should be applied systematically and rigorously to our supply chain and those of our competitors.

Authored by

Gordon Smouter, Senior Industry Advisor

Based on MBA student and independent research