



Gartner Top 25 Supply Chain Case

Gartner Top 25 Supply Chains

1. How does Gartner determine the rank order?
2. Select a company in the Top 25 and answer the following questions:
 - a. What strategies/activities/processes contribute to the company being ranked in the Top 25?
 - b. Why would companies want to be included on the list? What can they learn from the company you identified?

Who are the Best?

– The Top 25 Supply Chains

- The Gartner company publishes reports on supply chains and other issues
- The Top 25 supply chains report comes out in June, followed by reports on specific industries
- How does Gartner determine the rank order?

How the Ranking is Determined

1. Gartner Opinion and Peer Opinion: Based on each panel's forced-rank ordering against the definition of "DDVN orchestrator"
2. ROA: $((2013 \text{ net income} / 2013 \text{ total assets}) * 50\%) + ((2012 \text{ net income} / 2012 \text{ total assets}) * 30\%) + ((2011 \text{ net income} / 2011 \text{ total assets}) * 20\%)$
3. Inventory Turns: $2013 \text{ cost of goods sold} / 2013 \text{ quarterly average inventory}$
4. Revenue Growth: $((\text{change in revenue } 2013-2012) * 50\%) + ((\text{change in revenue } 2012-2011) * 30\%) + ((\text{change in revenue } 2011-2010) * 20\%)$
5. Composite Score: $(\text{Peer Opinion} * 25\%) + (\text{Gartner Research Opinion} * 25\%) + (\text{ROA} * 25\%) + (\text{Inventory Turns} * 15\%) + (\text{Revenue Growth} * 10\%)$

2013 data used where available. Where unavailable, latest available full-year data used. All raw data normalized to a 10-point scale prior to composite calculation. "Ranks" for tied composite scores are determined using next decimal point comparison.

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- Name a company in the Gartner Supply Chain Top 25 for 2014.
- Which company was number one?
- What strategies/activities/processes contribute to them being in the top 25?

Gartner Top 25 Supply Chains

Rank	Company	Peer Opinion 1 (188 voters) (25%)	Gartner Opinion 1 (32 voters) (25%)	Three-Year Weighted ROA 2 (25%)	Inventory Turns 3 (15%)	Three-Year Weighted Revenue Growth 4 (10%)	Composite Score 5
1	Apple	3,187	371	20.5%	69.2	31.2%	8.85
2	McDonald's	1,612	369	15.6%	153.0	4.0%	6.25
3	Amazon	3,171	510	0.8%	8.9	27.2%	6.08
4	Unilever	2,031	517	9.9%	6.9	2.6%	5.32
5	P&G	2,166	513	8.2%	5.9	2.2%	5.20
6	Samsung Electronics	1,871	351	11.4%	18.1	12.7%	5.13
7	Cisco Systems	1,092	480	9.1%	12.3	6.3%	4.57
8	Intel	908	475	12.8%	4.8	3.8%	4.51
9	Colgate-Palmolive	891	322	17.4%	5.1	3.1%	4.22
10	The Coca Cola Co.	1,820	265	10.1%	5.3	6.2%	4.03
11	Inditex	751	259	17.7%	3.9	9.1%	3.99
12	Nike	1,192	225	14.2%	4.2	11.0%	3.89
13	H&M	690	108	26.7%	3.6	6.4%	3.83

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14	Walmart	1,764	215	8.0%	7.9	3.5%	3.52
15	PepsiCo	1,000	298	8.6%	8.2	3.2%	3.37
16	Lenovo Group	808	210	3.3%	17.5	24.4%	3.14
17	Starbucks	1,044	185	8.5%	5.7	11.9%	3.06
18	3M	975	146	13.6%	4.1	4.1%	3.05
19	Qualcomm	193	56	14.1%	6.8	30.6%	2.95
20	Seagate Technology	67	39	19.5%	12.5	8.1%	2.75
21	Kimberly-Clark	605	206	9.9%	6.1	1.6%	2.65
22	Johnson & Johnson	957	149	9.6%	2.8	5.2%	2.65
23	Caterpillar	696	245	5.4%	3.0	3.3%	2.43
24	Cummins	153	144	12.1%	5.3	6.0%	2.34
25	Nestlé	1,060	99	8.3%	5.4	1.5%	2.30

The Gartner Supply Chain Top 25 for 2013

Rank	Company	Peer Opinion ¹ (172 voters) (25%)	Gartner Opinion ¹ (33 voters) (25%)	Three-Year Weighted ROA ² (25%)	Inventory Turns ³ (15%)	Three-Year Weighted Revenue Growth ⁴ (10%)	Composite Score ⁵
1	Apple	3,203	470	22.3%	82.7	52.5%	9.51
2	McDonald's	1,197	353	15.8%	147.5	5.9%	5.87
3	Amazon.com	3,115	475	1.9%	9.3	33.6%	5.86
4	Unilever	1,469	522	10.5%	6.5	9.0%	5.04
5	Intel	756	515	15.6%	4.2	11.4%	4.97
6	P&G	1,901	493	8.6%	5.8	3.6%	4.91
7	Cisco Systems	1,167	517	8.5%	11.2	7.8%	4.67
8	Samsung Electronics	1,264	298	11.6%	18.5	15.7%	4.35
9	The Coca-Cola Company	1,779	278	11.7%	5.5	14.0%	4.33
10	Colgate-Palmolive	794	324	18.9%	5.2	3.6%	4.27
11	Dell	1,409	342	6.2%	30.7	-0.6%	4.05
12	Inditex	745	221	18.0%	4.2	13.4%	3.85
13	Wal-Mart Stores	1,629	282	8.8%	8.1	4.9%	3.79
14	Nike	955	236	14.1%	4.2	10.6%	3.62
15	Starbucks	808	159	16.5%	4.8	11.5%	3.41
16	PepsiCo	810	314	8.6%	7.8	10.5%	3.41
17	H&M	399	41	28.2%	3.7	6.7%	3.22
18	Caterpillar	714	247	5.8%	2.8	23.4%	2.91
19	3M	999	105	13.3%	4.2	6.9%	2.87
20	Lenovo Group	397	211	2.5%	22.2	29.8%	2.75
21	Nestlé	679	112	13.3%	5.1	-0.6%	2.51
22	Ford Motor	552	231	5.7%	15.1	3.1%	2.51
23	Cummins	74	139	13.3%	5.3	13.5%	2.48
24	Qualcomm	122	45	12.7%	8.5	25.9%	2.37
25	Johnson & Johnson	730	144	9.6%	2.9	3.3%	2.35

The Top Performers

- **Apple** tops the ranking for a record-breaking seventh year in a row
 - Outpaces everyone else by a wide margin on all five measures
 - Supply chain strategy centered on orchestrating the delivery of winning customer solutions
 - Vertically integrated through strategic acquisitions, locking in innovations and component supply
 - Invested more than \$10 billion in manufacturing tooling and equipment to ramp up and automate production
 - Brought iPad/iPhone component sourcing back in-house
- **McDonald's** number 2
 - Three-year weighted ROA of greater than 15%
 - Improved year-over-year opinion scores
 - Serves nearly 1% of the world's population
 - Managed the product life cycle with new core menus to drive profitability
 - Focused on collaborative planning and management with suppliers and franchise owners
 - Established talent management and succession planning as a critical capability

The Top Performers

- **Amazon** number 3

- Financials heavy on revenue growth
- Lower profits due to investments in technologies, new products and new customers
- Manages its physical supply chain with precision and efficiency
- Investigating managing the 'last mile' of delivery
- Better managing the returns process with lockers and convenience store locations

- **Unilever** number 4

- Used cost-to-serve insights to optimize its distribution network
- Determined the appropriate level of supply chain services and marketing support each channel and customer
- Used a low-cost business model to enter emerging markets
- Implements sustainability practices for sustainable growth

Gartner Top 25 Supply Chains

- Why would companies want to be included on the list?
 - Prestige with being identified as a top 25 company
 - Wall Street analysts use this as a leading indicator and may improve the stock price
 - The companies are identified as outstanding partners to work with due to their supply chain excellence and business practices