

1:30–1:37

Alex O'Driscoll: The obvious place to start is with a clear mission statement and a commitment to social responsibility; you know, some high-profile community project to show we can be trusted.

Lena Zimmer: Remember 'Intel Inside'? Nobody had ever heard of Intel, but look at them now! That was a stroke of genius!

Carla Buenaventura: We need to work on the Sales Teams' image and communication skills – customers' judgements are based 72% on appearance, 20% on how you communicate, and only 8% on the actual words you use!

Ben Rainey: We should take a leaf out of Microsoft's® book: they never refer to 'Word' or 'Excel' – it's always 'Microsoft Word' and 'Microsoft Excel'.

Jerry Woo: We should develop a neat logo, a great slogan, and use celebrity endorsements: look what they did for Nike. 'Just do it', the swoosh, and the world-class performers – that's a winning combination!

Alex O'Driscoll: Why not make Bill the next Richard Branson? Everybody knows Virgin because of his publicity stunts, like the hot-air balloon, and they don't cost an arm and a leg either!

Lena Zimmer: T-shirts, baseball caps, polo shirts, staff uniforms ... and maybe change our name? Make Pixkel visible and cool!

Ben Rainey: How about a viral movie to build our brand? Did you ever see that series of short films BMW did with Clive Owen? That was awesome!

3 Supply chain

3.1 About business Outsourcing

1:38

Let me start by asking you a question. In five years' time, how many of you will still be employed by the same company as today? Well, probably not more than half of you. If that idea shocks you, get used to it, because BPO, business process outsourcing, is here to stay. Some of you will still be sitting at the same desk, doing similar work, with the same colleagues – but you'll be consultants working for an outsourcing service provider. That's 'lift-out'!

Take BT, for example, the giant London-based telecommunications company. At one time, BT had an HR staff of some 14,500 employees. Today, only about 500 are left; but another 1,100 have become employees of Accenture HR Services.

So, what happens to staff who are lifted out? Well, the 'bad' news is, their workload usually increases! Outsourcing providers work on the assumption that business processes can be performed more efficiently than they were by the corporation; when you increase efficiency, clearly, you increase the workload.

The *good* news is that the job becomes more interesting. Most people are very attracted by the idea of working for several different clients instead of a single corporation; we find that between 50% and 60% of employees who are outsourced are happier as a result.

The other very significant benefit is that lift-out provides more and much better career opportunities. If you're working in HR in a large industrial corporation, your career choices are pretty limited. HR is seen as a cost, and it's very difficult to move to another department. But in a specialist firm like Accenture, HR is a source of revenue, rather than a cost; so it's perfectly possible to move to marketing, or sales, or even high-level management.

Of course, there is always the risk of the 'knowledge drain' if too many employees refuse the lift-out and prefer to leave the company altogether, taking with them a great deal of valuable knowledge and experience. To minimize that risk, you should provide regular updates on the outsourcing process; you should take every opportunity to explain the benefits for the employee and for the company; and you should have an open door policy to give advice to anyone who needs it.

3.2 Vocabulary Logistics

1:39

In simple, forward logistics, goods, information and financial transactions move from one end of the supply chain to the other. As you can see in the top half of the slide, traditionally raw materials are moved to the manufacturer, where they are transformed into finished goods. These then move forward via warehouses and distribution centres to retail outlets, and then on to the consumer.

The goal of reverse logistics is to maximize the value of all goods which, for one reason or another, are removed from the primary distribution channel. This is achieved by moving them beyond the expected end point of the supply chain. So in the bottom half of the slide, you can see that goods can be moved back from the consumer toward the manufacturer. Products can be repositioned and sold to customers in a different geographical location or in a different retail organization; they can be returned to distribution for salvage or, for example, for donation to charity, or they can go back to the manufacturer to be destroyed or recycled.

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So how do USF Processors provide added value using reverse logistics? First of all, by using technology, especially scan-based trading, to provide cradle-to-grave control over the supply chain. For instance, by repositioning product between different stores we can minimize and often eliminate stockouts. Another example is date codes: by managing date codes proactively, we can minimize sales; obviously this is particularly important in the grocery business. Also, by managing in-store inventory we can predict unsaleables in sufficient time to be able to reposition them in secondary channels, for example, in thrift stores.

Another very real issue in today's world is the threat of bioterrorism; in the event that a product recall becomes necessary, USF Processors can manage the recall process quickly and efficiently in order to mitigate the manufacturer's liability. Similarly, where product is unsold, efficient handling of returns allows us to minimize cost exposure. And

because we capture and utilize accurate, meaningful and objective data on all these processes, manufacturers and retailers can improve their business relationships and achieve dramatic improvements in contracting.

3.4 Management skills Managing change

1:41

Interviewer: Goran, you specialize in helping companies to manage change; more specifically, in helping retailers move towards an on-demand supply chain. First of all, remind us exactly what an on-demand supply chain is, will you?

Goran: Sure. The on-demand supply chain is top of every retailer's wish list: a way of adjusting all a company's business processes, in real time, to meet customer needs and demand, literally day by day, and even hour by hour.

I: So you provide exactly what your customers want; no less, and no more? No waste, no unnecessary overheads or logistics, no stockouts, no returns: is that really possible?

G: Like I said, it's top of the wish list! But the on-demand model can be created today if businesses are prepared to share the right information at the right time. It's all about working together – what we call CPFR.

I: Which stands for ...?

G: Collaborative planning, forecasting and replenishment. Basically, it's what happens when retailers, manufacturers and logistics partners put their heads together and think outside the box; when they design an ideal system, irrespective of the traditional boundaries between individual businesses.

I: Yes, I can see that. But it seems the change involved in setting up an on-demand supply chain can be difficult to accept – which is where you come in?

G: That's right. One of the first things we do in helping a retailer change to CPFR is to look at a force field analysis. We identify two types of forces: driving forces, which are the forces pushing the company towards change, and restraining forces, which are the factors pushing in the opposite direction, resisting change and trying to maintain the status quo. Very often there's an equilibrium between the driving forces and the restraining forces – so nothing happens. My job is to try to strengthen the driving forces, and weaken the restraining forces.

I: Can you give us some examples of these forces?

G: Well, increasing consumer power is a very strong driving force. If retail companies can't adapt to the global marketplace, they simply won't survive. It's probably the most powerful force for change. Then there's the prospect of significantly better results: if companies can move goods faster and avoid stockouts then obviously results are better. That may not be the strongest driving force, but obviously it's very significant.

I: So what about the restraining forces, what are they, things like inertia?

G: Well, inertia is certainly one of them. It's