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## Review Article of Dynamic Supply Chain Alignment:a New Business Model for Peak Performance in Enterprise Supply Chains Across All Geographies

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## Review Article

By Edward Sweeney and Dan Park

John Gattorna and friends *Dynamic Supply Chain Alignment – A New Business Model for Peak Performance in Enterprise Supply Chains Across All Geographies* Farnham: Gower Publishing 2009 (ISBN 978-0-566-08822-3).

As we noted in our review article based on one of his earlier books (Sweeney and Park, 2006), Professor John Gattorna's contribution to scholarship and practice in supply chain management (SCM) is substantial and sustained. In this article we pointed up the evolution of Gattorna's thinking from his (1998) *Strategic Supply Chain Alignment* through to the (2006) book *Living Supply Chains* building on the potential impact of SCM as a set of tools and techniques aimed at operational efficiency and total cost competitiveness into the basis for creating a differentiated business model, with SCM as the strategic focus and force for resource concentration. *Dynamic Supply Chain Alignment* takes us a stage further into the dimension of SCM as the basis for effective international and global strategic and operational management.

*Dynamic Supply Chain Alignment* is written by a mix of practitioners, consultants and academics. There are over 30 contributors to the book, each considering the underlying concept of dynamic alignment of supply chains from his/her own particular perspective. Furthermore, and as suggested by the ambitious phrase "across all geographies" in the book's subtitle, the contributors are based Europe, the Americas, the Middle-East and the Asia-Pacific region. Despite the number and variety of professional and geographical perspectives, Gattorna has succeeded in putting together a volume that is itself characterised by alignment between its various sections and chapters.

A somewhat unusual and quite innovative feature is that the first section of the book consists of reportage of a set of subject-focused panel discussions held as part of the Supply Chain Business Forum that took place in Melbourne in February

2008. Significantly the main themes that were aired at the forum, and find their summary here, are taken up in detail at the theoretical and practical levels in the body of the substantial text that makes up this book. The structure of the main book is predominantly thematic but the reader has to work hard to link the main themes of the first section to the detail: there is not a lot of cross- or back-referencing. This is however not an insuperable problem viewed against the wealth of detail found in the main text.

As in previous works, there is a strong central focus on the "built-to-change" model of business, as distinct from "built-to-last". Gattorna's perspective takes full account of the structural changes in the world economy that have combined to propel the supply chain concept and their alignment of multiple, interactive supply chains towards the centre of contemporary strategic thinking. This perspective is based on a number of key organisational characteristics that derive from the new sets of core competencies on which differentiation in a "built-to-change" business environment is achieved. These are, as Gattorna has argued consistently, integration; flexibility; risk versus efficiency trade-offs; time compression; and quality at best cost.



Given this increasingly complex situation, how do we deduce generally applicable models and principles. Gattorna deals with this complexity in a very powerful way, by identifying four generic supply chain models or frameworks - continuous replenishment, lean, agile and fully flexible – within which general business and detailed operational strategies can be formulated, nowadays increasingly across geographical boundaries. The one central dimension that these generic approaches have in common is thinking “backwards from the customer”. Gattorna and colleagues (notably in the chapters by Githens and Kong) lead us to a view of markets that combines the SCM concept with the

“death of geography” principle and moves us towards customer-oriented segmentation in which one looks for the commonalities of requirement and purchasing criteria that will drive an organisation’s approach to meeting customer needs in a differentiated way that can be rapidly and responsively updated. Thus a market segment can be served by a customised SCM approach in which customer location is no longer a major factor in itself but cost-to-serve and time-to-execute become the critical issues.

The concept of integration, along with alignment, has always been at the heart of SCM thinking, and this is the main supporting theme of Gattorna’s work along with the unifying theme of alignment. Indeed both are essential if the full business and operational benefits of SCM are to be realised. The extensive use of case experience through the book is particularly enlightening on this point. The danger of the “silo mentality” persists in many organisations of all types and sizes and any attempt to introduce the “alignment” concept without an equivalent commitment to the “integration” dimension is likely to prove unsatisfactory.

Gattorna’s perspective goes further. It is not only on business strategy and organisation that SCM is making its impact. It encompasses broader issues of international economic and political relations. There are per-

spectives on developments and opportunities in the major emerging areas of the world (the BRIC economies) as well as assessments of the impact of increasingly global SCM on the mature industrialised economies. Moreover Gattorna demonstrates how the principles of SCM apply in a wide variety of activities and organisational types, ranging from humanitarian aid to IT and manufacturing and service activities.

This has major implications for the way in which we think of organisations. The increasingly fuzzy boundaries between interdependent entities are now giving rise to a re-evaluation of basic concepts of “the firm” and consequently of the theory of the firm that has been at the heart of much thinking in applied economics and business strategy. There are two important aspects to this. First, the extended enterprise becomes the unit of competition. Second, the view of a market on a geographical basis gives way to a perspective of available and accessible value, with segmentation based predominantly on customer rather than on product or geography. But we would venture to add a third here that is perhaps not addressed, namely the potential of SCM to enable an enterprise to cope with value migration within the supply-demand continuum. As business globalises, activities migrate to locations where it is financially and operationally logical for them to be.





SCM is potentially important in enabling an organisation to anticipate and re-align itself to the reality of a changing value structure that runs in parallel to the activity structure. Indeed, a perspective on international financial supply chains is missing here – most probably out of considerations of length of an already very substantial work. Nevertheless finance is already an international supply chain (with positive and negative aspects, as we have recently experienced) and many would argue that it needs a little more alignment and integration, thinking backwards from the customer as Gattorna would advocate.

Inevitably in a book consisting of a “Prelude”, 28 chapters and a “Last Word” one cannot economically point here to all the detailed insights. Let it suffice

to note the very scope of the book, covering the SCM field as a whole from the question of multi-geographical integration through the dimension of corporate social responsibility and environmental considerations to the tax implications of SC structures and management of intellectual capital within the emerging business and organisational models. Not least, as Gattorna himself has long argued, the “people dimension” cannot be overlooked. Organisational and individual behaviour is affected by the application of SCM, and this is emphasised further when one unavoidably introduces an increasingly international and cross-cultural element of business management into the business models that Gattorna advocates.

Professor Gattorna’s latest work will provoke much thought not

only on the subject of tools and techniques of SCM but on its broader business impact and strategic potential. This substantial and multi-dimensional contribution is a valuable addition to scholarship and practice, and can be read equally profitably by academics, practitioners, and consultants alike.

## References

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