

PROFILES IN LEADERSHIP



International



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As the “push” economy of yesterday gives way to today’s demand-driven “pull” economy, senior management is increasingly looking to their supply chain leaders to help build agile, responsive, global and customer-focused supply chains.

With the 2008 edition of our Pros to Know, *Supply & Demand Chain Executive* sought to identify those supply chain executives and supply chain teams who are helping build 21st century supply chains for their companies. In addition, as in the past, we sought to highlight leaders from the solution provider, consultant and analyst communities who are helping their clients build their own 21st century supply chains.

“By turning the spotlight onto these outstanding Practitioner Pros to Know, we are not only recognizing their accomplishments but also offering them as role models for other executives looking to take their own organizations to a higher, more strategic level within the enterprise,” said Andrew K. Reese, editor of *Supply & Demand Chain Executive*. “They are all truly ‘Pros to Know.’”

“Bill Michels, chief executive officer of ADR North America, has been pioneering supply chain transformation for more than 30 years. As he envisions it, the 21st century supply chain must involve a high degree of business integration, ultimately resulting in a future consisting of competing tied supply chains. ‘Only the strongest, fastest and leanest supply chains will provide the competitive advantage necessary to compete in the 21st century,’ Michels says. For his role in helping companies build their own 21st century supply chains, Supply & Demand Chain Executive recognizes Bill Michels as a 2008 Provider Pro to Know.”

The 21st century supply chain, Bill Michels says, will be built upon a high degree of business integration with suppliers, trading partners and customers, with technology serving as the enabler for integration. In this environment, companies will compete by more effectively managing their integrated supply chains, using

shared forecasts, integrated demand planning networks, lean inventories with integrated planning networks, and streamlined logistics and distribution as enablers of competitive advantage.

As chief executive officer of ADR North America, Michels assists clients in developing organizations, processes, people, systems and supplier relationships to enable flexible integrated supply chains. ADR North America is a global consulting firm specializing in purchasing and supply chain management. Michels also is a partner in ADR International, which has served more than 200 clients in over 50 countries with a 21-year history, operating with offices in England, South Africa and Australia as well as its North American headquarters in Ann Arbor.

Michels has had a distinguished career in senior management with companies such as SCM Corporation, Smith Corona, Durkee Famous Foods, Boise Cascade and Campbell Soup.

He has consulted with global Fortune 100 multinational companies across a wide spectrum of business sectors and countries. Strategic purchasing, cost and transformational change management are Michels' major focus, and he has also developed new methodologies and theories, practices and tools for the transformation of supply chains, making them more profitable and valuable to a company. Many of the clients that Bill Michels has worked with have been able to achieve significant cost and value improvement, development of their supply chain staff, and new and innovative systems to integrate the upstream and downstream supply chain.

A widely recognized speaker at supply chain forums and professional conferences, Michels also has coauthored the book *Transform Your Supply Chain: Releasing Value in Business*. His new

blog can be found at www.sourcingguy.com.

About ADR

ADR International is one of the longest-standing global procurement consultancies, established in 1986. It applies its knowledge and expertise to help its clients improve every aspect of their procurement activity. Its main areas of expertise are procurement consultancy, training and development, sourcing and interim management services.

ADR International works with several global corporations to improve their procurement effectiveness. Clients include GE, the world's biggest non-oil company by market value, Genentech, Pfizer and Alcan. For more information please visit www.adrna.com.

CRAFTING SUCCESS IN SUPPLY CHAIN TRANSFORMATION

A leading crafts company finds that, with a bit of trust and a lot of teamwork, a little consulting can go a long way in addressing supply chain pain points.

A California-based wholesale arts and crafts distribution company found that as its customer base evolved from mom-and-pop independent craft stores to the mass merchant retailers, the demands that the major retailers put on the company were considerably more stringent than those of the independents. Even with a new enterprise resource planning system in place, the company was having difficulty meeting its customers' fill rate requirements, prompting the company to increase its inventory in an effort to avoid stock-outs.

After surveying its options, the company looked for assistance to ADR North America, an Ann Arbor, Mich.-based consultancy specializing in supply chain improvement and reengineering. The board invited ADR, in March 2005, to bring in a team to do a baseline study at the company and bring back a base case setting forth the "as-is" and a proposed "to-be" state for the company's supply chain.

After a thorough assessment of the company's supply chain skill sets, ADR recommended a new organizational chart for the supply chain organization, which came to encompass four functional areas: forecast management, product analytics, replenishment planning and new product development planning.

ADR's consultants helped the company craft the job descriptions for each position in the reorganized supply chain function and assisted in assessing current skill levels and training the company's staff for their new roles. Much of the training focused on moving away from ad hoc, "reactive" purchasing process toward a metrics-driven supply chain approach that made use of data from the company's own ERP system and customer systems, as well as the insights provided by the company's forecasting solution.

The new approach also required significant collaboration, both internally — among product development, sales and purchasing staff — and externally with suppliers and customers. ADR helped map out the internal collaboration within the company, and the consultants

offered advice on how to handle relations with suppliers and customers.

Within four months the company already was seeing the results of the new approach: fill rates for key customers were approaching 100 percent, while inventory levels had fallen by nearly 20 percent at the same time that the company was experiencing a double-digit increase in sales.

Success in a consulting engagement involving significant transformation can depend to a large degree on the lines of communication established between the consultancy and its client. In its engagement with the company, ADR established communication at three levels. Bill Michels, ADR's CEO, handled interactions with the topmost executives at the company, while senior consultant Jim Kiser worked with the senior functional executives, and ADR senior consultant Dr. Laura Birou worked at the staff level within the function. This allowed ADR to present a uniform message to all levels within the company. This strategy also ensures that if a potential roadblock develops while a project is underway, or if a change in tactics is warranted, the issue can be identified, communicated up the chain of command and addressed before it affects the other components of the transformation, since the top layer of management has visibility into the status of the project. Below senior management, these lines of communication help assure staff members that they're on the right track and that they have the backing of their top executives.

ADR's most important contribution was in helping the company to take a more strategic view of its supply chain. "They have actually helped us to view our purchasing functions as a supply chain continuum that starts from the factory and ends with the retail consumer," a company executive says of the consultants, "and they have been very instrumental in the education process of how to transform a supply chain."