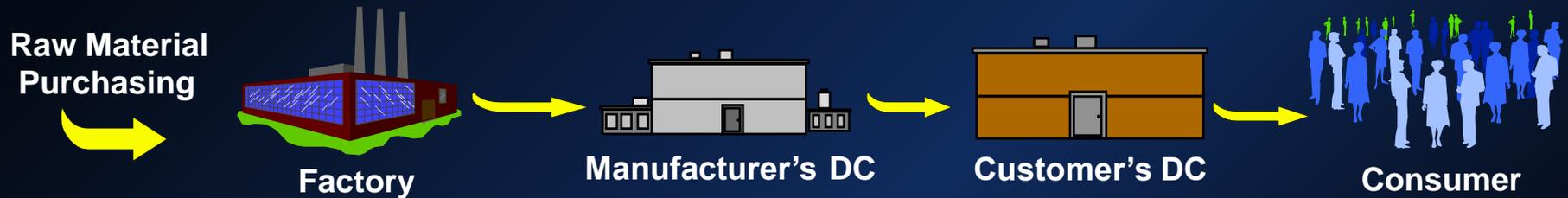


Council of Supply Chain Management Professionals

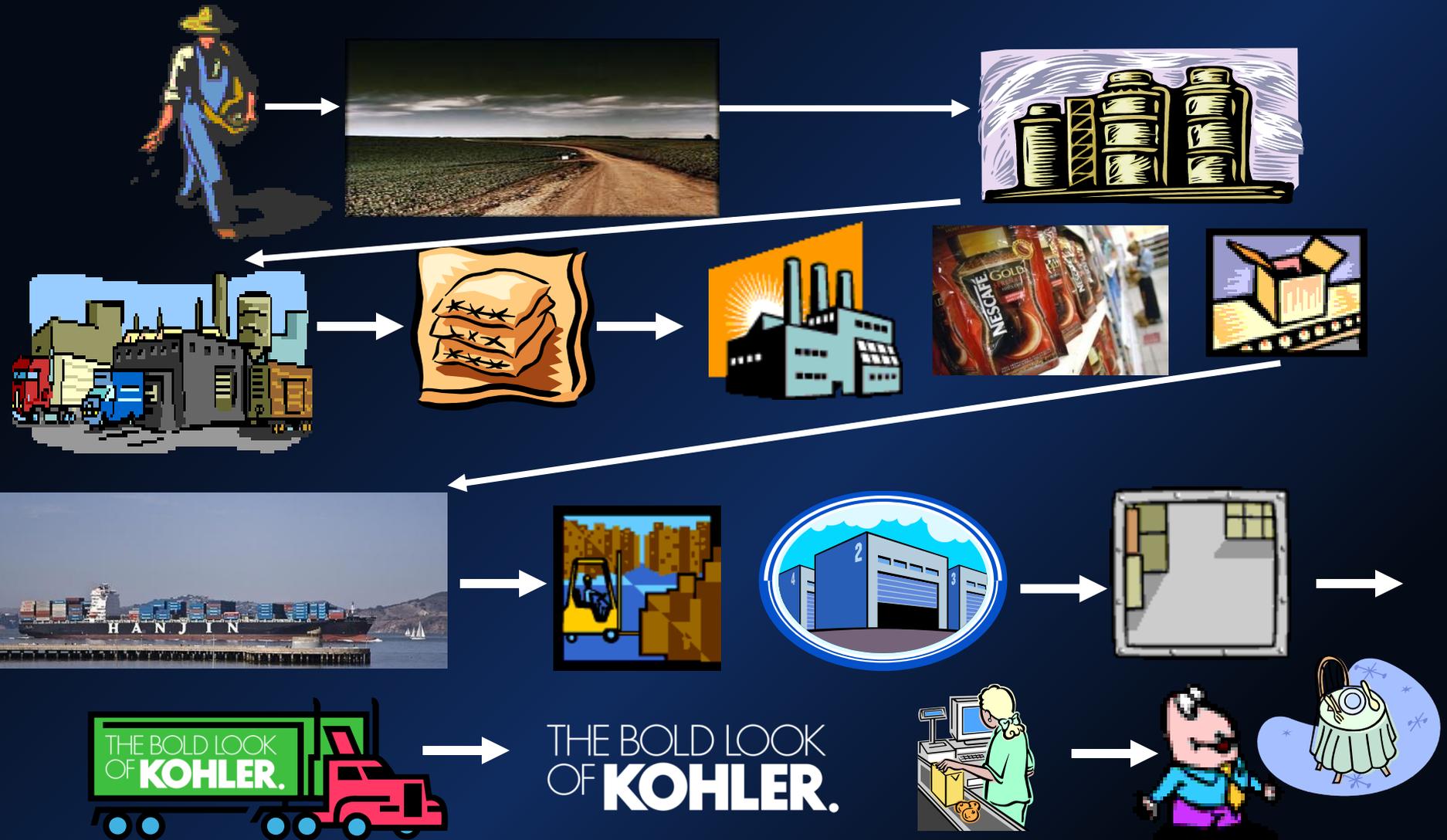
June 28, 2013



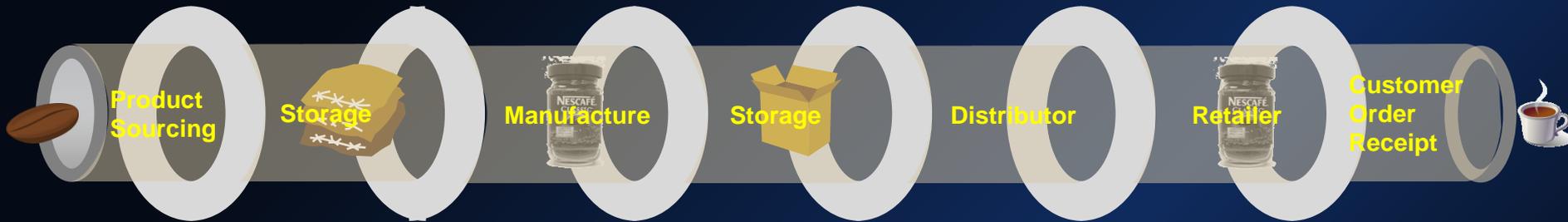
Maritime Economic Development Workshop

Rick D. Blasgen
President & CEO
CSCMP

SCM = Seed to Table



A Typical Supply Chain



	Supplier	Storage	Manufacturer	Storage	Distributor	Retailer	End User
People							
Technologies							
Processes							

Evolutionary Perspective

More Attention
From Senior
Management

Focus

Functional Orientation

- *Purchasing*
- *Operations*
- *Marketing*
- *Package Engineering*
- *Transportation*
- *Inventory Mgt.*
- *Warehousing*
- *Manufacturing*
- *Suppliers*
- *Customers*
- *etc.*

*Supply Chain
Management*

Logistics

1950

1960

1970

1980

1990

2000

Beyond

US State of Logistics

<u>Metric</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>%</u>
Logistics Costs	\$1.204 t	\$1.287 t	\$1.331 t	3.4% ↑
% of GDP	8.3%	8.5%	8.5%	Flat
Trans Costs	\$769 b	\$821 b	\$846 b	3.0% ↑
Inv. Carrying	\$387 b	\$417 b	\$434 b	4.1% ↑



Since 1990...

Logistics Costs have risen 102%

Average annual increase = \$30b

2012 increase was \$44b

Also.....

As a % of GDP, Logistics expense went from 11.4% to 8.5%, a reduction of 25%

Global Comparison of Logistics Expenditures

Economy

Higher Output--GDP
Better use of resources
Multi-use Infrastructure

Businesses

Market Access
Market Integration
Cost Efficiency

Consumers

More Goods and Services
Wider Availability
Lower Prices/Income

U.S.

8.5% GDP

Asia 17% GDP

China 15% GDP

Europe 13% GDP

India 13% GDP

Japan 11% GDP

Mexico 14% GDP

Some Magnitudes

The cost of logistics in the US was \$1.331 trillion in 2011, 8.5% of the US GDP. It was 17.9% in 1980.

US expenditures on logistics is larger than the national GDP of all but 12 countries.

Total domestic business inventories are valued at \$2.2 trillion.

SCM Has Strategic Profit Impact

A study by Georgia Tech showed that a company's stock price drops 8% when the company experiences a glitch in its supply chain.

A study at Miami University of Ohio showed that when a company adopts a new supply chain innovation the company's stock price increases.

A study by Bain & Company showed that companies employing sophisticated supply chain methods enjoyed 12 times greater profit than companies with unsophisticated methods.

Wall Street: New found respect for SCM. In one SCM MBA program in the US, 21/32 grads received job offers from Investment Banking firms because of the importance of SCM to their clients.

**Top management is interested
in what we do!**

**But we must communicate
more effectively.**

Transparency!

