

Demand Chain Leadership

Demand Chain Leadership – a few examples

Demand Chain Leadership is the status that a company reaches when the unique total offering of its products and supply chain services, presented to the market in such a way that it enables customers to meet their own objectives, makes that company the preferred supplier, providing opportunities for revenue and margin increases.

This can only be realized by making a company's customers' needs – the source of demand – the driver in the design and packaging of a company's offering. Looking beyond the stated requirements of customers to their needs and objectives allows a company to design a total offering that exceeds what customers might state as their requirements, to a provision of products and services that makes that customer's success exceed anticipated results.

As an example consider any business that orders components, or supplies from a vendor. That business is not expert at ordering, and frequently orders too much or not enough, or the wrong mix of products. They also may not be capable of properly storing, or handling the products ordered when they arrive. This results in inefficiencies, stock overages and outages, damaged product, and wasted time as the customer's employees struggle to make corrections and get what they need.

Consider a hospital ordering medical supplies. The personnel are primarily service providers to patients, not stocking experts, or product experts. Vendors delivering to the surgery, to the refrigerator, to the stocking cabinet on the floor rather than the stockroom are not only better at making sure that the right products are at the right place at the right time and in the right condition, but they also have the presence to experience the true demand for the product they provide and the opportunities to witness and realize the unmet needs that they can fulfill.

As another example think about the distributor or retailer that orders from many competing vendors. For that distributor, the amount of time that it takes to receive the products ordered ties up their purchasing open to buy funds. The faster the vendor delivers the products, the faster the open to buy turns and the more bonus the buyer receives. This tends to make the faster supplier the preferred supplier. But only if the material arrives in the right format and with the right labeling to be processed error free. Making the arriving shipment easier to process slips it through faster than other vendors' products, making ours the preferred product. Scoring high marks on the buyer's rating sheets and helping him to turn his open to buy cash flow makes us the preferred vendor.

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Establish offers Demand Chain Leadership to increase customer satisfaction, increase revenue, and increase profit levels on the bottom line.

DEMAND CHAIN LEADERSHIP SERVICES INCLUDE:

- ▶ Market Assessment
- ▶ Demand Chain Design
- ▶ Demand Chain Leadership Implementation and Facilitation

Demand Chain Leadership sets your company apart from the competition and gives you the competitive edge for growth.

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Or a manufacturer that orders parts and consumable supplies for its operation. Parts are assembled and supplies are consumed in specific ways as that company builds its own offerings. Noting the specific rates and methods of consumption – the required orientation of the parts in the packaging, the labels needed, possibly the bracket or fasteners needed - allows the vendor to make adjustments to make it easier for the manufacturer, resulting in lower variable costs, the mantra of all manufacturing plant managers. Helping them achieve their goals cements the relationship and increases the potential for additional purchases. Furthermore, operating in this mode makes the vendor more likely to identify new needs first, becoming the preferred supplier.

This method and attitude applies not only at the hospital refrigerator, or at the distributor's receiving dock, or at the manufacturing plant, but at a higher level in *the investigation, identification, and targeting of unmet needs by channel, by product line, by market in the demand chain as a whole.* Assessing the market needs and using the techniques of supply chain management to meet and exceed these needs in new ways makes Demand Chain Leaders out of our clients.

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This technique is not rocket science, but it does not happen overnight and is not simple. It may not apply to all of the channels, products, or markets of a particular company. It requires:

- ◆ A thorough investigation of the potential for application of this philosophy to a company's markets and customer base,
- ◆ Examination and improvement of that company's supply chain capabilities
- ◆ The identification and trial of specific opportunities
- ◆ The facilitation of the adoption of the approach into the culture of our client.

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Our methods have been refined over many years of working with over 1000 clients. To help our clients become Demand Chain Leaders we follow a tested and tried process of –

- ▶ Market Assessment
 - ▶ Demand Identification/Characterization/Segmentation/Research
 - ▶ Customer Requirements/Customer Needs
 - ▶ Competitive offerings/Parallels in other industries
 - ▶ Supply Chain Capabilities/Supplier and peripheral supplier product and service offerings

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- ▶ Demand Chain Design
 - ▶ Estimates of market penetrations/Market share
 - ▶ Sales, Marketing and Operations costing
 - ▶ Proposal of Offerings: New/Combined/Bundled/Unbundled/Value Added
 - ▶ Market Trials: Customers/Movers and Shakers/Investors/Focus groups
 - ▶ Making the Case: Financial justification/Management Team Facilitation/Board Presentation
- ▶ Demand Chain Leadership Implementation and Facilitation
 - ▶ Detailed Design of Policies, Processes, and Procedures
 - ▶ Organizational design, staffing and training if needed
 - ▶ Selection and Negotiation with outside vendors, 3PLs if needed
 - ▶ Problem identification and resolution
 - ▶ Continual improvement - it takes work to stay out front

Demand Chain Leadership results in increased customer satisfaction, increased revenue, and increased profit levels on the bottom line. Demand Chain Leadership sets your company apart from the competition and gives you the competitive edge for growth.

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Key questions to answer about your business:

How can your company best utilize this business strategy?

Which customers or markets or products benefit the most?

What additional internal capabilities will you need in order to satisfy/delight the customer base?

What is the elasticity of sales revenue – how much revenue increase is possible?