

## Chapter 1 – Introduction

### Syllabus

Topic	Learning Objectives	Pre-session Assignment	Session Agenda
Introduction to the topic	Understand what a Supply Chain is and why this is an important topic to study.	Read: Chapter 1 (pp. 1-8) Read and Prepare the Discussion Questions (p. 8): The Gartner Supply Chain Top 25	Intro to Supply Chain Management  Characteristics of Top Supply Chain Companies

### Supply Chain Discussion Questions

1. How does Gartner determine the rank order?

In order to find the top 25 list on the website it is easiest to just use the search engine on the first page of the website. Put in a search for “top 25” and a link to the current article will show up on the list. The student may need to register with Gartner in order to get free access to the article (I found that I could get access to the article without actually registering). To keep things simple, you may want to just use the article included in the instructor’s guide and send it to the students.

The article has a section titled “Supply Chain Top 25 Methodology” which gives details for how the list is created. The master list of companies is created from the Fortune Global 500 and the Forbes Global 2000 and includes companies on these lists that have revenue over \$10 billion. The list is then further reduced to include on companies in the manufacturing, retail and distribution sectors.

50% of the ranking is based on financial data and 50% based on an opinion survey. The financial component is weighted 25% on Return on Assets, 15% on inventory turns, and 10% on revenue growth. The return on assets and revenue growth used three-year weighted average with 50% in the most recent year, 30% of the 2<sup>nd</sup> most recent, and 20% for the 3<sup>rd</sup> most recent. Inventory turn is the average of the past 4 quarters.

The opinion component is obtained from a survey completed by senior level supply chain professionals who work for manufacturing or retailer companies. Individuals apply to participate in the survey. Only one panelist is selected for each company and there is fairly balanced international representation in the panelists. This panel is called the “peer panel.” A second panel consisting of 32 specially selected “Gartner expert” panelists also completes the survey. The results from these two groups are equally weighted in the opinion component.

Panelists are given the complete list of companies to be considered and asked to choose 30 to 50 of them that most closely fit the demand-driven ideal (this is described in detail in the survey). After selecting the subset of companies, the panelist is then asked to force rank the companies from 1 to 25 with #1 being the best. Individual votes are tallied across the entire panel of judges with 25 points going to the #1, 24 to #2, etc. Companies are then ranked based on the number of points obtained in the “peer panel” and by the “Gartner expert” panel. The rankings from each group are then equally weighted.

The final ranking is obtained by equally weighting the final ranking from the financial data and the final ranking from the opinion survey.

2. Select a company in the Top 25 and answer the following questions:
  - a. What strategies/activities/process contribute to the company being ranked in the Top 25?

This will vary significantly depending on what company the student selects. The article gives what the top companies are doing well and some brief information about each company. The better students will do additional research that goes beyond what is written in the article.

- b. Why would companies want to be included on the list? What can they learn from the company you identified?

There is significant prestige with being identified as a top 25 company by Gartner. Further, Wall Street Analysts use this as a leading indicator and the ranking may help improve the pricing of the company's stock. Finally, these are companies that have been identified as outstanding partners to work with by other companies due to their excellent supply chains and related business practices.

## Study Questions

Answers to these questions are included in the text.