

Supply Chain Management and Marketing Sciences

Improving efficiencies and effectiveness in the end-to-end supply chain cycle

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Business

Science

Technology

Rutgers and Voluntary Interindustry Commerce

Solutions Co-Sponsor Logistics Summit

VICS, the association for Voluntary Interindustry Commerce Solutions, which is celebrating 25 years of improving supply chain management effectiveness and efficiency, held a joint Logistics Summit with Rutgers University at the Livingston campus on September 27-28, 2011. On VICS' first visit to the University, Rutgers gained great exposure to the concerns of VICS member companies, including Kimberly-Clark, P&G, UPS, Target, Lowe's, Home Depot, IBM, HP, Macy's, and Wal-Mart among many others. There was a great benefit to having academia and a non-profit organization working together to discuss the real issues that are facing supply chain management at the current time, and possible issues to plan and prepare for the uncertain future.



One of the challenges discussed at the summit was a major project to find a common bill of lading. A board meeting extended beyond the two-day summit as VICS met at the conclusion of the summit at the Rutgers Student Center to continue their efforts.

The Logistics Summit gave executives from Schneider, Macy's, National Retail Systems, and Kimberly Clark the floor to discuss their

supply chain initiatives. The central topic of the summit was what will happen globally, especially if the economy heads back into a recession. Over the years, companies have taken advantage of outsourcing to countries with lower wage rates. However, wages in traditional outsourcing destinations such as China are slowly increasing because workers are demanding higher pay. While the U.S. has benefitted from artificially low wage rates, the cost of iPads, phones, and even clothes will increase as manufacturing abroad becomes more challenging. Since the 1980s, there has been a massive change in supply chain management practices, and the rate of change will continue to further accelerate in the future. This makes supply chain management the nexus of social change.

Transportation is a leading indicator of this change in the state of the economy; FedEx, UPS, and Schneider have reported a decrease in the rate of orders. A further topic of the Summit concerned the uncertainty of the future of transportation and logistics. With a new generation entering the workforce, the shortage of commercial drivers becomes more prominent. There are issues around proper training, as many companies have limited employees who are trained in IT. Another issue affecting transportation logistics is the lack of infrastructure.

Roadway congestion and poorly maintained highways directly affect lead time and efficiency.



Steve Matheys from Schneider Logistics speaking at the VICS Summit

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Dr. John Coyle, Director of Corporate Relations for the Center for Supply Chain Research, initiated a discussion about issues companies will face in the future and the kind of preparations that must be made today. The external change drivers affecting the supply chain are technology, empowered consumers, complexity and volatility. As technology advances, supply chains will become more complex and it will become more challenging for professionals to effectively manage their supply chain risk. Outsourcing will be a continuing trend as corporations attempt to reduce costs and seek opportunities to improve their supply chains. Social Media is on the rise in reaching out to customers and understanding the needs to fulfill within their supply chain. Technology advances such as "cloud computing" need to be taken advantage of and incorporated into systems.

The guidelines VICS has created have been beneficial for many companies. This was evident due to the number of high-caliber presentations and the size of the audience at the Summit. Major companies showcased their application of the guidelines and proved that they are effective. Attendees were able to bring back knowledge to their own companies and hopefully implement positive changes within their respective supply chains.



Gartner Ranks Rutgers Graduate Business Program #3

Rutgers has been steadily climbing the rankings as a Business School, but particularly the Supply Chain Management program, being a relatively young initiative, is taking two steps at a time. Under the guidance of Dr. Lei Lei, the director of the Supply Chain Management and Marketing Sciences Department, the Supply Chain Management program was ranked #11 by AMR in 2010. In a recent study by Gartner Supply Chain Leaders, the Rutgers Business School Supply Chain Management program was ranked third in the U.S., tied with Michigan State. The Supply Chain Department is relatively new to Rutgers, as it started 3 years ago. The faculty of the department has provided strong courses and networking skills to help the students, and has provided strong applied research to the supply chain industry. The Supply Chain Management and Marketing Sciences Department also closely collaborates with corporate partners of the Advisory Board.

Gartner offers objective insights on executing proper supply chain initiatives for professionals in the industry. The ranking assessment is made in 3 parts. The first is industry value, worth 40% of the final score, and incorporates the number of respondents who answer that they recruit from the program, and the number of respondents that view the program as the best. University respondents then report the internship requirement to graduate, and the average starting salary. The second part of the assessment, worth 20%, is the program size which includes the number of full-time professors as well as the number of students who are supply chain majors. The final part of the assessment, worth 40%, is the program scope, and identifies how well the curriculum corresponds with the Gartner Talent Attribute Model. This model examines topics such as strategy and change management, and technology enablement. Gartner found that Rutgers' curriculum meets current industry needs. Rutgers professors have close connections with leading industry professionals. By leveraging this source of knowledge, Rutgers prepares graduate students by helping them develop skills to manage the dynamic industry of supply chain management and logistics.

Rutgers has been working on improving its rankings in other areas as well. Examples are the US News and World Report listings, which are based off two components: selectivity and peer score. Selectivity measures how many students are admitted compared to how many apply. Peer scores are based on how other Business programs view your Business program.

New Jersey Council for Supply Chain Management Professionals Round Table Conference



Some of the scholarship recipients; From the Left: Mark Slomiany, Martin Esser, Diana Bodine, Mandy Szeto, Edwin Paredes and Jason Barado

On September 15th, the CSCMP Roundtable Meeting event was held at the Marriot in Newark Airport, and scholarships were awarded to 13 Rutgers students from the undergraduate, MBA, and PhD programs ranging from honorable mention, to bronze, silver, and grand prize. Conference grants were given out to three students to attend the CSCMP Convention in Philadelphia.

After the scholarships were awarded, Joseph Bonney, the Senior Editor of *The Journal of Commerce*, hosted a Masters Dialogue, on "What's Changed, What Keeps Us Up At Night, and Where is the Supply Chain Going?" The panel members included William D. McLaury, the Executive Director of Supply Chain, North America at Novartis Pharmaceuticals, David McCarthy, the Senior Director of Global Procurement and Indirect Manufacturing at Pfizer, and Mariano Legaz, the Vice President of Supply Chain Services at Verizon, all board members of the Rutgers Center for SCM .

What's Changed? All three panelists agreed that a major force of change in Supply Chain Management has been globalization. While McLaury discussed a global supply chain group that has been developed at Novartis to differentiate from local groups to look for synergies and advantages to operating globally, Legaz stated that Verizon's operations were heavily in-house, but are now accepting more participation from outside companies; a process that involves finding the right mix with a partner, especially with increases in regulation. McCarthy discussed that the pharmaceutical industry in particular is facing more challenges as patent cliffs for large blockbuster drugs loom, because generic formulations of those drugs introduce more SKUs into the market and create a need for more complex management.

What Keeps Us Up At Night? McLaury and Legaz spoke to consideration of what the true core competencies a company must maintain control over, versus what is less of a core competency and can be outsourced. While factors such as natural disasters and financial crises can create a need to shift such capabilities, it is important that the most valuable core competencies are kept close to the company to avoid dependence. McCarthy noted that in the pharmaceutical industry, the chain of custody can pose challenges, because electronic tracking and quality controls provide tracking through an involved supply chain, which can be expensive.

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Student Spot Light



Barak Epstein is a second year MBA student who wears many hats. He is the President of the MBA Student Government Association, Vice President of Speaker Events in the Supply Chain Student Initiative, a Board Member of the CSCMP New York, author of the knowledgeapproach.com blog, a father, a husband, and an avid learner of Chinese. Barak's career path to Rutgers University involved a Bachelor's in history at George Washington University and a Master's in Education after which he taught for 5 years in Washington D.C. and New York. However, Barak wanted a new challenge, and obtained a position at Rutgers for education research, which ultimately led him to pursue an MBA.

Last Fall, Rutgers Executive MBA alumnus Anthony McKenzie came from Dell to recruit Rutgers MBAs, and Barak was an ideal fit for the company's internship program, as it aligned with his interest to observe the impact the information age has on both the education and business community. At Dell, he worked on a project for the public sector, and the bundling of hardware and software services to fulfill unique needs. He had the opportunity to work with sales teams, engineers, marketers in large enterprise and public segments, as well as software partners, and

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Where is the Supply Chain Going?

McLaury and McCarthy noted that the pharmaceutical industry is faced with limited providers for cold supply chains, which poses significant problems as the environment is changing to focus on biotechnology. Many products are very expensive, and must be divided into parcel shipments to prevent severe loss from theft, which makes it even more expensive to keep. Legaz noted that Verizon has made notable larger investments in capital for the past 10 years than other companies to focus on being more cost effective and competitive, which will push Verizon to continuously advance their supply chain.

The panel came to an end with each member taking the time to talk directly



SCM Undergraduate Students Participate at the Institute for Supply Management Conference

With the assistance of RBS faculty committee, the 2011 ISM UG scholarship winners have been selected. These three outstanding undergraduates students majoring in Supply Chain Management will also be attending the ISM Services Group conference this December where they will participate in a case study competition. The winners are Valerie Koppell, Shin Lee and Jonathan Frances.

to the students in the audience. McLaury's described that the supply chain is a great advantage to business operations, and by looking at all opportunities and touching all aspects from research and development to sales, and marketing, you can gain the broad exposure that is important in this field. Legaz said that the ability to align information and process and use that data to manage real-time data is invaluable to managing the size and volume of any company's supply chain. McCarthy's advice was that the supply chain is a complex function, especially globally, because it is ever evolving and can greatly impact the results within a company. By understanding customers and their needs, new supply chain professionals can introduce new, better processes to drive success and growth.

people in the U.K., Australia, and outside research firms such as Gartner. Barak will return to Dell after he graduates in May 2012 and will continue his work in strategy for the public and large enterprise segments which have recently merged.

Barak offers the following advice to his peers and fellow students: "Don't wait, just keep moving forward. If you catch yourself actively waiting for a call back from a recruiter, you are not doing enough. You are building the wrong habit and are not doing everything you can. You need to take control." As for career advice, Barak offers; "Be humble at work- don't try to prove you know everything. Work hard, ask questions, and learn as much as you can. Companies will appreciate that."

Zestra Viral Marketing Case Competition

This past April, Rutgers MBA students Tatyana Baranovsky, Eshita Patel, Michael Sarshad, and Tarak Shah placed second in the Zestra Viral Marketing Competition held in New York City at the Quaker Bioventures Office. Sponsored by Quaker, the event aimed to expand the brand "Zestra" in a creative way that would be low cost, but high impact. Competing with over 30 business schools nationwide, Rutgers reached the finals with 3 other business schools; NYU Stern, Dartmouth Tuck, and Northwestern Kellogg.

The Rutgers team was praised about using interactive media and creating a practical new website. The competition was very open-ended, but it allowed the team ample freedom to show their creativity. Patel says the competition "gave us a chance to use what we learned in our marketing classes in a real-life scenario." The team was able to come up with several individual creative approaches. This was showcased together with a mock website and humorous videos that facilitated discussion and word-of-mouth advertising for the brand. "It was great to couple our creativity with our digital marketing skills to develop a plan that was going to be used in Zestra's actual marketing campaign," said Sarshad. The team created profiles for the different target customers, and also made projections as to how their plans for social media and rewards would be implemented. The judges praised how the Rutgers Team "leveraged social media to the fullest," said Shah. Another thing Shah was able to take from this experience was that using digital media can be very powerful for marketing in the current time.

The Zestra Viral Marketing Competition clearly highlighted the quality of the students and the marketing program at Rutgers.

GSK - A Day in the Life

On November 1st, Sylvester Wilkins, the Sourcing Group Manager at Glaxo-Smith-Kline, walked RBS MBA students through "A Day in the Life of a Sourcing Group Manager." Noting that it all starts with the customer, Wilkins walked students through new trends he is facing daily, including "up and coming" cloud computing, and the importance of protecting the increase in availability of data, as well as business going toward emerging markets, which give procurement organizations an opportunity to serve as knowledge brokers to enable the next area of growth. Students were interested in the skills important in the procurement function, and Wilkins provided the advice that contract negotiation skills, flexibility in communication across industries, and management of Supply Diversity by providing mentorship are all gaining importance in the industry. There is a unique balance that must be achieved between cutting costs and controlling quality, which is especially prominent in the pharmaceutical industry where there is a lot at stake. The supply chain department must manage 12-13 tiers of development before a product is introduced, and with an increased focus on new supply chain developments, Wilkins told students they were in the right area of study for a dynamic, challenging career ahead.

Advisory Board Members:



Colgate Palmolive Director Mark Vollrath tells students "How to be a Strategic Supply Chain Leader"

Mark Vollrath, the Director of Strategy and Systems for the Global Supply Chain at Colgate-Palmolive, came to speak to MBA students on September 29th, with the topic being "How to be a Strategic Supply Chain Leader." Colgate-Palmolive was an early company to globalize; entering Brazilian markets in the 1920s, and today operating everywhere except Indonesia. However, since the 1990s, Colgate-Palmolive has reduced the number of production sites from 112 to 55 in order to create a more focused strategy based around the 4 businesses: oral care, pet nutrition, home care, and personal care. In his presentation, Vollrath described the evolution of the supply chain from subsidiary-based, to division-based on regions, to a global reach. This involved making the supply chain more vertically integrated by making their own raw materials and packaging, to standardizing formulas across geographic areas. However, with each step, Vollrath

described the importance of making sure that the savings offset the increase in logistics costs or complexity.

The restructuring was implemented in 2004, and over 75% of the plan was supply chain based. It was very successful with savings greatly exceeding the goals. Students had questions about plans to maintain this growth and be sustainable. Vollrath explained that lowering prices played a large part in maintaining volume and market share. Also, by focusing on controlling demand variability and shortening response times to the marketplace, the business could be more sustainable. A key take-away from his presentation was his advice on how to succeed in Supply Chain Management. With many first year MBA students in the audience, Vollrath took the time to stress the importance of understanding how components work, and how to make processes work from end to end.

Rutgers Business School-Newark and New Brunswick is an integral part of one of the nation's oldest, largest, and most distinguished institutions of higher learning: Rutgers, The State University of New Jersey. Founded in 1929, Rutgers Business School has been accredited since 1941 by AACSB International—the Association to Advance Collegiate Schools of Business, a distinction that represents the hallmark of excellence in management education. Today, with a focus on Business, Science, and Technology, Rutgers Business School is educating more than 4,000 undergraduate and graduate students at two main campuses in New Jersey as well as six satellite locations in New Jersey, China, and Singapore. Steeped in academic excellence, with a distinguished faculty and a corps of over 29,000 successful alumni, Rutgers Business School is highly ranked by the *Financial Times*, *U.S. News & World Report*, *Business Week*, and *The Wall Street Journal*. It is recognized as among the top three business schools in the New York City metropolitan area, and ranked #10 nationwide for "Most Competitive Students" by The Princeton Review.