

SUPPLY CHAIN MANAGEMENT AND INNOVATIVE DECISIONS' COMMERCIALIZATION: WORLD EXPERIENCE ¹

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The importance of the supply chains arises today. At the world level, more and more enterprises understand that it is impossible to function effectively without well-established links. Supply chains are complex and integrity. So, supply chain management is a difficult process and includes such elements as coordination, flow orientation (material, financial, informational), integration, partnership, performance, customer orientation, value creation, operation efficiency, cost reduction, sustainability, environmental friendliness. All these elements can be gathered into three groups (Figure 1).

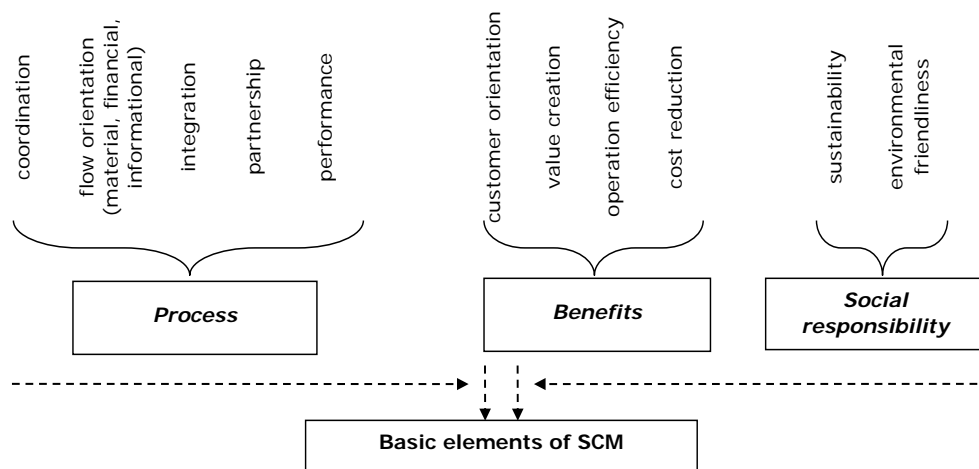


Figure 1 – Basic elements of supply chain management [1]

Each year Gartner, Inc. assess supply chains of the biggest and strongest world companies to identify supply chain leaders and highlight their best practices. In general, this assessment allows to find out the strentheness of company's supply chain.

The Gartner Supply Chain Top 10 for 2016 and 2017 are given in Table 1.

Table – The Gartner Supply Chain Top 10 in 2016 and 2017 [2; 3])

Company	Composite Score		Peer Opinion (25%)		Gartner Opinion (25%)		Three-year weighted ROA (20%)		Inventory turns (10%)		Three-year weighted Revenue Growth (15%)		CSR Component Score (15%)	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Unilever	5.84	6.39	1841	2074	632	649	10.8	10.2%	6.9	6.8	3.6	1.9%	10.00	10.00
McDonald's	5.54	5.27	1754	1264	493	442	13.2	13.9%	156.0	174.5	-4.0	-4.2%	3.00	3.00
Amazon.com	5.34	*	3356	*	582	*	0.56	*	8.4	*	20.4	*	0.00	*
Inditex	4.42	4.98	1212	1192	283	337	16.7	16.3%	3.9	3.7	11.2	12.0%	9.00	10.00
Cisco Systems	4.21	4.82	1158	1018	510	524	8.2	8.3%	11.2	13.5	2.3	0.8%	5.00	10.00
H&M	4.50	4.63	833	901	189	208	25.3	22.0%	3.5	3.0	16.3	12.5%	9.00	10.00
Intel	4.62	4.42	1112	952	496	486	11.4	10.5%	4.3	4.0	1.1	4.6%	9.00	7.00
Nestlé	3.68	4.10	1251	1159	257	345	8.9	7.9%	5.2	5.1	-1.1	-0.6%	10.00	10.00
Nike	3.58	4.07	1393	1290	205	207	14.7	16.2%	3.9	3.8	9.7	7.9%	4.00	6.00
Colgate-Palmolive	3.43	4.03	880	843	323	313	15.1	18.0%	5.2	5.0	-3.5	-4.9%	3.00	6.00
Starbucks	3.55	3.80	1069	926	188	143	16.9	20.3%	6.8	11.1	13.8	12.7%	4.00	4.00

* – "supply chain master"

¹ The paper was written according to budget money from the Ministry of Education and Science in Ukraine, given to develop research topics № SR 0118U003572 "The development of a mechanism of commercialization of innovative products"

As it's seen from Table 1 perennial supply chain leader Amazon (was ranked number 3 in 2016) joined Apple and P&G in qualifying for the "supply chain master" category [2].

Let's consider in more details key elements of the supply chains of such companies as Amazon, Inditex (brand Zara) and Unilever.

The key elements of the **Amazon's supply chain** are:

– *warehousing*. Worldwide Amazon has 493 warehouses covering about 180 square million feet. In addition, Amazon has 45,000 robots across 20 distribution centers [4];

– *products' distribution*. Prime customers delivery, one-day delivery, first class delivery and free super saver delivery are some of the common delivery options available to Amazon's customers;

– *own logistics*. Nearly 82% of Amazon's sales comprise of third-party sellers, but at the same time Amazon does not fit into the suppliers' logistics but adapts the cooperation with them under its own logistics using both push and pull strategies;

– *own production*. Amazon is actively working on own product's manufacturing, which allows to sell cheaper.

The key elements of the **Zara's supply chain** are following:

– *combination of manufacturer and retailer functions*. It allows to provide flexibility to production processes, the ability to quickly respond when demand for a product suddenly takes off;

– *fast response to trends*. Zara has planning and analytics team that sorts through real-time sales trends to inform future design and production;

– *low inventory level*. The company follows the rule: less inventory in the supply chain and less need to finance that inventory with working capital;

– *environmental responsibility*. Zara is known for its energy saving efforts and techniques, as well as their minimization and efficient waste management;

– *products' distribution*. To store and distribute its products Zara has Central Distribution Center with very strong IT systems.

The key elements of the **Unilever's supply chain** are following:

– *sustainable power utilisation*. Unilever uses "four R approach" – reducing, reusing, recovering or recycling – to achieve zero waste;

– *environmental responsibility*. Unilever believes that sustainability is a viable growth strategy for fast-moving-consumer-goods brands;

– *strategic partnerships all across the world*. An important part of Unilever's success is compliance with the principle: all partners must be willing and able to embrace the same commitment;

– *own logistics*. Unilever has stopped outsourcing logistics and brought it in-house;

– *blockchain development*. Unilever is about to set up a blockchain with Nestlé, Dole and Walmart to add product data for all transactions;

– *supply chain transparency*;

– *products' distribution*. Unilever has developed five distribution hubs in Europe with a view to global expansion in order to consolidate shipments and therefore reduce their carbon footprint [5].

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Supply chain management and innovative decisions' commercialization: world experience / Л.О. Сигида, Л.Ю. Сагер // Збірник наукових праць XIII Всеукраїнської науково-практичної конференції «B2B маркетинг». – Київ, КПІ ім. Ігоря Сікорського, 2019. – С. 20-22.