

Supply chain management in practice

Level 6

THE
CHARTERED INSTITUTE OF
PURCHASING & SUPPLY



Session 1

Introduction to the case study option

THE
CHARTERED INSTITUTE OF
PURCHASING & SUPPLY



Learning objectives

At the end of this session candidates will be able to:

- explain CIPS's requirements and expectations for the Strategic Chain Management in Practice case study option
- explain differences in the approach to learning and assessment used in this unit to that used for other units in the CIPS Graduate Diploma
- explain the main stages of preparation of a case study and the outcomes from each stage
- explain how to present analysis, justified solutions and a plan for implementation in the examination
- start determining the problem(s) for a specimen case study



The Case Study Option

- Provides experience of a real-life situation
- Provides a context for examining how a range of concepts and principles can be applied to real-life problems
- Consists of:
 - a case study issued in advance
 - preparation of analysis and solutions
 - three-hour open book examination with unseen questions (usually mandatory)



What is a Case Study?

A case study (or case) is a description of a situation or an account of a sequence of events that:

- raises issues for discussion
- raises problems for analysis and making decisions or providing solutions



Learning through case studies

Case studies can provide practice in:

- analysis and critical thinking
- decision making
- judging between courses of action
- handling assumptions and inferences
- presenting a point of view
- listening to and understanding others
- relating theory to practice



What the Examiner is Looking for:

- Use of analytical skills to demonstrate:
 - a good understanding of the case and the constraints
 - insights into the causes of the problem
- A coherent and justified practical solution incorporating SCM
- Ability to apply relevant skills and knowledge from all CIPS units
- Awareness of contemporary strategic management and SCM thinking.

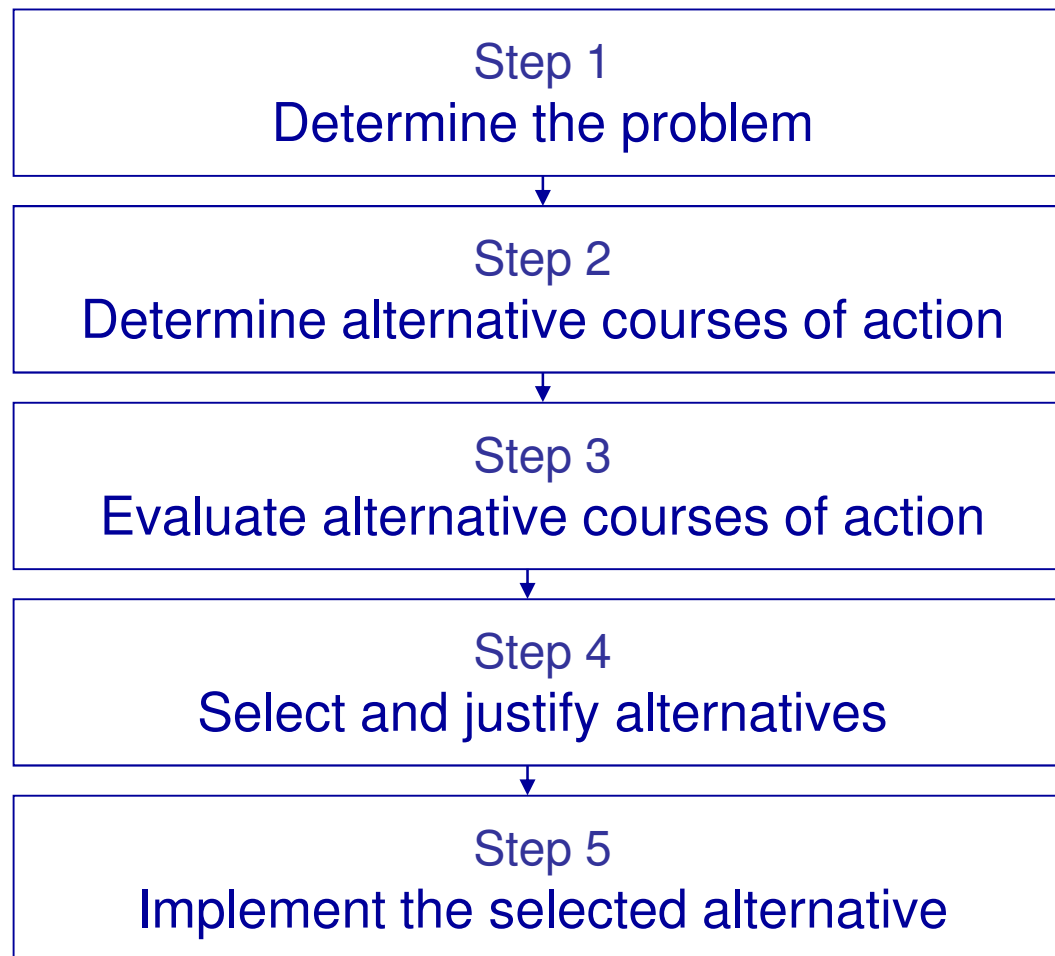


Preparing for the exam

- Develop a detailed understanding of the organisation and its context
- Identify the problems the organisation faces
- Diagnose problems and find solutions within any constraints
- Ascertain expectations (aspirations/objectives)
- Identify the strategic options available
- Evaluate the options and recommend a preferred option
- Justify the recommendations
- Work through sufficient detail for implementation and control.



Case study preparation process



Preparation milestones

- End of Week 1: Problem determined
- End of Week 2: Alternative selected
- End of Week 3: Implementation planned
- End of Week 4: Rehearsed on paper
Final preparations

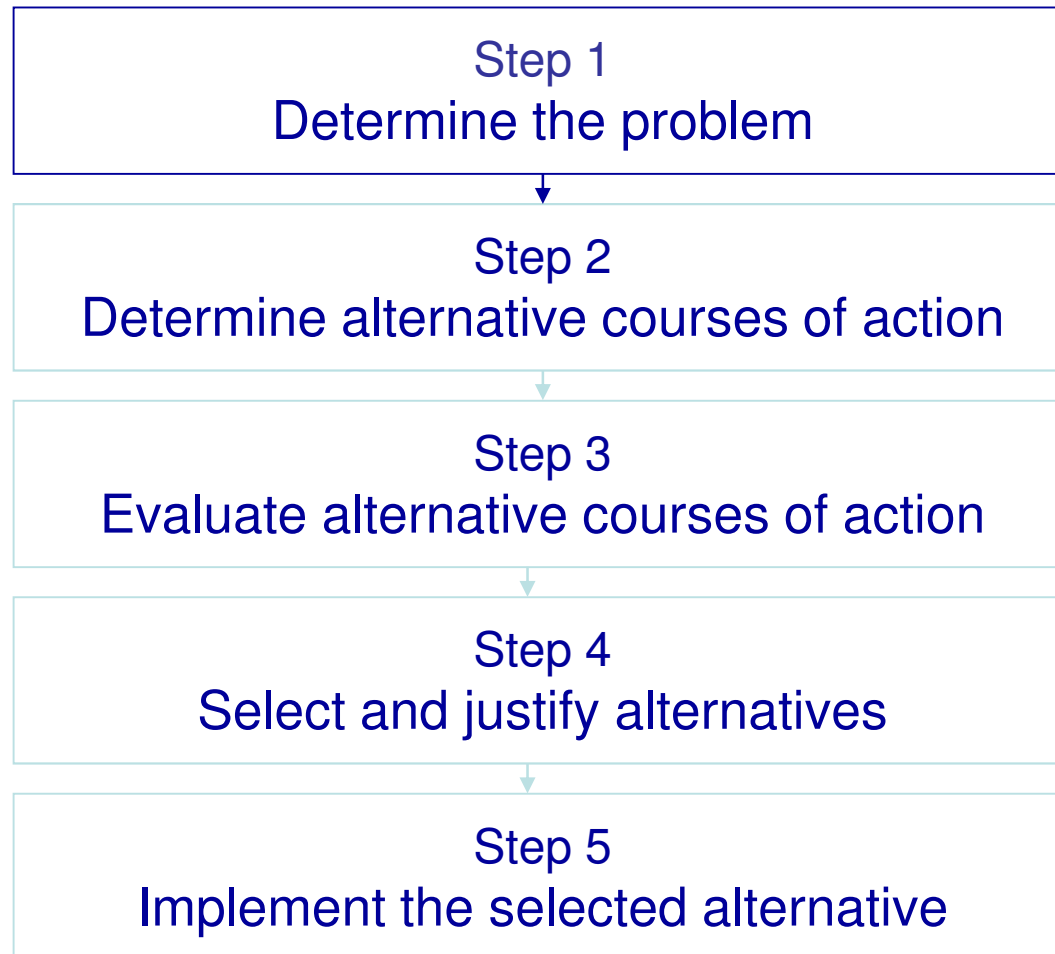


Remember ...

- No 'right' or 'wrong' answers – only more or less realistic ones
- Apply relevant theory to develop an underlying strategic rationale
- Identify, evaluate and select from options
- Justify decisions and option selection
- Demonstrate coherence – SCM strategy and tactics must be consistent with overall strategy.



Case study preparation process



Step 1: Determine the problem

What's involved

- Read the case study several times
- Develop a thorough understanding of the context
- Identify, analyse and explore the issues
- Consolidate the analysis

Techniques available

- Internal analysis tools
- External analysis tools
- Concepts for understanding expectations and purposes
- Strategic theories and frameworks
- Problem-solving techniques

Outcomes to aim for

- Key issues facing the organisation, including drivers for change
- Insights into the issues
- A statement of the 'problem(s)'
- Evidence to support your view

Points to note

- Identify and investigate causes rather than symptoms
- The case does not contain all the information needed for a full 'solution'
- Not all the information is relevant for the future



Techniques for external analysis

- Macro-environment:
 - SLEPT or PESTEL
- Micro-environment:
 - Porter's 5 forces
 - Strategic groups
 - Porter's value system/chain
 - Competitor analysis



Techniques for internal analysis

- Portfolio analysis tools, for example:
 - BCG growth-share matrix
 - One of the 3x3 matrices such as GE screen (multi-factor portfolio model)
- Value chain analysis (Porter)
- Financial ratios
- Cultural web
- Resources/skills audit
- SW(OT) analysis



Expectations and purpose

- Stakeholder mapping
- 'Strategic intent':
 - purpose
 - vision
 - mission.



Session 2

Determining the problem



Learning objectives

At the end of this session candidates will be able to:

- develop a thorough understanding of the case study's organisational context
- synthesise conceptual and case study data into a coherent structure
- diagnose supply chain problems within a case study situation
- extend analysis and understanding of deep-seated issues within the case study organisation
- articulate a succinct description of the problem(s) the organisation is facing and the underlying causes and consequences



Step 1: Determine the problem

What's involved

- Read the case study several times
- Develop a thorough understanding of the context
- Identify, analyse and explore the issues
- Consolidate the analysis

Techniques available

- Internal analysis tools
- External analysis tools
- Concepts for understanding expectations and purposes
- Strategic theories and frameworks
- Problem-solving techniques

Outcomes to aim for

- Key issues facing the organisation, including drivers for change
- Insights into the issues
- A statement of the 'problem(s)'
- Evidence to support your view

Points to note

- Identify and investigate causes rather than symptoms
- The case does not contain all the information needed for a full 'solution'
- Not all the information is relevant for the future



Progress check – determining the problem

- Key issues facing the organisation
- Drivers for change
- Insights into the issues
- A statement of the ‘problem(s)’
- Evidence to support your view based on appropriate:
 - external analysis
 - internal analysis
 - understanding of expectations and purpose.



Consolidating the analysis

- SWOT
- Summary of evaluation of business and SCM performance
- Capabilities/core competences
- Competitive position and sources of competitive advantage
- Summary statement of the problem(s), including drivers for change
- Implications for strategy:
 - key factors for success
 - Constraints.



Constituents of a problem statement

- A short statement of what the problem is
- Its symptoms (what you can see)
- Its causes (what you probably can't see)
- The impact the problem is having now (quantified if possible)
- The consequences if the problem is not resolved (again, quantified if possible)



Session 3

Determining and evaluating alternative
courses of action



Learning objectives

At the end of this session candidates will be able to:

- use relevant theory and brainstorming techniques to identify all possible options available
- evaluate the validity and applicability of a range of possible solutions
- predict the consequences of adopting each alternative course of action in the short and long terms
- judge the appropriateness of supply chain principles to a particular supply chain context over the short and long term.

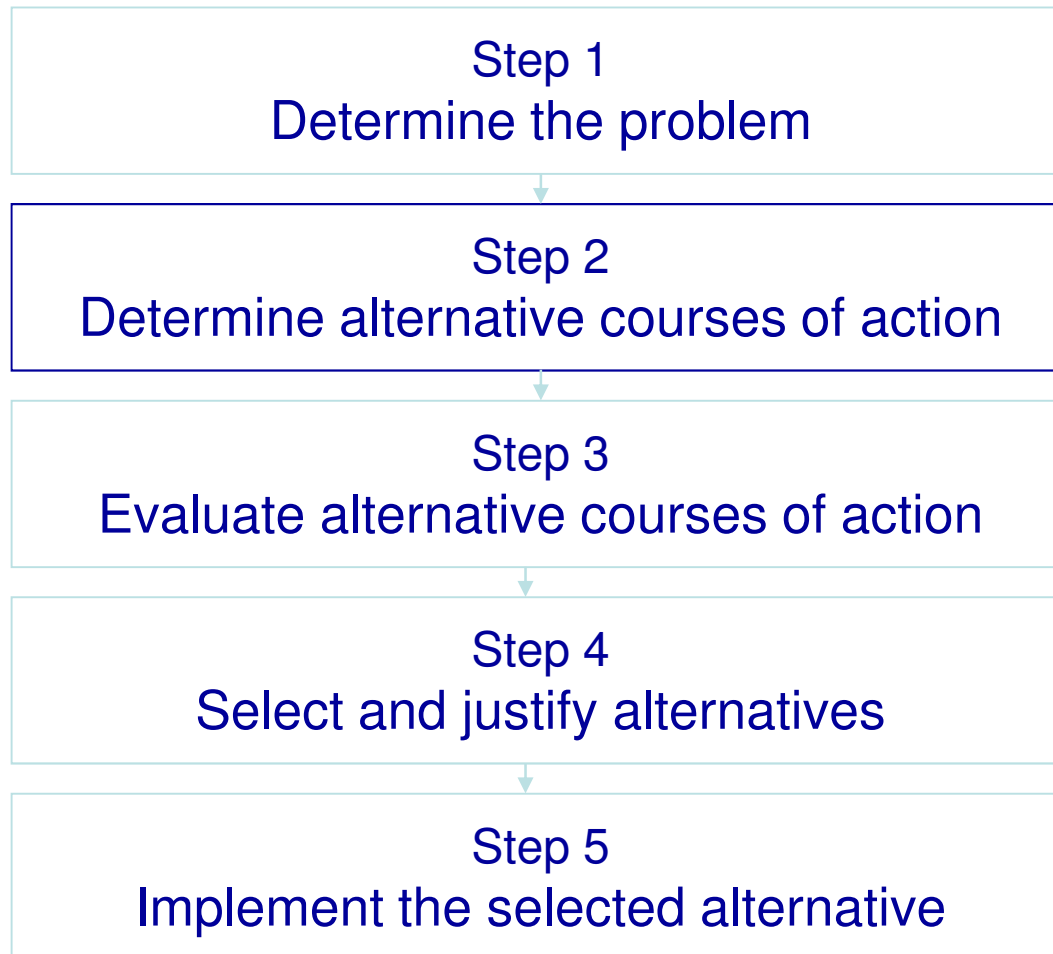


Progress Check – Determining the Problem

- Key issues facing the organisation
- Drivers for change
- A statement of the ‘problem(s)’
- Insights into the issues
- Evidence to support your view based on appropriate:
 - external analysis
 - internal analysis
 - understanding of expectations and purpose.



Case study preparation process



Step 2: Determine alternatives

What's involved

- Identify all possible alternatives
- First for organisation level
- Then for SCM level
- Explore consequences on each other

Outcomes to aim for

- A clear statement of alternatives
- A short explanation of what each course means for the organisation
- Underlying strategic rationale for these alternatives

Techniques available

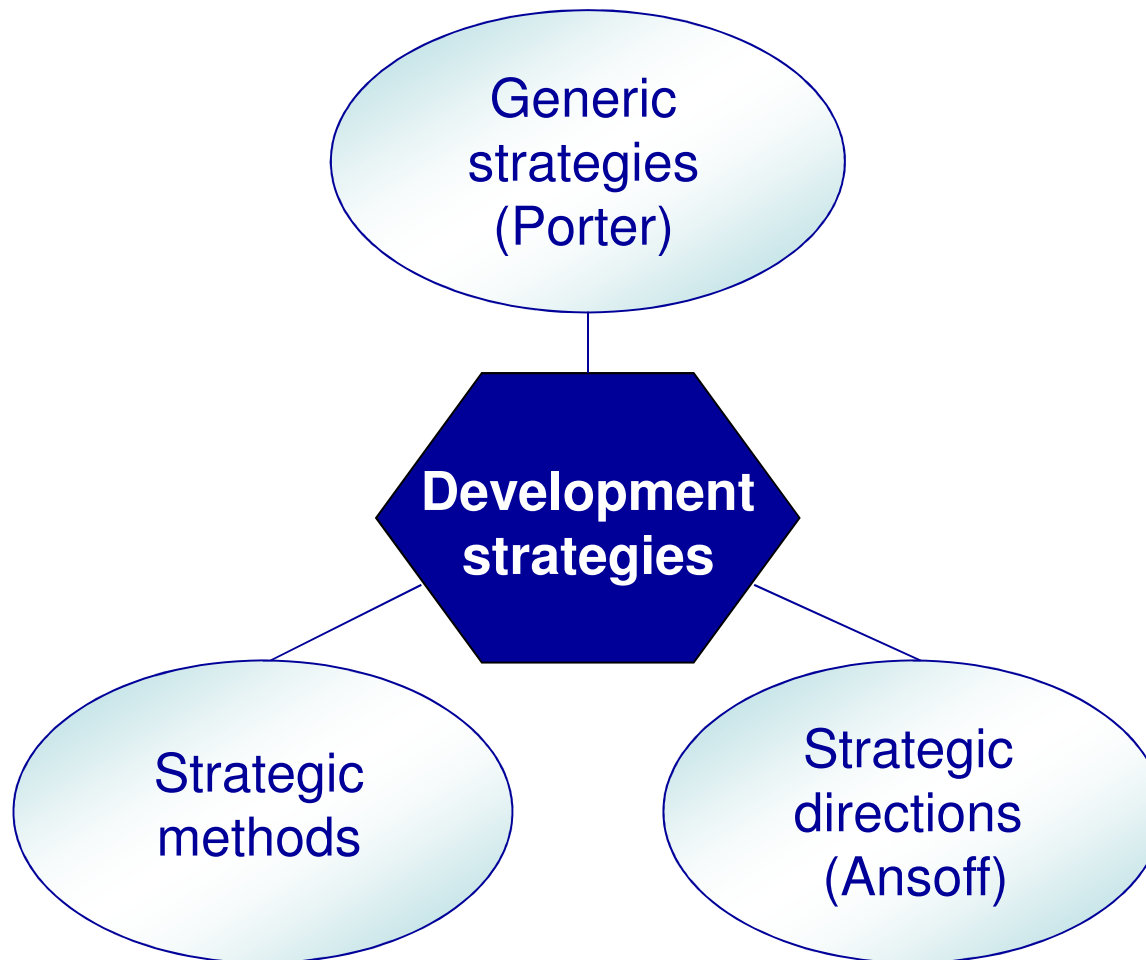
- Generic strategies (Porter)
- Strategic directions (Ansoff)
- Strategic development methods
- SCM strategies
- Alliancing and partnership methods

Points to note

- The options should address at least part of the 'problem' you defined in Step 1
- Brainstorming within groups may generate more options
- Don't arbitrarily discard any options at this stage



Generating strategic options



Generic strategies (Porter)

STRATEGIC TARGET

STRATEGIC ADVANTAGE

Uniqueness perceived
by customer

Low cost
position

Industry-
wide

DIFFERENTIATION

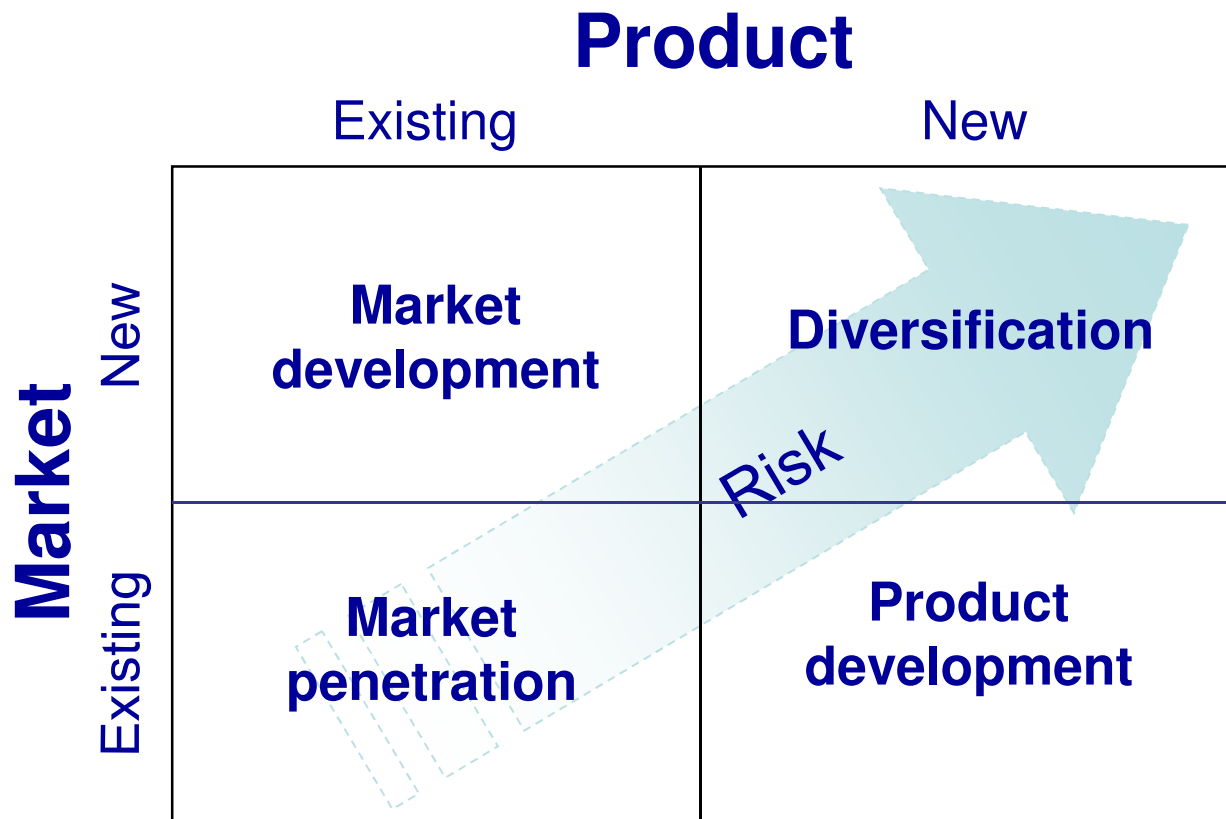
**OVERALL
COST
LEADERSHIP**

Segment
only

FOCUS



Strategic directions (Ansoff)



Also:

- Consolidation
- Withdrawal
- Do nothing

Source: Ansoff

Strategic methods

- Internal development
- Joint development
- Mergers and acquisitions

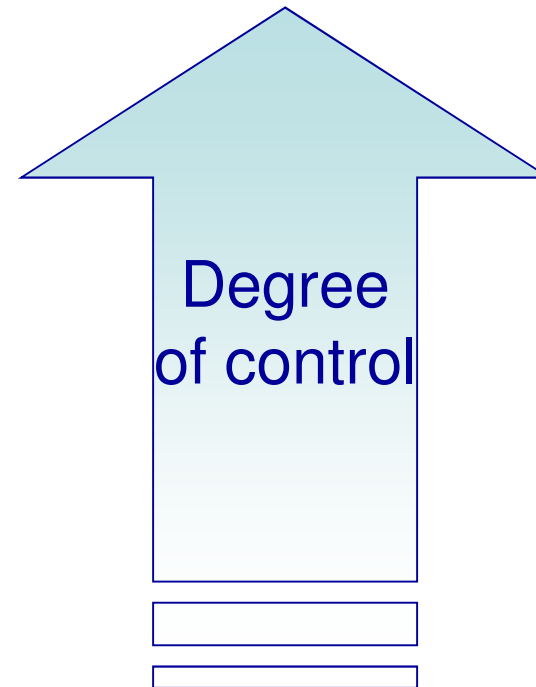
Key decision factors:

- investment returns
- investment costs
- time
- degree of control
- strategic compatibility



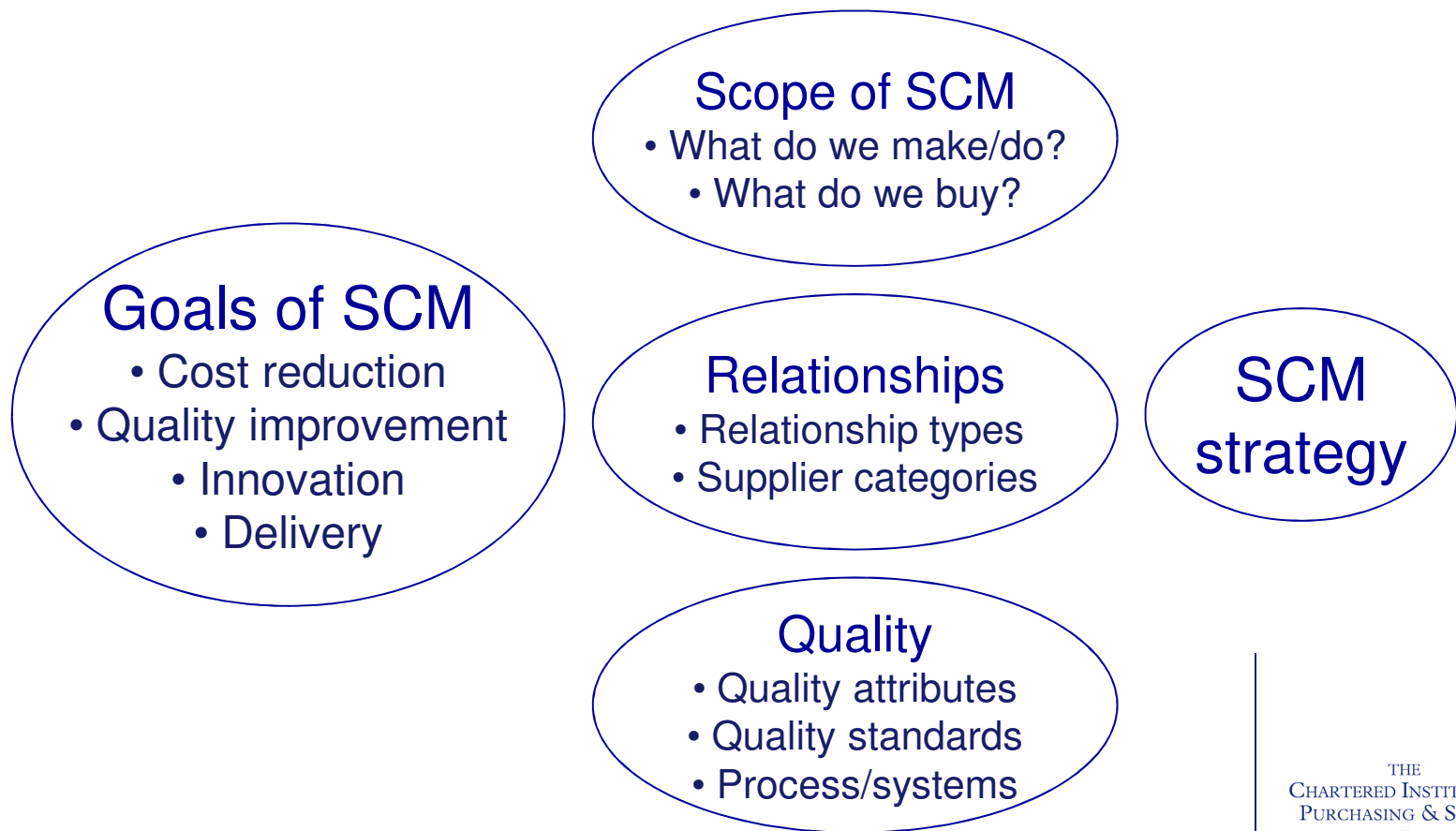
Alliancing and partnerships

- Acquisitions or mergers
- Consortium or joint ventures
- Alliances
- Contract or licensing agreements
- Networks

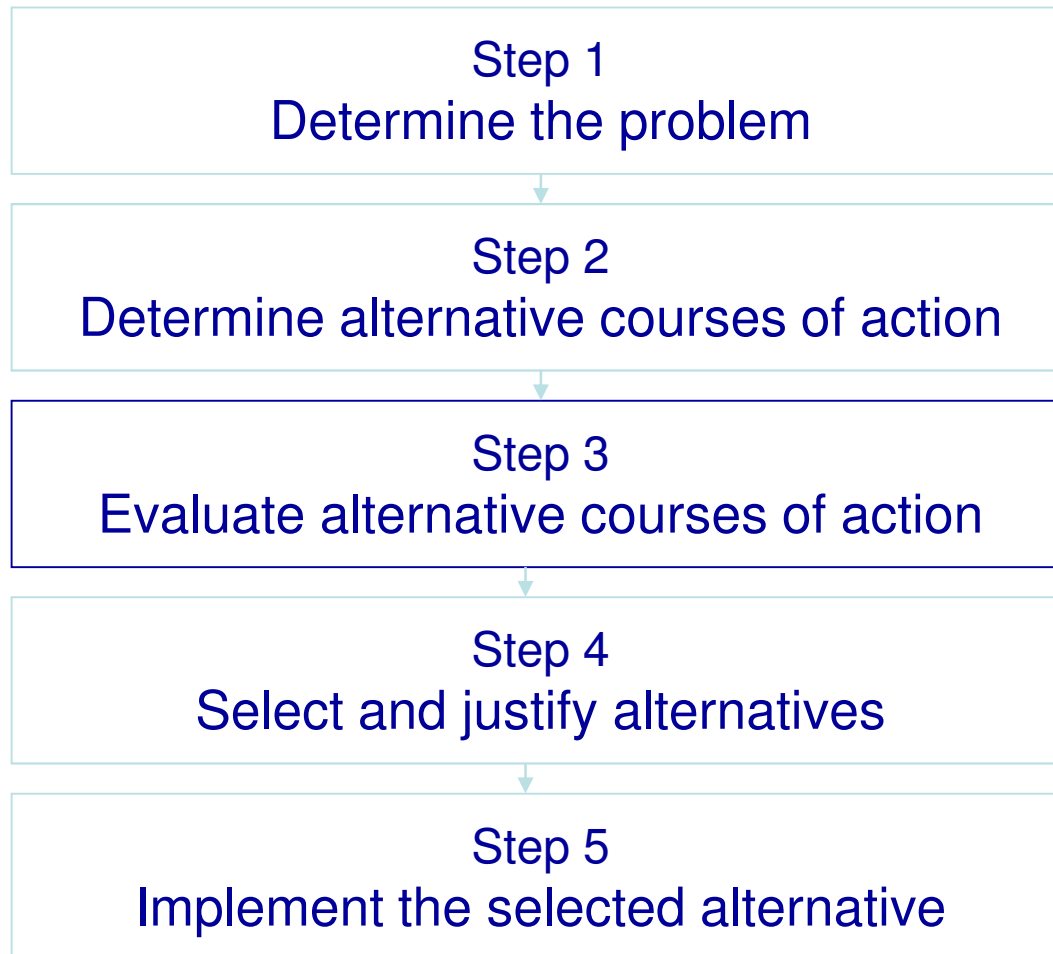


Adapted from Johnson & Scholes

Towards a SCM strategy



Case study preparation process



Step 3: Evaluate alternatives

What's involved

- Identify evaluation criteria
- Use to evaluate each option, including financial calculations
- Examine the consequences of each in both short & long term

Outcomes to aim for

- A summary showing:
 - Each alternative
 - What it would entail
 - Strengths (or pros)
 - Weaknesses (or cons)

Techniques available

- Suitability, acceptability and feasibility framework (J,S&W)
- Financial appraisal techniques
- Screening techniques, e.g. GE screen, Abell & Hammond

Points to note

- Strong options will be those that address the underlying problem(s) in the short and long term
- Sometimes the alternatives are ranked or weighted



Evaluating strategic options



- Establishing the rationale
- Screening options and criteria

- Returns
- Risk
- Reactions by stakeholders

- Cash flow
- Break-even
- Resources
- Competences

Adapted from Johnson & Scholes



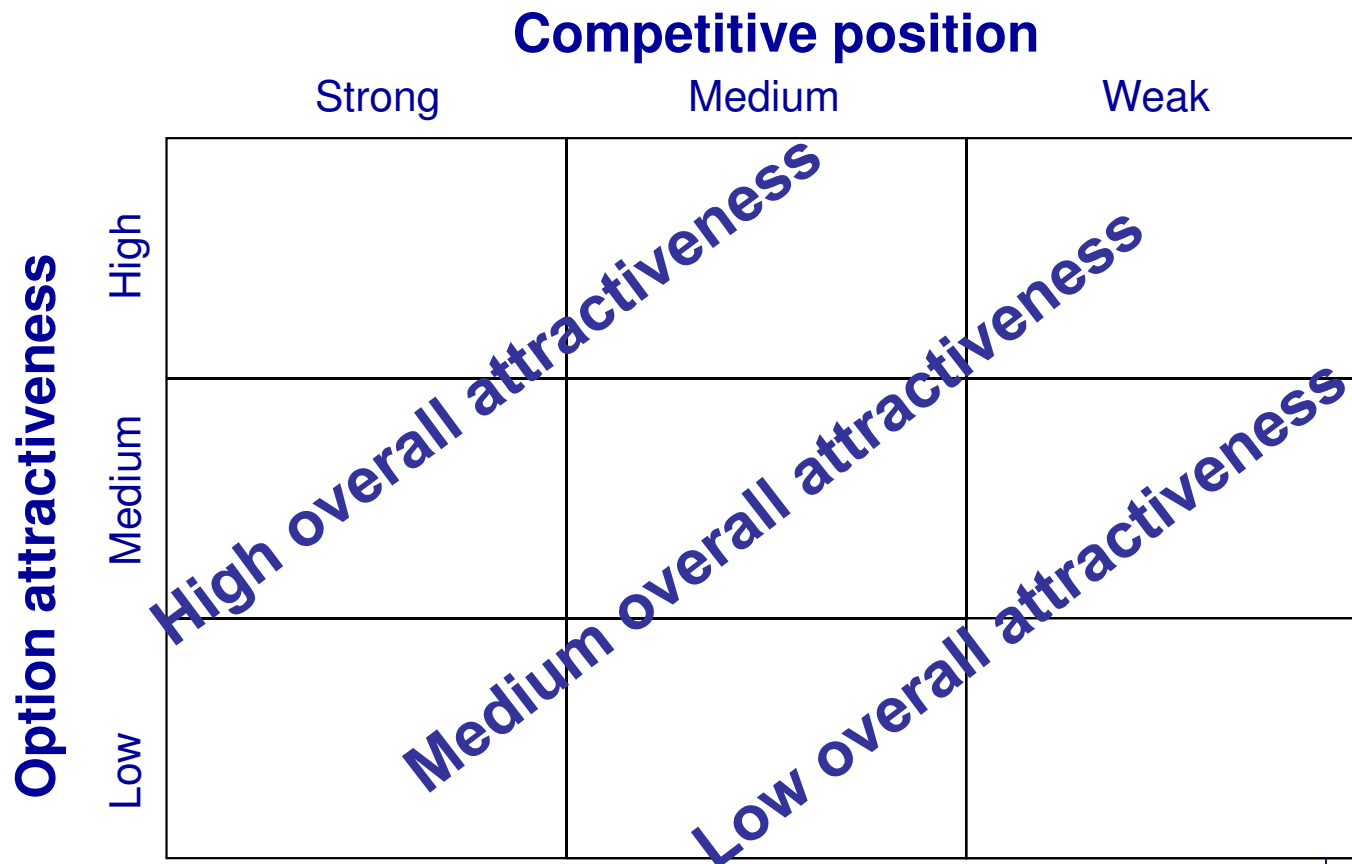
Financial appraisal techniques

- Cash-flow projection
- Discounted cash-flow (DCF) method
- Internal rate of return (IRR) method
- Sensitivity analysis
- Break-even analysis
- Modelling



Assessing the feasibility of options

Abell and Hammond's investment opportunity matrix



Source: Adapted from Abell and Hammond



Session 4

Selecting and justifying
A preferred course of action

THE
CHARTERED INSTITUTE OF
PURCHASING & SUPPLY



Learning objectives

At the end of this session candidates will be able to:

- solve problems with reference to supply chain principles
- propose solutions that will enable the case study organisation to operate more effectively in the short and long term
- justify the solutions in terms of their feasibility and appropriateness,



Progress check – determining alternative courses of action

- A clear statement of alternative courses available
- A short explanation of what each course means for the organisation
- Underlying strategic rationale for these alternatives.

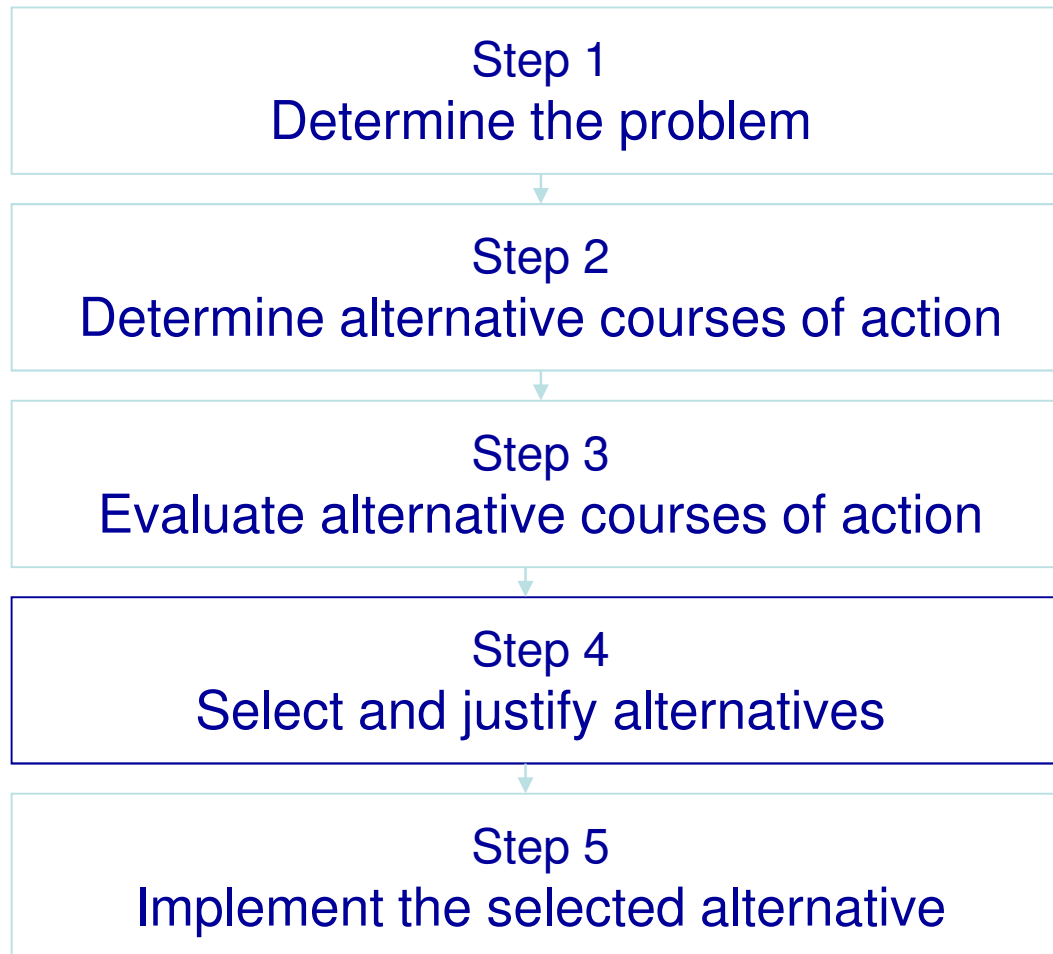


Progress check – evaluating alternative courses of action

- A summary showing:
 - each alternative course of action
 - what it would entail
 - strengths (or pros)
 - weaknesses (or cons)



Case study preparation process



Step 4: Justify alternatives

What's involved

- Make (or confirm) the selection decision resulting from the evaluation of alternatives
- Collate evidence
- Consider how to present and justify the decision

Outcomes to aim for

- A clear statement of the option selected
- The justification and rationale for the decision
- Evidence to support or defend the decision

Techniques available

- Ranking and weighting
- Screening techniques
- Strategic concepts/frameworks

Points to note

- The justification should be objective, not subjective (“It’s the only option”)
- The decision/recommendation may have to be qualified in the absence of enough information e.g. If X applies then Option A, but if Y applies then Option B



Session 5

Planning implementation
and preparing for the examination



Learning objectives

At the end of this session candidates will be able to:

- develop a suitable plan for implementing the proposed course of action within any constraints identified
- describe the structure of the examination paper, possible areas for questions and the rationale that might link the questions
- prepare a coherent written presentation of the analysis, options, decisions and plans for implementation
- carry out final preparations for the examination, including a rehearsal.

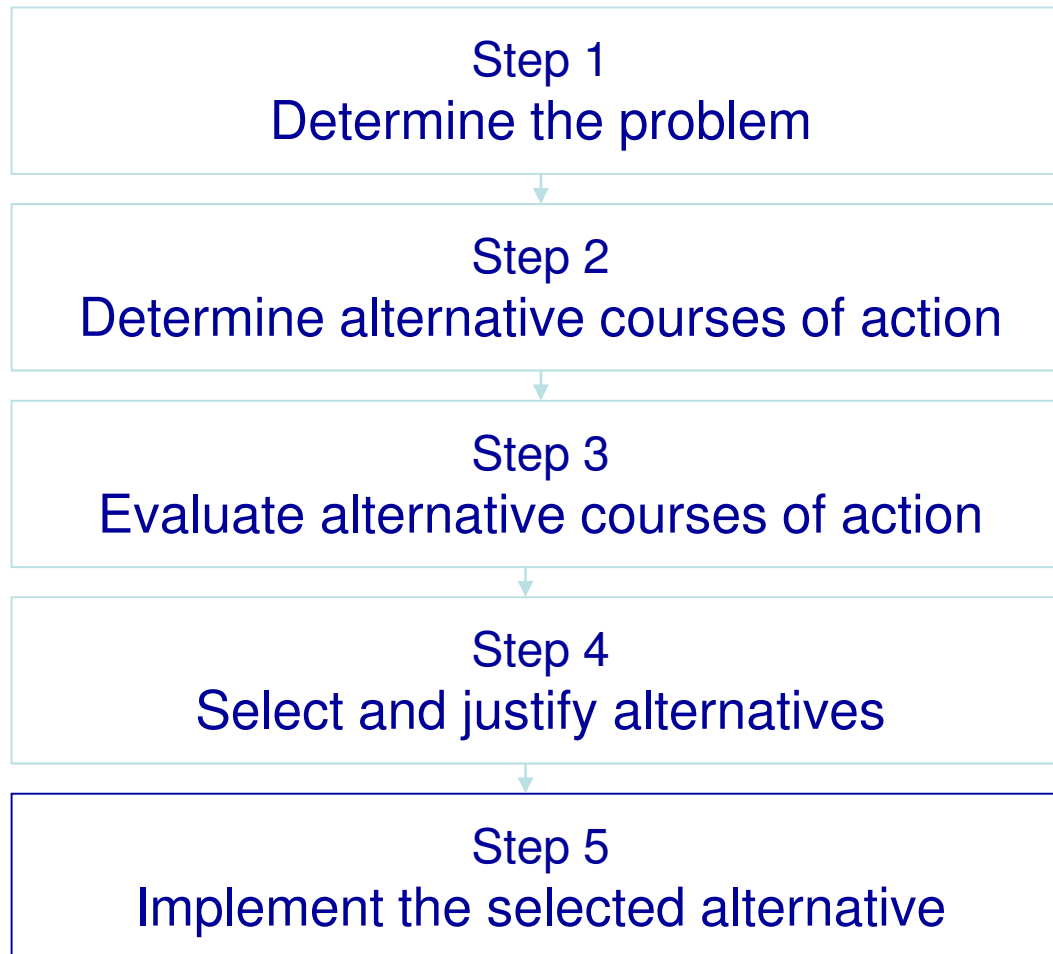


Progress check – selecting and justifying a course of action

- A clear statement of the option selected
- The justification and rationale for the decision
- Evidence to support or defend the decision



Case study preparation process



Step 5: Plan implementation

What's involved

- Develop a plan for all aspects of the implementation of the preferred alternative
- Specify what is required to implement strategic change
- Consider appropriate structures and leadership style

Outcomes to aim for

- Problem definition
- Corporate/business objectives
- Corporate/business strategy
- SCM objectives
- SCM strategy
- Tactics for implementation
- Control approach/measures

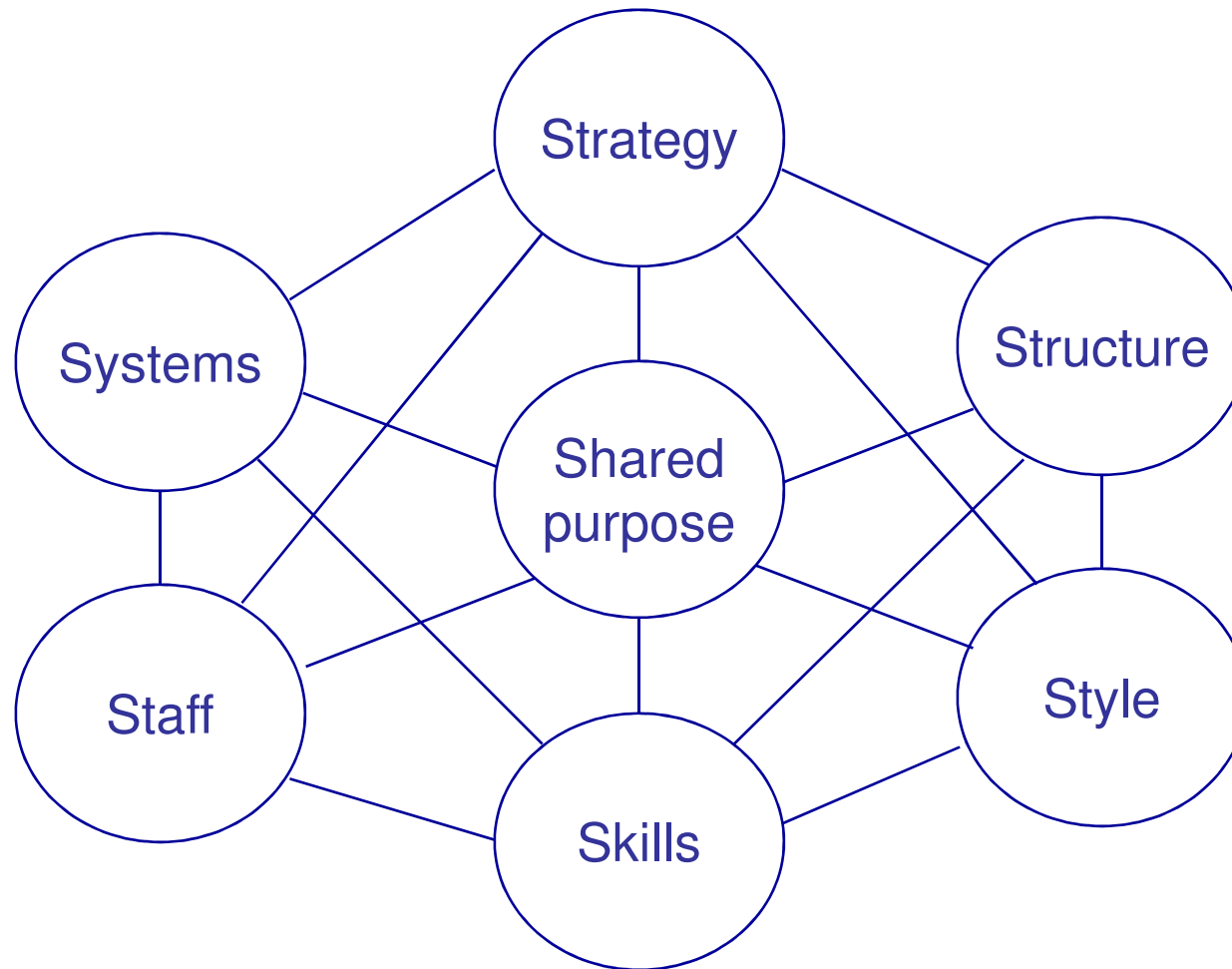
Techniques available

- McKinsey's 7S framework
- Planning frameworks, including objective setting
- Leadership models
- Organisation structures
- Concepts for control

Points to note

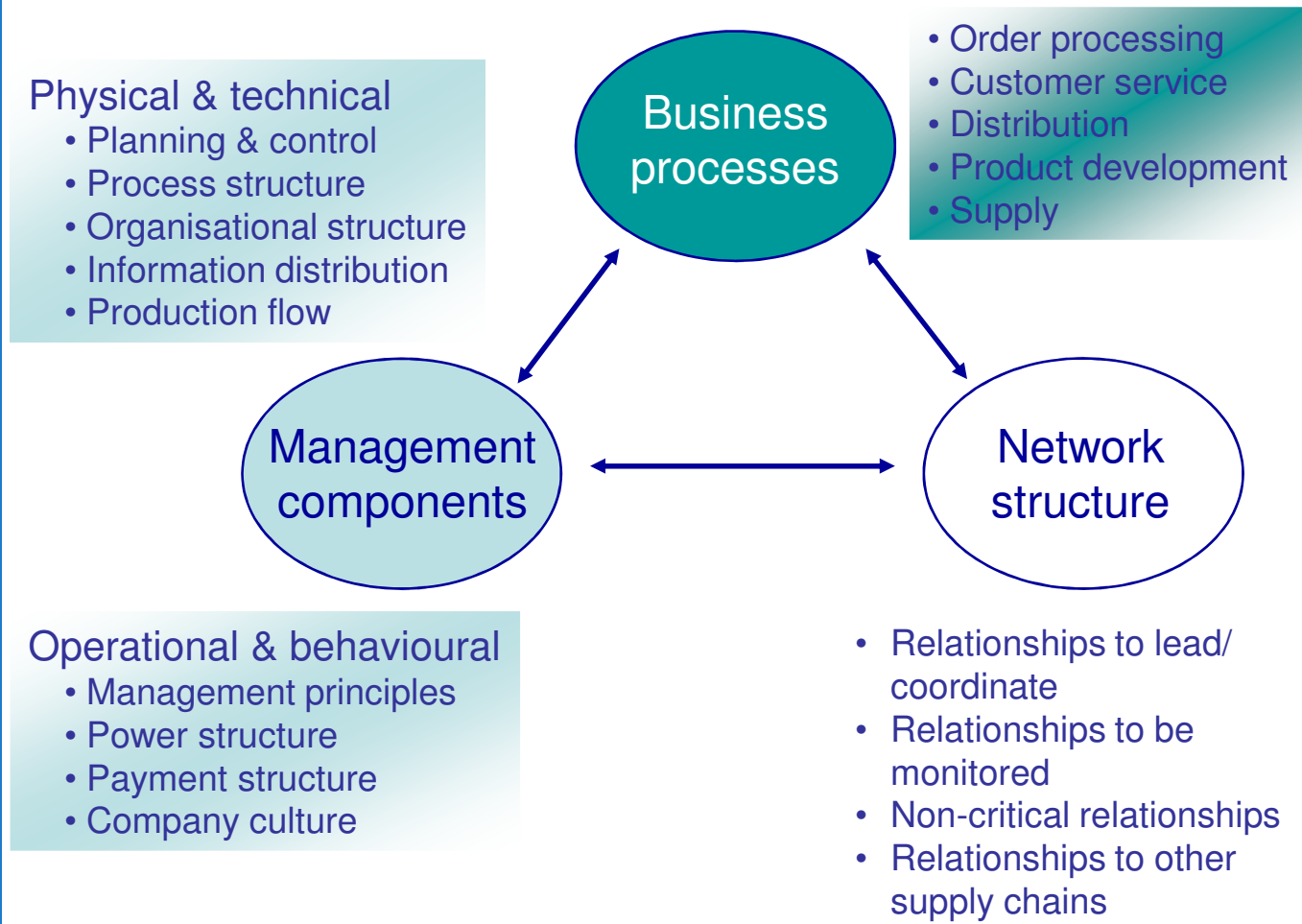
- Ensure SCM tactics are integrated and aligned with strategy
- Control measures are essential for assessing whether the plan is working

Strategic alignment



Source: McKinsey 7S framework

Aligning supply chain strategies



Creating major change

1. Establish sense of urgency
2. Create the guiding coalition
3. Develop a vision and strategy
4. Communicate the change vision
5. Empower broad-based action
6. Generate short-term wins
7. Consolidate gains and produce more change
8. Anchor new approaches in the culture

Kotter 1996



Headings for a typical plan

- Executive summary
- Problem definition/situation analysis
- Corporate objectives
- Corporate/business level strategy
- SCM objectives
- SCM strategy
- Tactics for implementation
- Control approach and measures



Benefits of the mock exam

- Recognise the time constraints of the examination and plan your time for the 'real' exam accordingly
- Rehearse planning and writing answers (laying out a synopsis of the 'problem' and a solution on paper) against an unseen question under exam conditions
- Evaluate the effectiveness and thoroughness of your preparation so that, if required, you can modify your approach to the 'real' case
- Identify any gaps in your knowledge so that you can undertake appropriate revision before the 'real' case.

