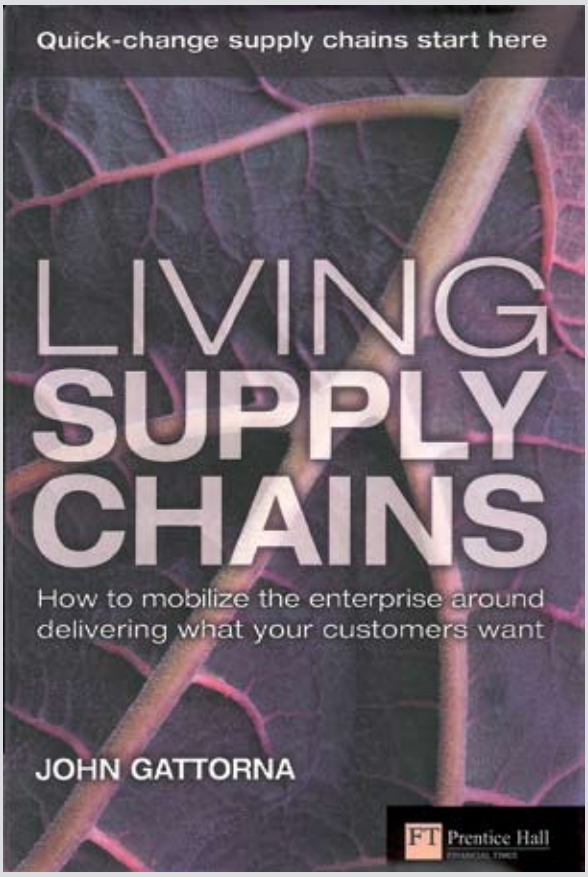
Living supply chains

John Gattorna is one of the most original thinkers in the fast-changing arena of supply chain management. He has pioneered the idea of 'dynamic alignment', which is so powerfully presented in this ground-breaking book. If proof were needed that successful companies compete through their supply chain capability, then this fascinating book provides it.

– Martin Christopher, professor of Marketing and Logistics, Cranfield School of Management.



Title:	Living Supply Chains *How to mobilize the enterprise around delivery what your customers want*
Author:	John Gattorna
Publisher:	Prentice Hall
ISBN:	0-273-70614-4
Pages:	352 Hard cover
Price:	£35-00
Order:	www.pearsoned.co.uk/bookshop
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My first John Gattorna book dates back to the Third Edition of the Handbook of Physical Distribution Management of 1983, and over the years I have added more titles such as Strategic Supply Chain Alignment in which fourth-party logistics was exposed in detail. Logistics and supply chain management have developed and progressed significantly from the early days of physical distribution and this latest publication Living Supply Chains is indeed evidence of this dramatic development.

The objective of the book is how to use a dynamic alignment model to mobilise your company around delivering what your customers want and not what you think they want.

It comprises 10 chapters that systematically take the reader through a liberal view of the scope of

supply chains, building more responsive supply chains and adding the missing behavioural dimensions to supply chains, building up to a dynamic perspective that culminates in four generic supply chains described broadly in familiar terms.

Gattorna explains his use of the terms as:

Continuous replenishment supply chain: Predictable demand, easily managed through tight collaboration with customers. Focus on retention of customer relationships (collaborative customer segment type).

Lean supply chain: Demand predictable (for example, from an historic off-take) but the loose relationship does not necessitate an extreme service level. Focus on efficiency (efficiency/consistency customer segment type).

Agile supply chain: Unplanned or unforeseen demand and a sometimes loose relationship with customers – almost always demands an agile response at higher cost-to-serve. Focus on speed and capacity (demanding/quick response customer segment type).

Fully flexible supply chain: Responding opportunistically and managing yield. Focus on providing creative solutions for premium price (innovative solutions customer segment type).

Each of these supply chain types provides a value proposition that serves customers according to their specific cultures and preferences as indicated in the customer segment types. Says Gattorna, "There is only one 'right' and cost-effective way to group or segment customers: according to their dominant buying preferences and behaviours. Supply chain configurations that lack a dynamic capability to 'flex' between different delivery service propositions will inevitably lead to service failures and reduced operational and financial performance.

"For the best outcome, link behavioural segments at the customer end and suppliers at the source end with a network optimisation model that allows a

clear line of sight on the best pathways through an otherwise complex network."

He covers the implementation of multiple supply chain alignment strategies and suggests that change management initiatives can be carried out now that it is possible to map current, ideal and preferred cultures in an organisation. This is only possible by leading from the front and Gattorna explores four different corporate leadership styles: baron, traditionalist, visionary and coach.

The next part dedicates one chapter each to the four different types of supply chains and Gattorna identifies what he claims as the 10 most critical areas that should receive attention to prepare the subculture for what you want to achieve:

Organisation design
Processes
Systems/information technology
Key performance indicators (KPIs)
Incentives
Job design
Internal communication
Training and development
Recruitment
Leadership style

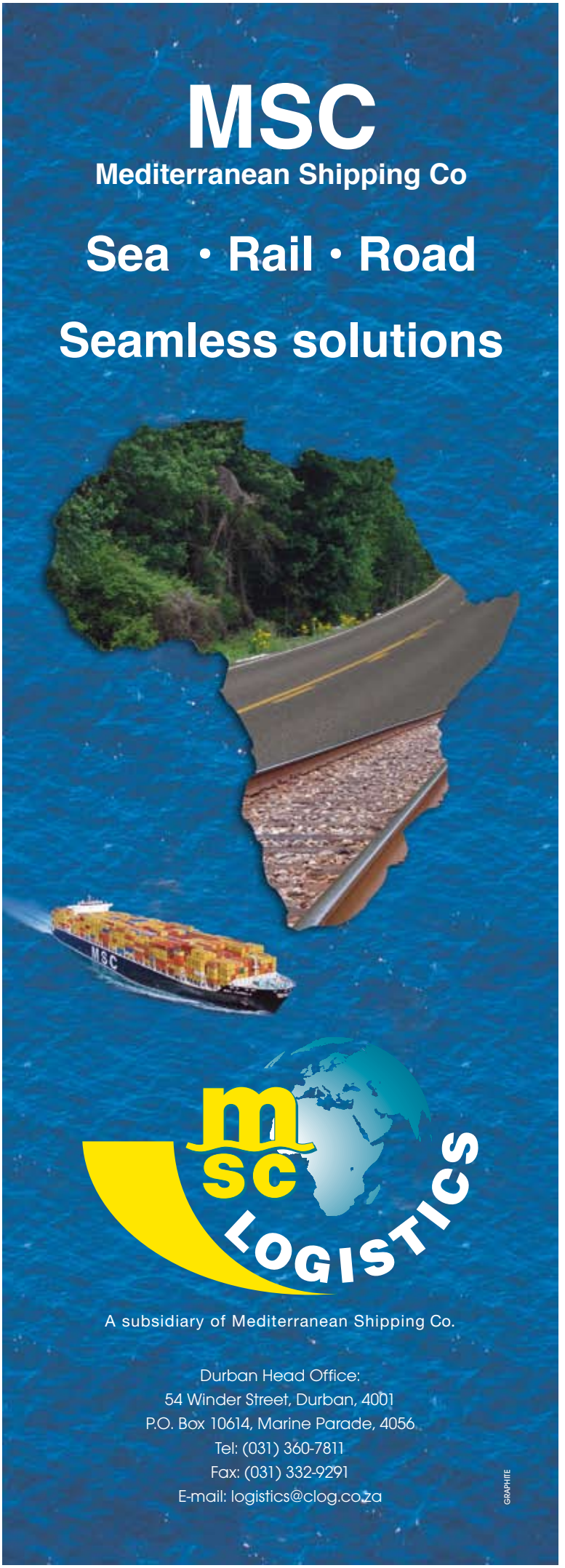
The final chapter discusses the delivery of living supply chains and covers a number of globally critical issues facing supply chains of the future with a specific focus on the future practice of outsourcing.

The book includes an extensive appendix with detail on a quick behavioural segmentation diagnostic of specific customers and customer segments as well as a diagnostics tool that provides a single overall assessment of the alignment between your company and the marketplace.

It also provides a culture mapping diagnostic, formulation of a vision statement and strategic partnering technique.

Gattorna has been consulting on a number of projects in South Africa and it is interesting that he refers to Transnet and Spoornet as case studies in developing new business models for new supply chains.

This book is not easy reading for the entry-level logistician but intended to take the more seasoned professional on a fascinating journey into the behaviour of customers and how to align supply chains with their needs.

The dynamic alignment model is a fresh approach to the complex challenges of supply chain management and the book should be prescribed reading for all middle and senior supply chain managers. In Gattorna's own words, "with the right leadership, the best strategies for identifying and targeting customers in separate supply chains will surely follow – breathing even more life into your living supply chains".

In summary, an excellent work from a remarkable specialist that you need to have on your shelf.