

■ BY DAVE BLANCHARD

# SUPPLY CHAIN & LOGISTICS



## Marketing Could Be Your Demand Chain's **Weakest Link**

*Marketing executives admit they don't always understand their role within the demand chain cycle.*

**M**anufacturing managers have long harbored the suspicion that the marketing department didn't exactly see eye-to-eye with them on the importance of supply chain management. Now comes evidence that marketers do indeed have a blind spot when it comes to demand planning.

According to a recent study by the Chief Marketing Officer Council, marketers tend to focus on strategy, creative development and campaign execution. Effective

demand-chain provisioning, on the other hand, tends to be an afterthought if it's thought of at all.

Many marketing executives admit they have never assessed demand chain performance, nor given it high priority within the marketing operational mix, the study reveals. Not surprisingly, then, 80% of respondents to the survey say their organizations are not efficient or effective enough in provisioning all of the demand chain. What's more, 20% admit their demand chain is underper-

forming or in need of improvement.

"Marketing tends to be preoccupied with staying on track with individual tactical executions or traditional marketing fundamentals like lead generation, campaign execution and content or creative development," says Donovan Neale-May, executive director of the CMO Council. "However, today's demand chain requires a new mix of digital, direct and retail distribution, fulfillment, measurement and tracking capabilities to maximize customer contact, conversion and interaction."

As the report points out, one of the main problems is that marketers don't necessarily understand their actual role in the demand-chain cycle. For instance, only 18% agree with the statement that "specifying and leading the development of the right products and services for the market" is marketing's main function on the demand side of the business.

While 56% of marketers are focused on campaign design, development and execution, only 16% are looking to production, warehousing, inventory management or delivery as critical elements within the supply chain. In addition, just 2% say they are looking to optimize the actual delivery, fulfillment or distribution of their critical marketing materials.

One area that potentially holds an immediate opportunity for improvement and value creation is specific to vendor selection or management. Nearly half of respondents view demand-chain procurement and fulfillment as a compilation of individual vendors, asking each vendor to bid on individual elements of the demand chain. Only 7% of market-



ers view the demand chain as an area for consolidation and rationalization to gain more control and efficiency. As nearly 60% of respondents plan on introducing a more disciplined approach to marketing execution systems, vendor visibility is likely an ideal place to begin demand-chain transformation.

The top five challenges to driving

demand-chain performance in 2011 are:

- having the right budget or resources (43% of responses)
- determining where and how to impact the business (42%)
- adding new skills and talent (39%)
- tracking results and outcomes from contributions (37%)
- understanding all areas of expense and value creation (25%). ◀◀

## 10 Behaviors Manufacturers Should Avoid

*Let go of the old assumptions when choosing technology solutions.*

**T**hanks to the recession and the current recovery-that-doesn't-feel-like-a-recovery, some manufacturers are discovering that their future success will hinge on reinventing themselves as a lowest-cost producer. That transformation will have to be made, though, without compromising quality or utility.

According to Mark Sutcliffe, president of CDC Software's CDC Factory product line, manufacturers need to let go of old assumptions and take a differ-

ent approach to their performance improvement initiatives, particularly when it comes to technology. One of the keys is to focus on taking action that will impact real costs every day. He offers 10 tips to achieving more immediate results.

### 1: Don't Lose Sight of the End Goal

"The goal is to become the lowest-cost producer in the sector," Sutcliffe notes. "It is not to capture all data from the plant." He points to studies suggesting that in as many as eight out

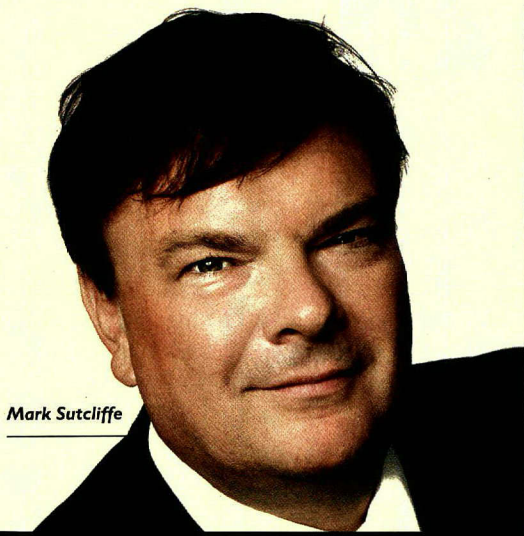
of 10 initiatives, managers are focusing too much on the new tool or technology instead of on the goal.

### 2: Don't Waste a Crisis

At the risk of sounding too much like Rahm Emanuel, President Obama's former chief of staff ("You never want a serious crisis to go to waste"), Sutcliffe urges manufacturing leaders to craft a decisive action plan for specific cost improvements, given that the current climate of economic uncertainty offers an ideal opportunity to drive change. "Organizational resistance is low, and the workforce is more willing to change daily work practices," he points out.

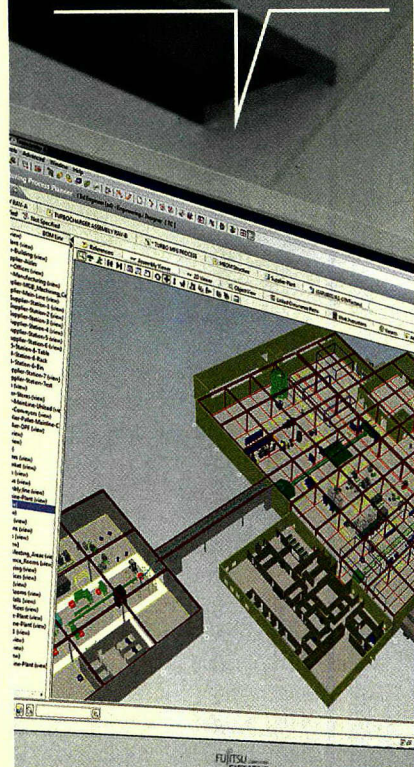
### 3: Don't Assume All Answers Come from the Executive Suite

As much as it might pain them to admit it, senior-level managers are not the be-all and end-all of manufactur-



Mark Sutcliffe

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