

Radical Supply Chain Innovation

Developing a Generic and Actionable Framework

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Why Combine Supply Chain Management and Innovation?

Supply chain management is not a new field of research anymore. For some time it has been rising on the management agenda, as companies realise that there is money to be made. Innovation is even more established up there in the business strategy, since the companies that rest on their laurels are either forced out of business or forced to change and adapt. A group of companies have mastered the combination: supply chain innovation, but how? We set out to generate a generic and actionable model to support the work towards radical supply chain innovation.

In order to tackle the challenge of radical supply chain innovation, we asked ourselves: in what ways can a company change its supply chain in order to create competitive advantage? Studying successful companies, we found five types of innovation, leading to different competitive advantages, and actionable tools to achieve it. The tools can be applied in a workshop setting and provide a roadmap for longer projects. The model for radical supply chain innovation, developed by the authors, is displayed in Figure 1.

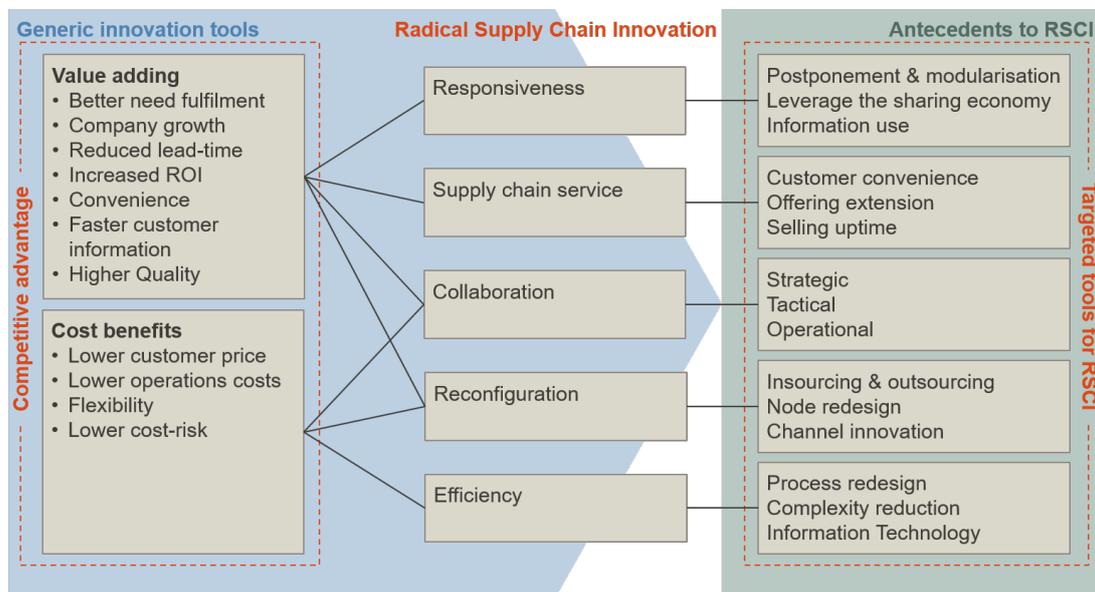


Figure 1: The findings summarised in a model for radical supply chain innovation

How does it work?

Implement Consulting Group brought the lack of research to attention and expressed a wish for academia to address the topic of radical supply chain innovation. In client engagements,

academically founded methods for redesigning the supply chain to enhance the business model were needed. Traditionally, the focus of supply chain management has been on cost cutting, but what are the opportunities for value creation?

The model was tested in cooperation with Implement Consulting Group in a workshop setting, with two companies interested in supply chain innovation. In such a setting, the innovation is framed in terms of competitive advantage, followed by brainstorming and ideation within types of innovation using targeted tools and generic innovation tools. Antecedents were shown in the research to be important factors in order to achieve the innovation and are used to identify next steps. The process used in workshops is visualised in Figure 2

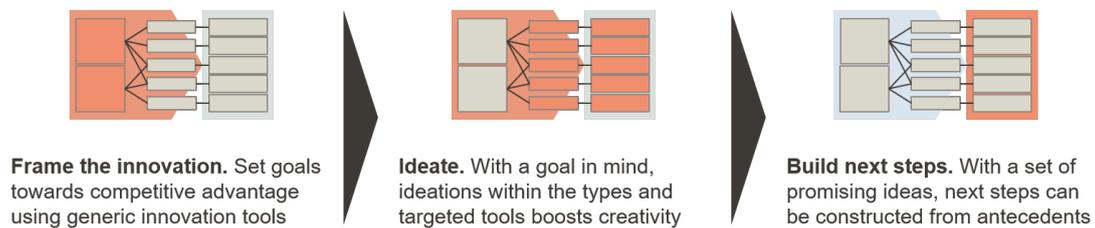


Figure 2: The application of the model summarised in three steps: frame, ideate, and next steps.

The framework is based on both existing research on the topics as well as new insights from leading industry examples. A mix of industries, leading corporations and start-ups participated to share their innovation processes and key takeaways. Our research shows that many successful examples come out of benchmarking inspiring examples, outside of your own industry. When Ericsson needed to cut lead-times, it visited Hewlett-Packard in order to learn; active in a different industry but a leader in the field of lead-times, Hewlett-Packard had many insights to share. When Cemex needed to reduce response time, it benchmarked emergency response services and applied the same principles. In that very fashion, our model can be used to identify ways to achieve your goals, apply concepts to your business, and design the journey to get there.