

# The 2017 Next Generation Operations Summit:

Creating a Customer-Centric Supply Chain

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Cambridge, Massachusetts



LEADERSHIP FOR A  
NETWORKED WORLD



## The 2017 Next Generation Operations Summit: Creating a Customer-Centric Supply Chain

Emerging from the disruptive forces of global regulatory flux, cyber-security risk, machine learning and automation advances, and omni-channel consumer shifts is the promise of the next generation of supply chain business models. In this digital era, chief operating officers and chief supply chain officers will have an unprecedented opportunity to harness new business models and be at the forefront of growth and enterprise value.

Yet realizing the potential of emerging ideas has always been difficult. Even for path-breaking innovations with transformative potential, the road to implementation can be filled with obstacles, twists and turns, and dead-ends. It begs the question: How can supply chain leaders break through barriers and leverage new business models to improve capacity, elevate customer experience, and increase enterprise value?

To help current and next generation supply chain leaders meet the demands of this digital era, Leadership for a Networked World and the Technology and Entrepreneurship Center at Harvard, in collaboration with Accenture Strategy, convened **The 2017 Next Generation Operations Summit: Creating a Customer-Centric Supply Chain**. The report that follows includes findings and case studies from the Summit.



In the report we cover key concepts including:

- *Creating dynamic capabilities that enable an organization to optimize current supply chain models, while also developing and incubating disruptive business models.* For example, a panel of supply chain practitioners discussed what it means to have an agile supply chain and how an agile environment can lead to new business ideas.
- *Integrating leading-edge digital technologies that shift supply chain cost curves, accelerate financial cycle times, and free up resources for new business models.* At Johnson & Johnson, the supply chain team is finding new ways to innovate and improve efficiency by testing small trials of new technologies in key areas of the fulfillment process before rolling them out to the whole organization. These micro-pilots provide insights and help internal innovators get to their next idea.
- *Balancing supply chain demands for sustainability, seamless integration, and collaboration, with challenges of cybersecurity, currency shifts, and transparency.* A new joint venture between AB InBev and Keurig hopes to use the best of both parent companies' technology to offer new beverage experiences to consumers. By creating a smaller, separate team, the two giants of the beverage industry can support new initiatives while they are still in development and bring them to scale once the ideas mature.
- *Adapting the workforce and overall organizational culture to an environment increasingly driven by digital tools, machine learning, and automation.* The last mile of the supply chain is increasingly defined by customer expectations that every company act like Amazon. Accenture Strategy offers new insights about how to use digital tools to help legacy fulfillment processes move into the new era of instant delivery.

We hope this report offers new ideas, strategies, and insights to operations and supply chain leaders and their organizations as they seek to create a more customer-centric supply chain.



*“The supply chain of the future has to be very different from today. We have no alternative. We cannot as a company afford a tale of two cities, with a cutting edge high-tech front-end and a non-digital, non-connected supply chain at the back-end.”*

– Hans Melotte

Executive Vice President of Global Supply Chain, Starbucks



Technology and Entrepreneurship  
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# Reflections from the Executive Director



Dear Colleagues,

Creating a customer-centric supply chain – one that is agile, adaptable, and sustainable – is key to value creation in a digital world. This is particularly true as supply chain leaders grapple with the relentless pace of change around the globe. In fact, at this year's Summit, 75% of attendees said they have faced "significant or extreme change" in their operating environment over the past five years, and 88% anticipate even more change over the next five years. In this environment, how can leaders not only build reliable operations today, but also transform for the future?

For operations and supply chain leaders, success will depend on how they navigate three overarching strategies:

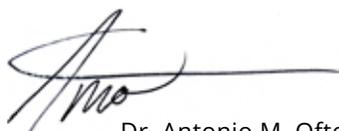
- First, it goes without saying that the day-to-day focus of the operations and supply chain function is on **Optimizing Current Business Value** – executing strategy that preserves core and organic business value while managing for risk.
- Second, while maintaining supply chain efficiency is a must, supply chain officers have to take a central role in **Generating New Business Value** – developing innovations that lead to inorganic and new business value.
- Third, supply chain officers must work across the C-suite and be a pivotal figure in **Creating Dynamic Capacity** – aligning the firm and its people with an evolving business model and embedding dynamic capabilities in structures, systems, processes, and people.

Putting all the pieces together requires a deft hand. Often the capabilities to optimize a current business model, generate new forms of value, and become more dynamic and agile can be found within an organization as it reorganizes or recombines best practices and innovations internally. But increasingly – particularly in a hyper-digital world – an organization has to reach outside its own boundaries to bring in new capabilities – whether that be ideas, technologies, collaborations, or people. These new capabilities – whether they are "home grown" or brought in from the outside – then have to be integrated into the current organization, which means chief operating and supply chain officers of the future will have to grapple with an array of governance, structural, procedural, and cultural barriers.

Thus, for the chief operating and supply chain officers of the future there is a valuable journey to embark upon. As you will see from the cases and insights in this report, progress is being made already, and the future is unfolding rapidly before us.

Before you dig into this report, I would like to thank Accenture Strategy- as without their generous thought leadership, resources, and support – this important program would not have been possible. I would also like to extend our gratitude to the Executive Leadership Group – their subject matter knowledge and insights on operations and supply chain innovation provided a solid foundation for this Summit and for the advancement of leadership as a whole. And last but not least, thank you for investing your time and energy into learning from this Summit and report. I'm certain you will find it actionable and valuable.

Let's get to work,



Dr. Antonio M. Oftelie

Fellow, Technology and  
Entrepreneurship Center at Harvard  
Executive Director, Leadership for a Networked World  
Harvard John A. Paulson School of Engineering and Applied Sciences



## Visioning the Future: The Agile Supply Chain

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Today's digital customers want unique experiences delivered on-demand and at hyper-speed. This is mandating a fundamental transition in how businesses design, source, make, move, and service products. While executives understand how essential this change is for the business, the path forward is not so clear.

The future lies in advanced supply chain agility. Creating an agile supply chain will require developing both the capabilities to anticipate change and respond to the unexpected, as well as the flexibility to dynamically serve changing customer, channel and market preferences. During **The 2017 Next Generation Operations Summit: Creating a Customer-Centric Supply Chain** session, participants explored the challenges around creating agility. They also discussed how they can position an agile supply chain to be the cornerstone of growth by improving competitive advantage and enabling new business models. Gary Hanifan, Managing Director, Accenture Strategy, shared insights on supply chain agility interviews conducted with senior supply chain executives at more than 30 companies.

Innovation capabilities are realigning. Agile supply chain innovation does not just mean technology. Organizations must align their innovation capabilities—including people, processes and technology—to develop leading services and experiences for customers and suppliers. This alignment calls for the supply chain to have a much stronger customer- and service-oriented mindset.

Diversity of talent and experience is crucial. The supply chain team now includes nontraditional talent. The reason for this is simple—to be successful in today's integrated organization, the supply chain needs support from professionals with a wide variety of skills. The new supply chain team will have a mix of critical-thinking, problem solving and project management skills, and digital aptitude.

Agility lives in the “seams,” that is, where supply chain meets other functions, suppliers and customers across the enterprise. In these seams, value can be realized or destroyed depending on how the process is managed. Advancements in technology are helping organizations understand these interdependencies more easily than ever before, but culture and process are still the ultimate drivers of success.

The supply chain of the future will undoubtedly be faster, however it must also be supported by a culture of collaboration and openness to ensure that the varied stakeholders comprising the chain are all on the same page.

*"Agility lives at the seams. . . . Speed is a currency – our ability to move fast where it makes sense to move fast, and where we need to move fast. But [we always have to ask] . . . what have we done to actually optimize across [the enterprise]? So agility, innovation, lives at the seams between functions, when we're looking end-to-end from our suppliers all the way through to our customer, or from our customer back."*

– John Ostergren  
Global EHS Director, 3M



*"From a cultural standpoint, at all levels we are educating people on our customer and their needs. Each month, the customer service group does a review with anybody in the company that wants to do it in order to learn about some of our key customers."*

– Steve Stair  
Vice President of Supply Chain Services, BASF

*"One of the key lessons learned is that you need stakeholder alignment with any innovative idea that comes to your incubator, because somebody has to catch the ball when you're done."*

– Dennis Nsenkyire  
Senior Director of Strategy, Innovation and Business Excellence  
Johnson & Johnson





## Sticking to Your Strategic North Stars: Transforming the Supply Chain at Johnson & Johnson

When Johnson & Johnson (J&J) got its start in 1886, there were just over one billion people in the world. Now, 131 years later, J&J serves just over one billion people per day worldwide. The company is responsible for many popular consumer brands, life-saving drugs, a whole variety of products that are critical to the daily lives of many people and business operations around the world. Maintaining the supply chain that ensures all of these varied products get where they need to go is more complex than ever before.

To meet the needs of J&J's growing customer base, the company transformed its supply chain into an engine that supports innovation throughout the organization. Given the scale and scope of J&J, this is no easy task. With more than 60,000 people and 350 distribution centers globally, J&J fills over 100,000 orders a day, sending products and treatments to hospital operating rooms, retailers, pharmacies, and millions of homes around the world.

### Managing Disruption

In order to stay in business for more than one hundred years while also making it into nearly every home in the world, an organization has to be consistently relevant and deliver high quality products that customers use across the span of their lives. With an evolving marketplace, changing customer preferences, new technologies, and a shift to pay-for-outcomes models creating significant disruptions in healthcare, J&J has had to develop effective strategies to evolve. The company has been able to adapt by constantly turning over its portfolio of brands and future-proofing the business. In her presentation during **The 2017 Next Generation Operations**

*“Think about Alexa. When you want to order something you just say ‘Alexa, order me paper towels.’ It doesn’t ask you what brand. It doesn’t ask you how much. It’s dependent on what you bought last. So if it’s Bounty, it’s always going to be Bounty. The cost to change that pattern and get the consumer to buy something else is going to be enormous.”*

– Meri Stevens  
Vice President of Strategy and Deployment, Johnson & Johnson

**Summit: Creating a Customer-Centric Supply Chain**, Meri Stevens, Vice President of Strategy and Deployment for Johnson & Johnson, explained that J&J changes a significant percent of the company through divestments, mergers, and acquisitions. That keeps the product mix viable but it also means that the supply chain has to constantly adapt to meet new requirements and deliver new products.

## Understanding Changing Customer Preferences

In addition to product turnover, J&J's supply chain team partners with commercial and R&D teams to understand how customers will buy and use products in the future. "The disruptions are quite large," Stevens says. "Think about Alexa. When you want to order something you just say 'Alexa, order me paper towels.' It doesn't ask you what brand. It doesn't ask you how much. It's dependent on what you bought last. So if it's Bounty, it's always going to be Bounty. The cost to change that pattern and get the consumer to buy something else is going to be enormous." In order to win in the future, J&J's supply chain team is working closely with the sales team to ensure that the products customers casually order through Alexa or a Dash Button or something else are always J&J products and that those products are always available.

*"At Johnson & Johnson, it's about who we partner with, who we benchmark, where we go for answers."*

– Meri Stevens

Vice President of Strategy and Deployment, Johnson & Johnson

Outside of the US, J&J's supply chain must also understand and react to the growing middle class in major emerging markets like China and India. The tax structure, product regulation, and purchasing process are different in these countries, making it harder to create a standardized process for order fulfillment throughout the organization. In order to manage so many variables, J&J has to rely on a strong network. "At Johnson & Johnson, it's about who we partner with, who we benchmark, where we go for answers," Stevens explains.

To focus and prioritize on transformation J&J's supply chain team developed three North Stars and seven foundational pillars. The North Stars create the ability to digest trends and disruptions in an organized way and the foundational pillars assure constant improving performance to meet rising expectations in value creation. Stevens centered her discussion on the North Stars.

## Manufacturing for the Future

In addition to working on new products and services, J&J is also experimenting with how to manufacture for the future by incorporating new technologies and capitalizing on real-time data and analytics. Previously, J&J had information on demand cycles, purchasing preferences and so on, but it was hard to predict potential disruptions or understand why customers were making certain decisions. J&J used their data and analytics capability to react to the terrorist attack at the Brussels airport. Belgium is the distribution hub for many products in Europe, and data analytics allowed J&J to divert product to meet patients' needs.

J&J is also using new technology to improve packaging and anticipate customer needs. J&J provides prescription treatments for a variety of conditions. With SmartPak technology, the supply chain team can track delivery of medications but also have the package automatically send a message that the package has been opened, giving suppliers and healthcare providers insights about refill needs or if different treatment options need to be developed because patients routinely forget to take medications.

In collaboration with J&J colleagues throughout the supply chain, Stevens and her team are also busy learning from other industries that have mastered rapid release manufacturing. Given J&J's focus on healthcare, it is important for each product to be backed by rigorous quality testing. Historically, that's made for a slow manufacturing process. However, other industries like semiconductor makers that also rely on rigorous quality testing have been able to speed up the pace to market, while providing microchips that have consistently better performance. J&J made it a strategic imperative to learn from industries like semiconductor manufacturing to understand how to handle the rapid release of complex products.

## Shaping the Portfolio

In order to stay on top, Stevens and her team are helping the J&J supply chain evolve its way of working to innovate rapidly, but breakthrough innovation doesn't happen overnight. Ideas require testing and an understanding of how they will benefit the organization and the customer.

J&J's supply chain team regularly meets with J&J's partner network to understand pain points, to explore new areas of demand and to solicit ideas. Once those ideas are pared down to a few key threads that align with J&J's business, the supply chain team gets to work. Ideas are studied, then developed and finally tested. Testing happens in agile sprints over a 3-6 month cycle in a target area to see how well a given idea will work. "We go out and test small and rapidly learn," Stevens says. "For the ones that work, we scale like crazy and the adoption is incredible because everyone is aware of the pilots we're working - the engagement is right there."

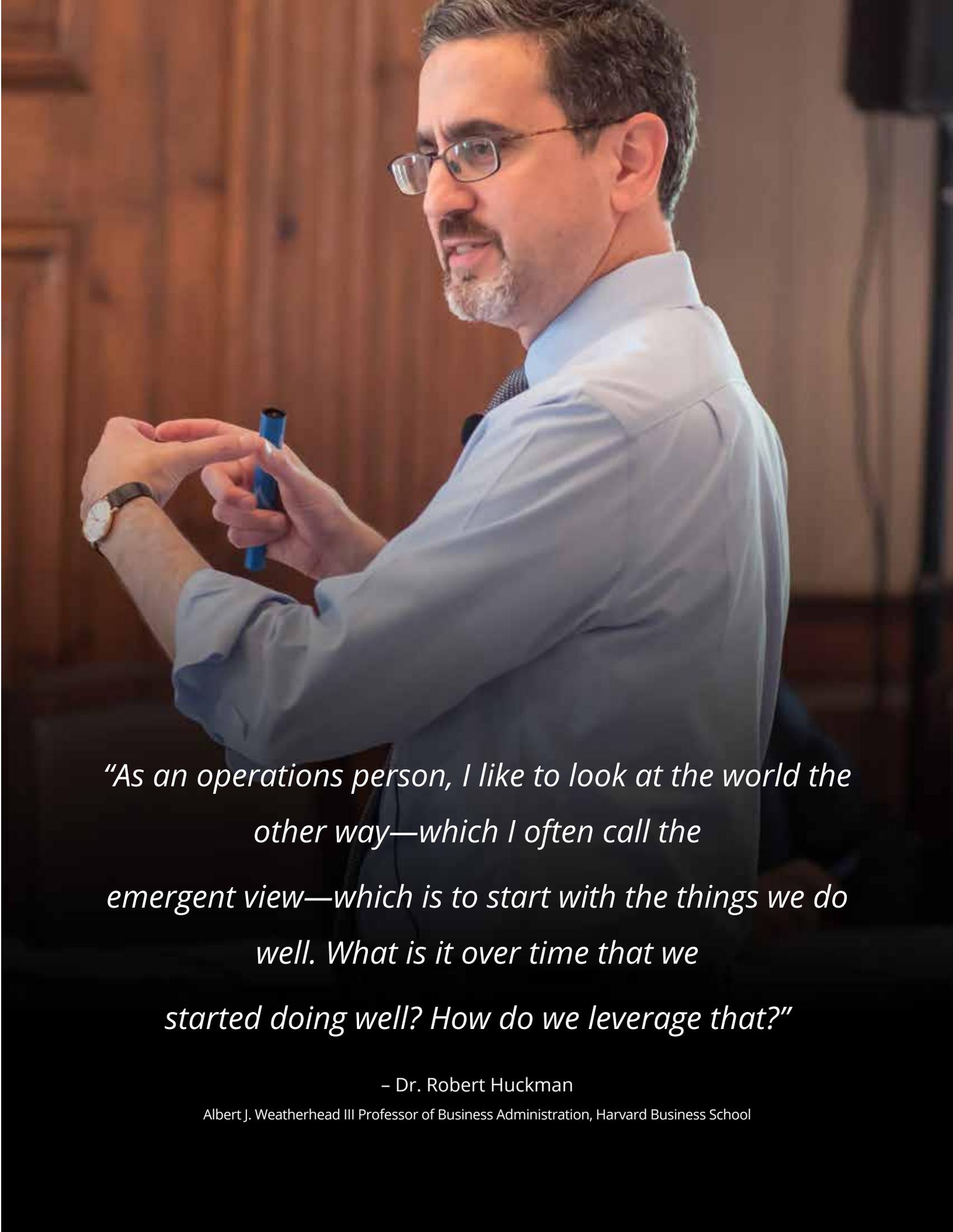
One of the small tests currently underway in Jacksonville, Florida involves QR codes. In an effort to streamline maintenance, Stevens' team partnered with a QR code provider to add the codes to each one of their product lines. Now when a maintenance person goes to update a given line, they scan the code with a smartphone and get all the steps required to make an update. If they run into trouble, they can put on Google Glasses and work with a technician remotely. The process removes any wait time associated with finding the right information or right person to make a change if something is out of the ordinary.

## Conclusion

Finding partners that help improve capability is the pathway J&J is taking through the next hundred years. As consumerism and health care become more and more personalized it will be critical for companies like J&J to understand their customer base at an almost individual level. Maintaining a supply chain that is adaptive enough to be able to service billions of individuals each day is the new normal. By sticking to their strategic North Stars, bringing in new technology partners, and experimenting with new ideas rapidly, J&J's supply chain team is helping J&J design a new way of working – and innovating – for a digital world.

## Leadership Insights

- **Stay Relevant by Mixing Things Up.** J&J has been in business for well over a century and they've been able to stay relevant by being proactive about updating and adding products. For supply chain professionals, this means being ready to adapt and expand supplier networks as needed.
- **Look Outside Your Industry for Fresh Ideas.** Stevens and her team take time to learn from other industries about how to improve processes while maintaining rigorous quality standards. The future of your supply chain may be found in a completely different industry, so don't be afraid to think outside the lines.
- **Innovate Fast, by Going Slow.** Making changes at a vast and decentralized organization like J&J can be daunting. Rather than rolling out new processes in a top-down way, Stevens runs the change through several test groups within J&J to understand what needs to be improved before a change is ready for primetime. It shortens the overall process improvement cycle and provides insights to management that might otherwise be missed.



*“As an operations person, I like to look at the world the other way—which I often call the emergent view—which is to start with the things we do well. What is it over time that we started doing well? How do we leverage that?”*

– Dr. Robert Huckman

Albert J. Weatherhead III Professor of Business Administration, Harvard Business School



## Big Data and Analytics: Improving Supply Chain and Business Performance

Big data and analytics are the talk of business circles today. Business leaders want to understand how best to use machine learning to gain new insights about customer decisions. Making the first move can be daunting. At the Massachusetts Institute of Technology (MIT), Professor David Simchi-Levi has worked with top e-commerce companies on using machine learning to help them understand how best to manage inventory and consumer demand. During his presentation at **The 2017 Next Generation Operations Summit: Creating a Customer-Centric Supply Chain Agenda**, Professor Simchi-Levi outlined how companies are using pricing optimization strategies for online sales.

Big names in online retail like Groupon, Rue La La, and Zulilly all have a unique problem when it comes to managing their supply chains: they specialize in selling products during one-time events. This means that unlike typical retailers that keep relatively set inventory, companies like Rue La La are getting inventory around specific discount sales. Very often, the company has to figure out how to price items without much data. That's hard enough on its own, but the company also wants to avoid having inventory left over after a one-time sale. Simchi-Levi has developed an algorithm designed to help these companies predict demand and optimize price so as to increase revenue, profit and market share without leftover inventory crowding warehouses.

But this technology isn't just for digital retail companies—traditional retailers are also looking at it for sales and pricing optimization. According to Simchi-Levi, big data and analytics can be very powerful for supply chain professionals but they have to think critically about how best to use the technology and what outcomes they hope to achieve.

*“When you’re talking about new product introduction, you have little data. But you also have big data associated with similar products that you’ve sold before. The trick is to know what it means to say ‘similar product.’ That’s where I use machine learning. That’s where I train my algorithm to tell me what subset of products are similar to the new one I am about to launch.”*

– David Simchi-Levi  
Professor, MIT



## Leveraging Capabilities for Home Brewing: Designing a New Supply Chain for the AB InBev and Keurig Joint Venture

When Anheuser-Busch InBev, one of the largest brewing companies in the world, and Keurig Green Mountain decided to form a joint venture, the market took notice. During a presentation at **The 2017 Next Generation Operations Summit: Creating a Customer-Centric Supply Chain**, Scott King, who is leading supply chain strategy for the joint venture (JV), talked about what it's been like to merge teams from two very different companies.

The JV is set up as a research partnership. Both companies will contribute to developing new technology for an in-home beer and cocktail experience. The JV will operate as a separate entity from its parent companies but will be able to draw on the capabilities and pedigree of both as it evolves.

### Two Pillars of Research and Development

Keurig has been able to dominate the single-serve coffee market in the US in part because of the ease of the coffee-making experience. Keurig users simply insert a coffee pod into the machine and they have a fresh cup of coffee in under a minute. For the AB InBev joint venture, King and his team are tasked with creating a similar experience around alcohol. The goal, he says, is to make the customer a "hero." That's easier said than done. Unlike coffee grounds, which are easily inserted into pod form, it's a bit trickier to do with a mojito. As a result, the early work of the operations team has been to split research and development into two core pillars.

The first pillar will look at the hard goods involved in the process—the actual device itself and the consumable product. The second pillar will look at overall quality and service.

*"When we go to these partners we have the ability to say, we are a Keurig and Anheuser-Busch joint venture. That alone brings credibility to the table and allows us to move a lot faster with a lot cheaper cost than if we were to try to do it as a separate company."*

– Scott King  
Vice President of Operations, Joint Venture of AB InBev  
and Keurig

In order to accomplish this King and his team are looking at a variety of new technologies to support development. “In our supply chain strategy, we really need to look at infusing digital from product development to end customer distribution. We also need to look at things like Internet of Things (IoT), because IoT is changing the way companies work and consumers leverage data and information,” he explains.

## Creating a Productive Culture

While the people that joined the JV have broad and deep experience in product development, they have also developed those skills in two distinctly different organizations. “Keurig’s culture is very innovative, very slow. They have their core, their coffee, and they focus on that. AB InBev is very fast, M&A focused—a fast moving company,” King says. In order to make these two parts work together, King had to create a third culture that drives the JV, using the best parts from both halves to make a new whole.

“We had to look at, as a leadership team, how do we enable our employees to go towards a vision of delighting the customer, making the user a hero, in all the products and services that we’re working to design,” King says. For King, once he set the vision for the JV it was important to assess which employees were going to be able to see that vision through. Some left, returning to their parent organizations; others came on, filling in gaps. The net result was a group of people more committed to the new vision than past processes.

*“In our supply chain strategy, we really need to look at infusing digital all along the way from product development to end customer distribution. We also need to look at things like IoT, because IoT is changing the way companies work and consumers leverage data and information.”*

– Scott King

Vice President of Operations, Joint Venture of AB InBev and Keurig

## Scaling Up

With research underway and a team in place, the next challenge for King was figuring out how to develop a supplier network and how best to start implementing new initiatives. “When we think about this joint venture, we have the opportunity to do a slow roll out, a phased roll out or a big bang type thing,” King notes.

There are several ways the JV can develop its network and each path has its own advantages and drawbacks. If King and the team opt for a slow roll out, the JV will be able to respond to shifts in the market by being nimble and reactive. However, growing slowly could pose a problem for the JV’s parent companies, which are used to working at scale. Going big at the beginning might be easier with the help of the parent companies, but who can say how well a small JV can manage at scale right away?

King and the team have opted to chart their own course, but they are reaching out to the parent companies where it makes sense. For example, the JV is already leveraging the size and reputations of the parent companies while building up the JV’s initial network of partners and suppliers. “When we go to these partners, we have the ability to say, we are a Keurig and Anheuser-Busch joint venture. That alone brings credibility to the table and allows us to move a lot faster with a lot cheaper cost than if we were to try to do it as a separate company,” King says.

## Conclusion

Starting any new venture can be rough sledding even if it is an outgrowth of two well-established companies. Institutional cultures can create unforeseen talent and change management issues that have to be dealt with early on if the new organization is to succeed. But it’s not worth abandoning every legacy—retaining the pedigree of trustworthy parent companies can save valuable time and money early on.



## Leadership Insights

- **Segment R&D.** By breaking up research and development into two tracks – hard assets and quality assurance, operations professionals can work concurrently testing ideas around each part of the supply chain.
- **Talent Management is a Day One Issue.** When integrating teams from two or more organizations it is critical to set a clear vision of the future up front. Those that want to take part can stay and those that don't may need to find other opportunities to ensure that the day one team is strong enough to make it to year one and into the future.
- **Don't Ignore Pedigree.** If a parent company can help build relationships early on, the result can be valuable cost and time savings.



*“The pace of technological progress outstrips the market demand for higher performing technologies. It is critical for operations to understand what the customer is ready for.”*

– Dr. Rory McDonald  
Assistant Professor, Harvard Business School



## The New Frontier: Last Mile Delivery

The last mile of any supply chain is arguably the most important. Each day, customers interact with the last mile, so that experience can mean the difference between a lifelong customer and someone who leaves after one purchase. With new advancements in technology, expectations of last mile service have also increased. Retailers like Amazon have cut delivery times down to just a few hours in select cities, putting nearly anything a consumer might want in their hands almost immediately. And these expectations are not unique to consumers—the consumerization of the B-to-B relationship is well underway.

Current logistics networks are not designed to handle this new demand. Supply chain professionals must completely rethink their logistics operations strategies to remain competitive. During **The 2017 Next Generation Operations Summit: Creating a Customer-Centric Supply Chain**, participants explored how changing expectations for last mile delivery are already manifesting in their businesses, last mile delivery demands and trends, implications of sharing logistics operations as part of a last mile delivery strategy, and related data strategies. To guide them in this effort, Gary Hanifan, Managing Director, Accenture Strategy, shared insights from recent research on how collaborating with other last mile ecosystem players, getting closer to the customer and participating in a last mile ecosystem platform, can lead to new breakthroughs.

According to Hanifan, trust is a primary challenge for many organizations. For security and competitive reasons, companies prefer to keep the inner workings of their supply chains close to the vest. Management wants control over the data, systems, and process, and wants to keep a tight lid on supplier relationships. By opting out of collaboration opportunities organizations may face unforeseen problems. All it takes is one disruptor seeing things differently and the whole network can change. Participating in the new last mile ecosystem is critical to maintaining a competitive position. As this ecosystem forms, companies must determine their role and how they will deliver value. Those organizations that give up their seat at the table run the risk of missing it when their industry makes a big pivot.

For Hanifan, collaboration with vendors and customers is the key to ensuring that operations are in line with business goals. Another way operations can stay ahead of the curve is by focusing on segmentation. Segmentation ensures that each business line is being treated uniquely—making for a better customer experience and a more responsive last mile. “I’ve been doing this 26 years and the closest thing to a silver bullet that I’ve ever seen, is segmentation. If I go into a company and they’re treating everything the same way, I know I can help,” Hanifan says.



*“There are a lot of barriers in a regulated market. A lot of independent businesses defending their interests. You can let that stop you, but then someone is going to figure it out and when they say ‘Alexa, order me a beer’ you aren’t going to be a part of that. So supply chain people have to think about that and decide what they want to be a part of.”*

– Gary Hanifan  
Managing Director, Accenture Strategy

*“Whoever owns the customer, and whoever establishes a supplemental digital relationship with the customer, wins. So what are you doing to build these digital customer experiences? As extra credit, are you taking it to the next level and creating new business models and new value propositions for your customers?”*

– Hans Melotte  
Executive Vice President of Global Supply Chain, Starbucks



*“How do we better position our products or services? There’s a dynamic around the ownership, but there’s also value being created by having transparency in data.”*

–Dennis Nsenkyire  
Senior Director of Strategy, Innovation and Business Excellence  
Johnson & Johnson



*“We at 3M see exactly this trend – in terms of consumer/retailer and OEM demand and expectations for delivery. . . . A whole ecosystem can develop to solve [last-mile/kilometer] logistics. We always have to decide . . . [do we] solve it ourselves . . . or are we going to rely on other people?”*

– John Ostergren  
Global EHS Director, 3M





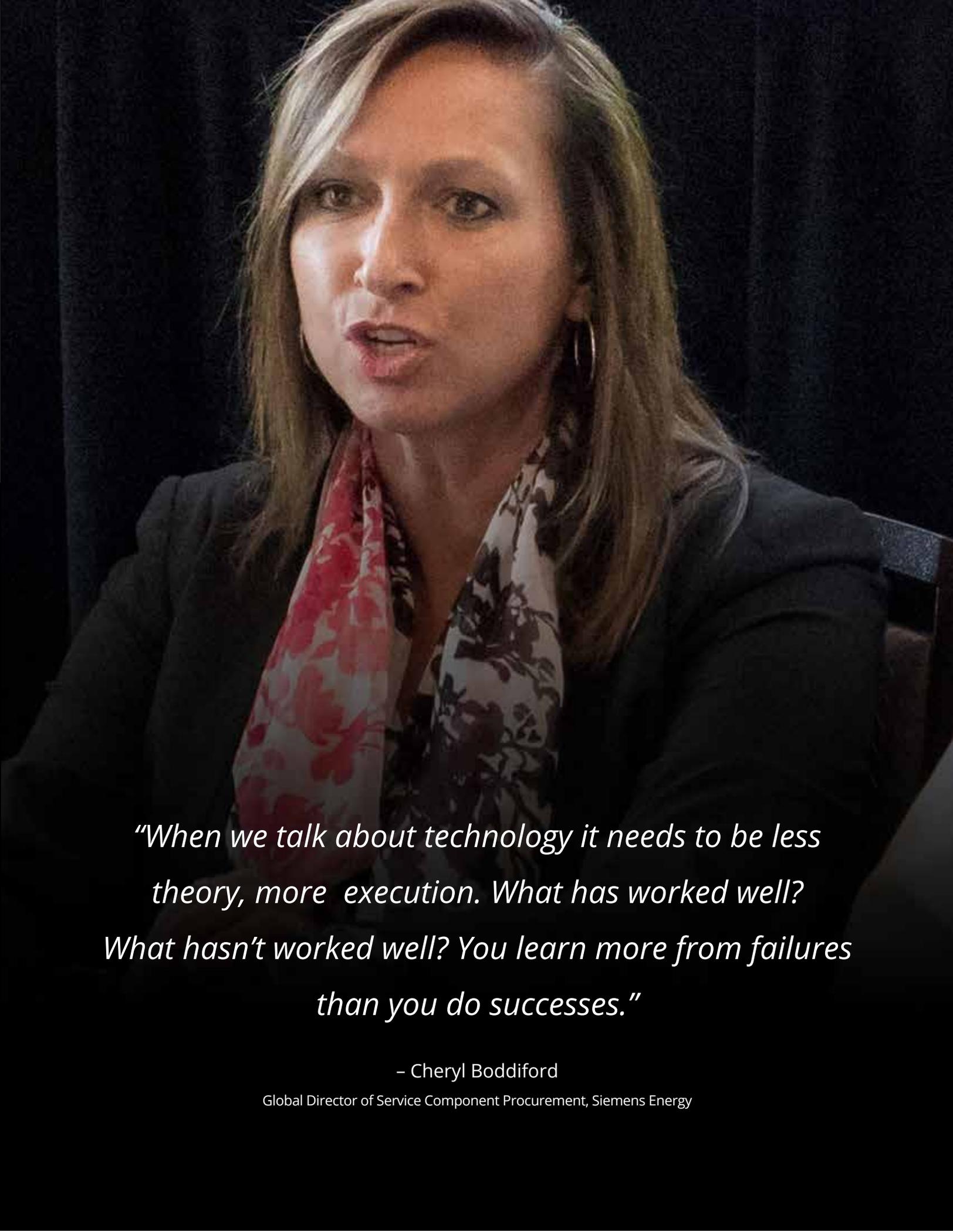
## Summary

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When organizations think about supply chain, much of the conversation is dominated by technology. Business leaders often wonder, “How can we be more like Amazon?” “How should I use Big Data or Internet of Things (IoT) technology?” While these concerns reflect today’s dominant trends, they don’t capture the whole picture. Operations and supply chain professionals will be the first to tell you that immediate delivery is a great ideal but not always appropriate or realistic. Broader concerns around product quality and safety have to be folded into the mix. Setting up an Amazon-like delivery network may require many more distribution centers than anyone expects or can afford without third party assistance.

Ultimately, in order to create a successful, customer-centric supply chain, organizations will have to work through how to meet current expectations without sacrificing quality. The key for supply chain success is to create a roadmap that starts to phase in new technology smartly. In many cases that means running several small trial projects in different parts of the organization to find out what works before mandating a full-scale change from the top down.

As with everything in business, partner relationships are also critical to the supply chain of the future. Vendors, logistical support companies and others may all be able to increase efficiency in new and exciting ways, but that will require giving up some data ownership and being more transparent about each phase of the fulfillment process. Companies that are willing to take that step have already started to reap the rewards, but it requires a culture shift. For supply chain professionals to succeed in the future, depending on technology isn’t the only way forward—collaboration and data transparency across the supply chain will be critical as well.



*“When we talk about technology it needs to be less theory, more execution. What has worked well? What hasn’t worked well? You learn more from failures than you do successes.”*

– Cheryl Boddiford

Global Director of Service Component Procurement, Siemens Energy



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Patrick Murray . . . . . Zebra Technologies  
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