



**Global Supply Chain Management –  
organisational set-up in the packaging industry**

Locker, Alwin, MBA-SCM Programme, School of Management  
Rotterdam / Universität St. Gallen / ETH Zürich,  
2004/2005/2008.

# Forum-SCM MBA-SCM, ETH

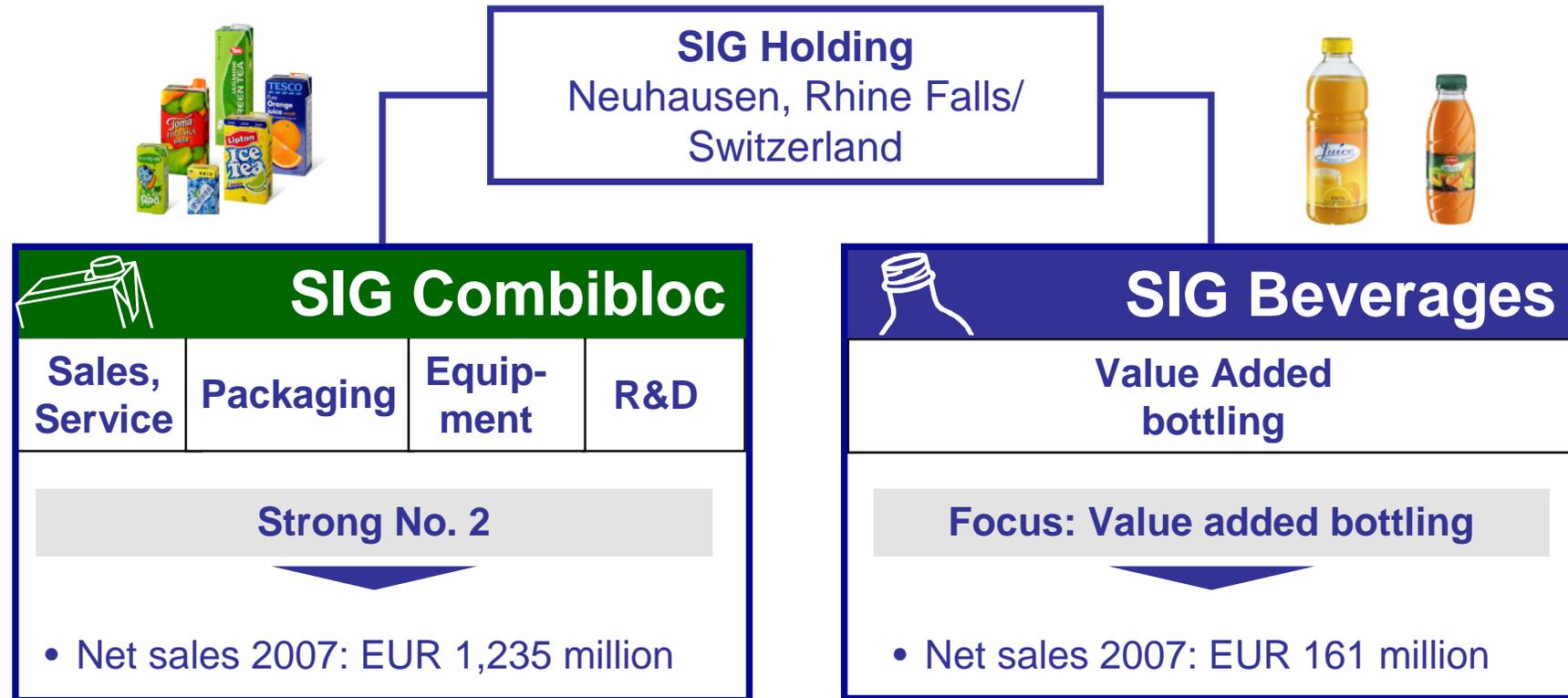


## Global Supply Chain Management – organisational set-up in the packaging industry

Dr. Alwin Locker

# SIG Group – today

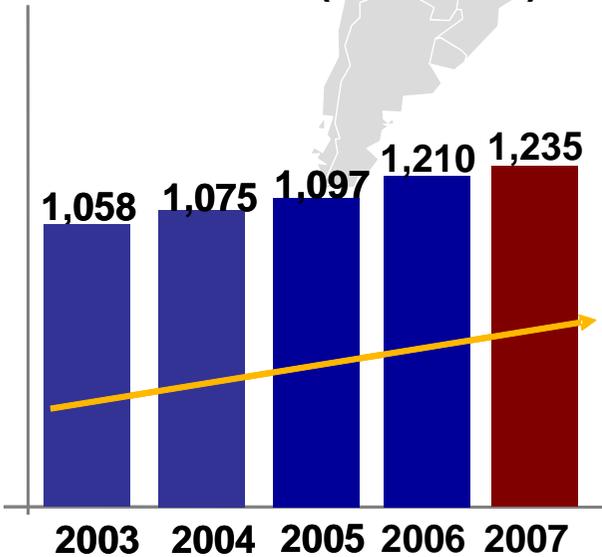
SIG Combibloc generates approx. 90% of Group Turnover



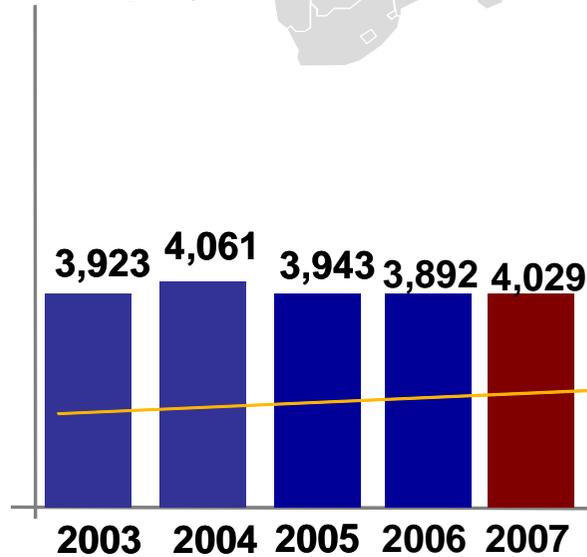
## Worldwide Locations & Company Figures



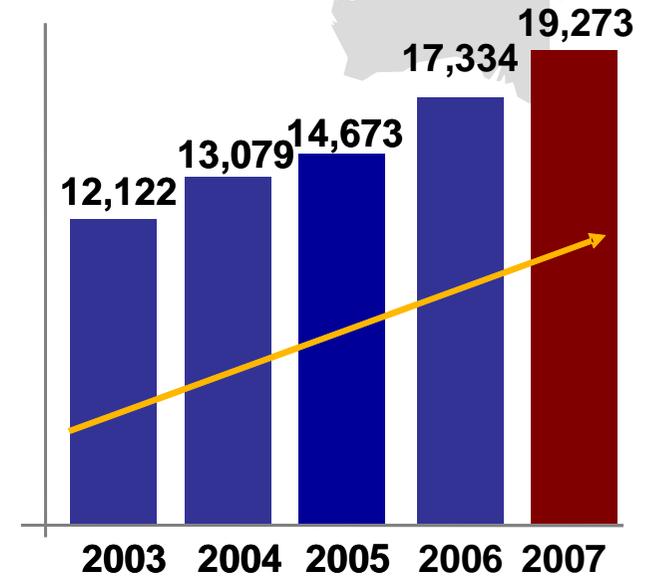
Net sales (mill. Euro)



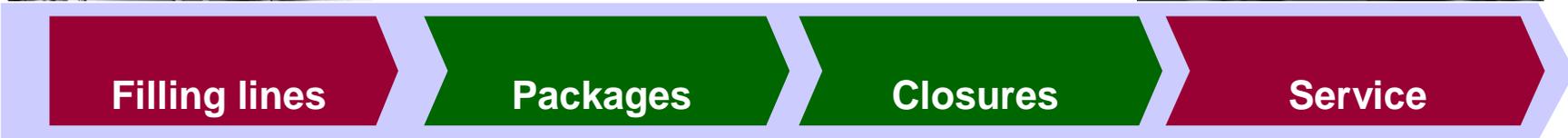
Employees



Carton sales (mill. units)



# SIG Combibloc „Printing Cartridge Business“



**Installed basic systems**

**Amortisation filler / sleeves sales**

**Differentiation**

**No standstills**

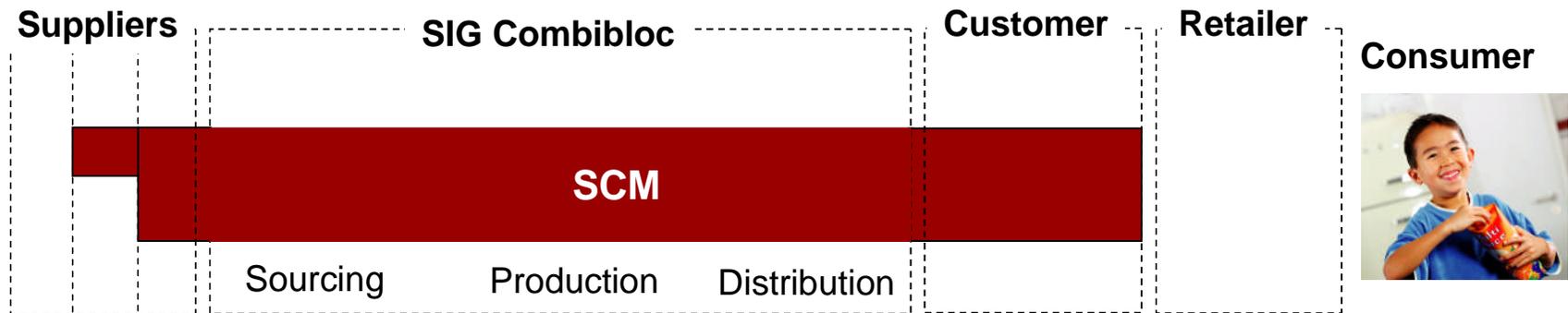
**10% of sales**

**90% of sales volume**

# Scope of Supply Chain Management at SIG Combibloc

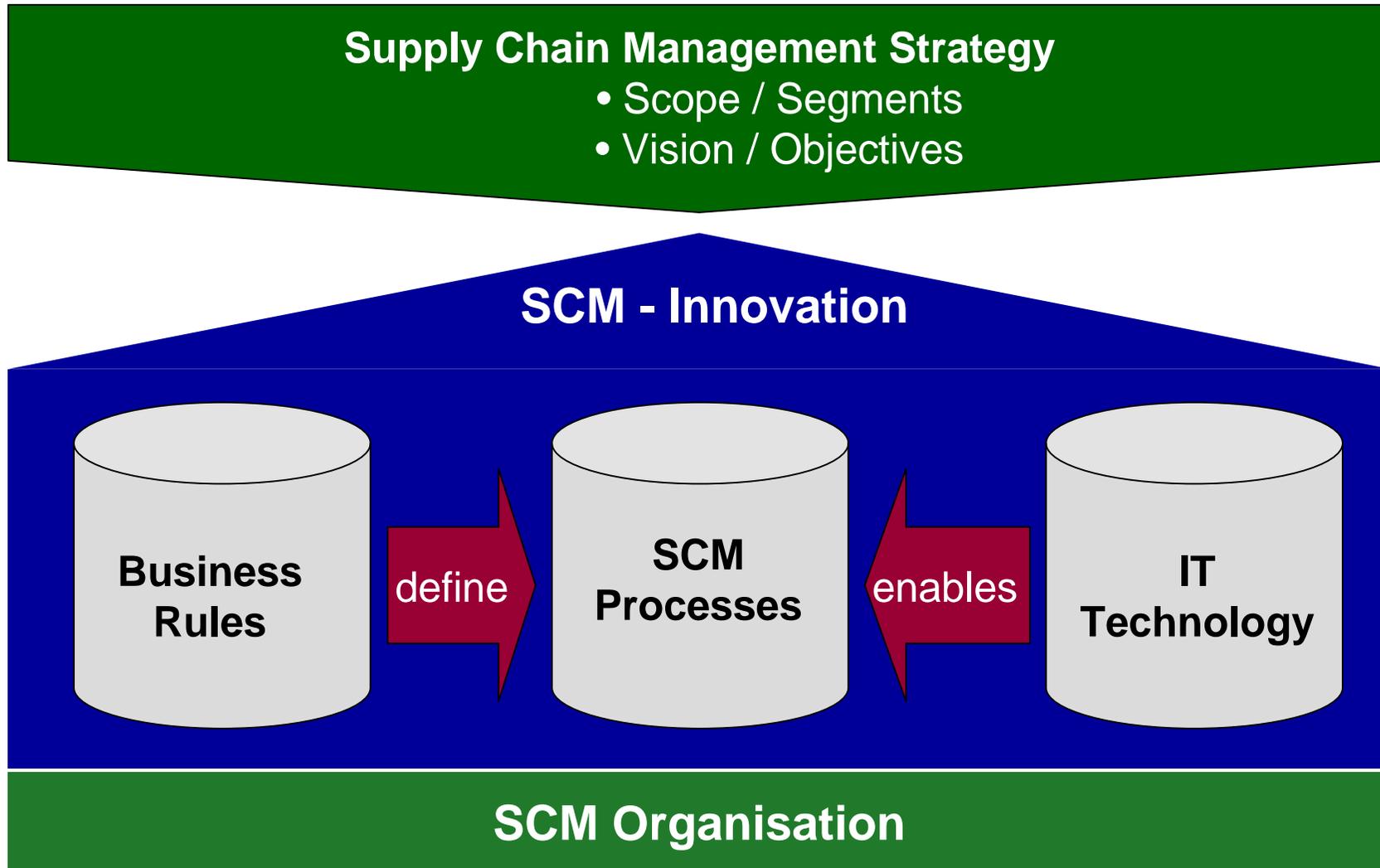


SCM covers Supply Chain from Customers to Suppliers



# 3 Pillars of Supply Chain Management (SCM)

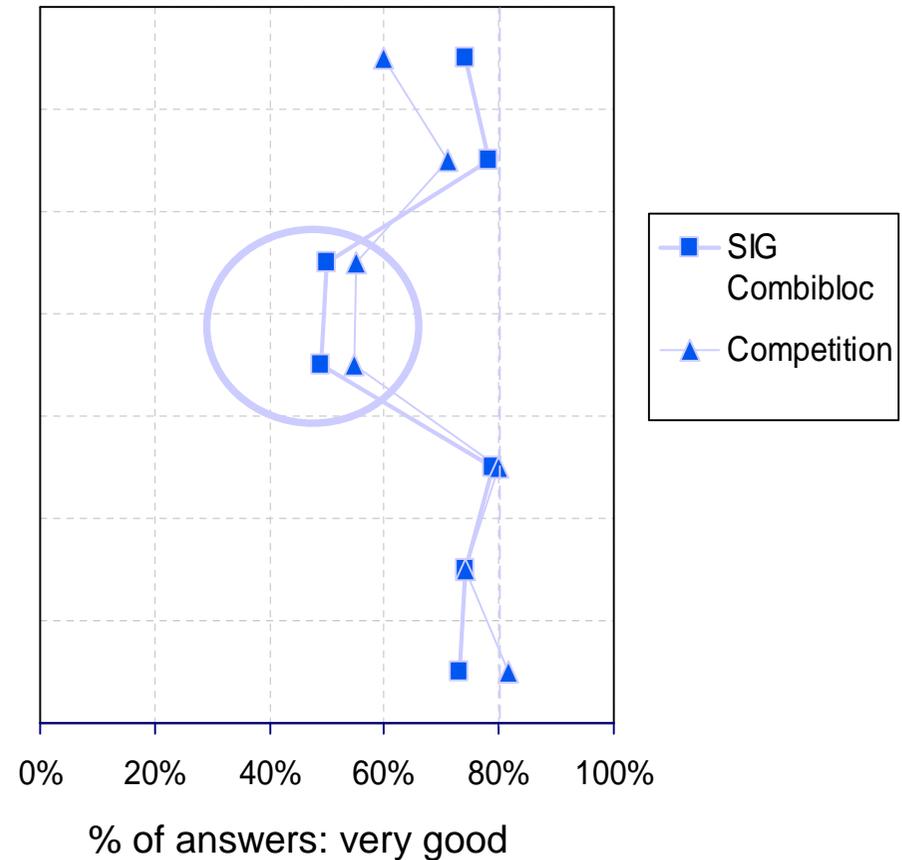
## SCM Organisation as Basis



# Improving SIG Customer satisfaction by reducing lead time and time-to-market

## Competitive advantage SIG Combibloc versus Competition

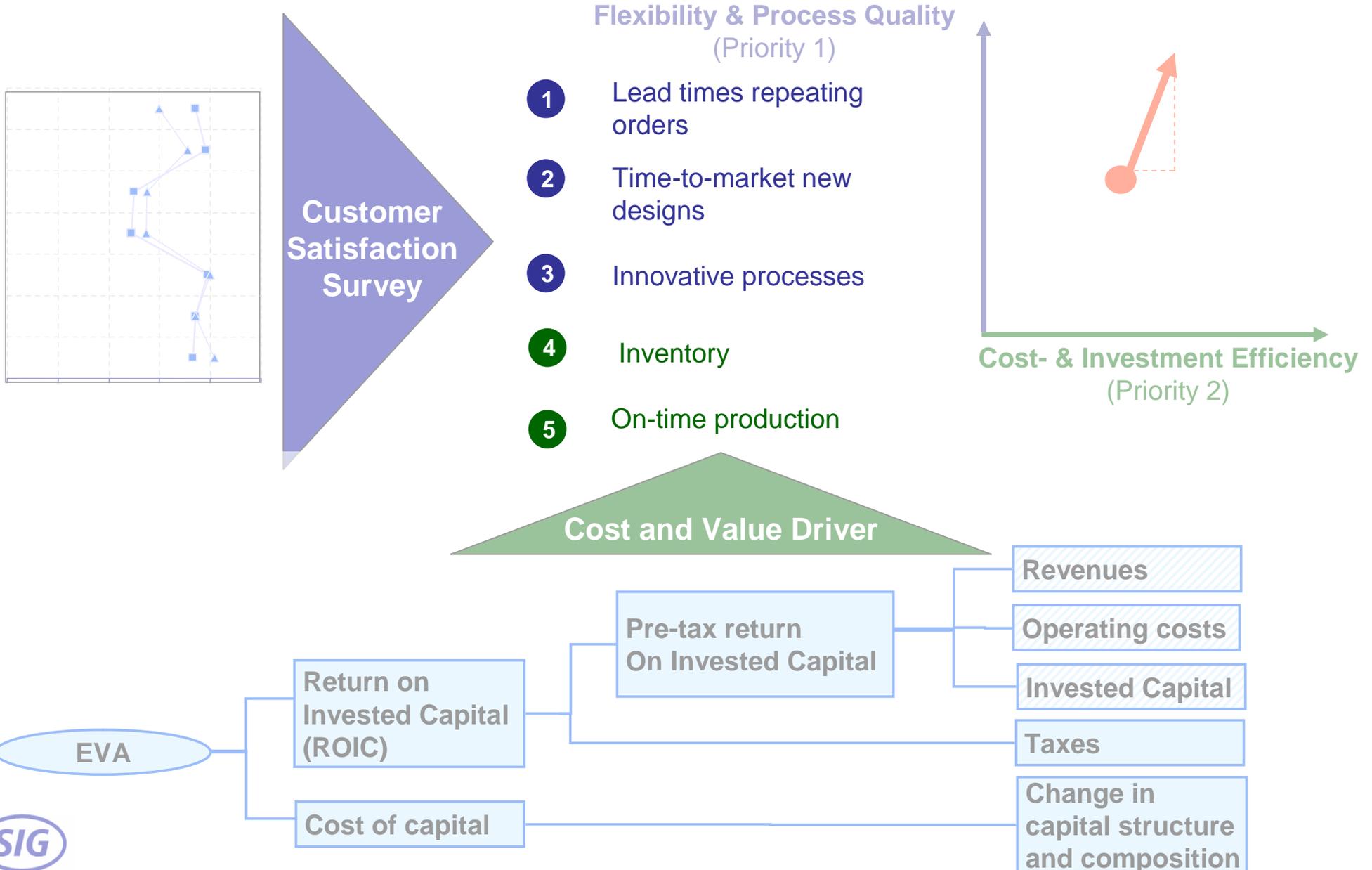
- **Quality of packaging materials**
- **Reliability** of delivery for packaging material
  - **Time to market** of new designs
  - **Lead time** (order to delivery)<sup>1)</sup>
- **Quality of delivered packaging material**
  - **Punctuality of deliveries**
- **Information & transparency** of delivery status<sup>1)</sup>



Source: SIG Combibloc, Market Research Kundenzufriedenheitsanalyse 2002; Roland Berger

# SIG Combibloc – SCM Strategy & Objectives

## Customer Value Orientation as first Priority



# History of SCM at SIG Combibloc

## Where are we?



- July 2002** ◆ **Start of SCM Project Organisation**
- Dec 2002** ◆ **Definition of SCM Strategy & CB-wide Project Organisation**
- 2002 - 2003** ◆ **Implementation of SCM Projects**
  - Customer Integration
  - Supplier Integration
  - Time - to - Market
  - SCM KPI Reporting
- Oct 2003** ◆ **Launch of SIG Combibloc Strategic Roadmap**
- 2003 - 2004** ◆ **Enhancement of SCM Projects by Strategic Objective 8**
  - Forecast Quality
  - Global Capacity Planning
  - Supply Resources
  - Risk Management
  - SCM KPI Controlling
- July 2004** ◆ **Start of Re-engineering SCM Organisation Wester Europe**



# History of SCM at SIG Combibloc

## Where are we?



Jan 2005



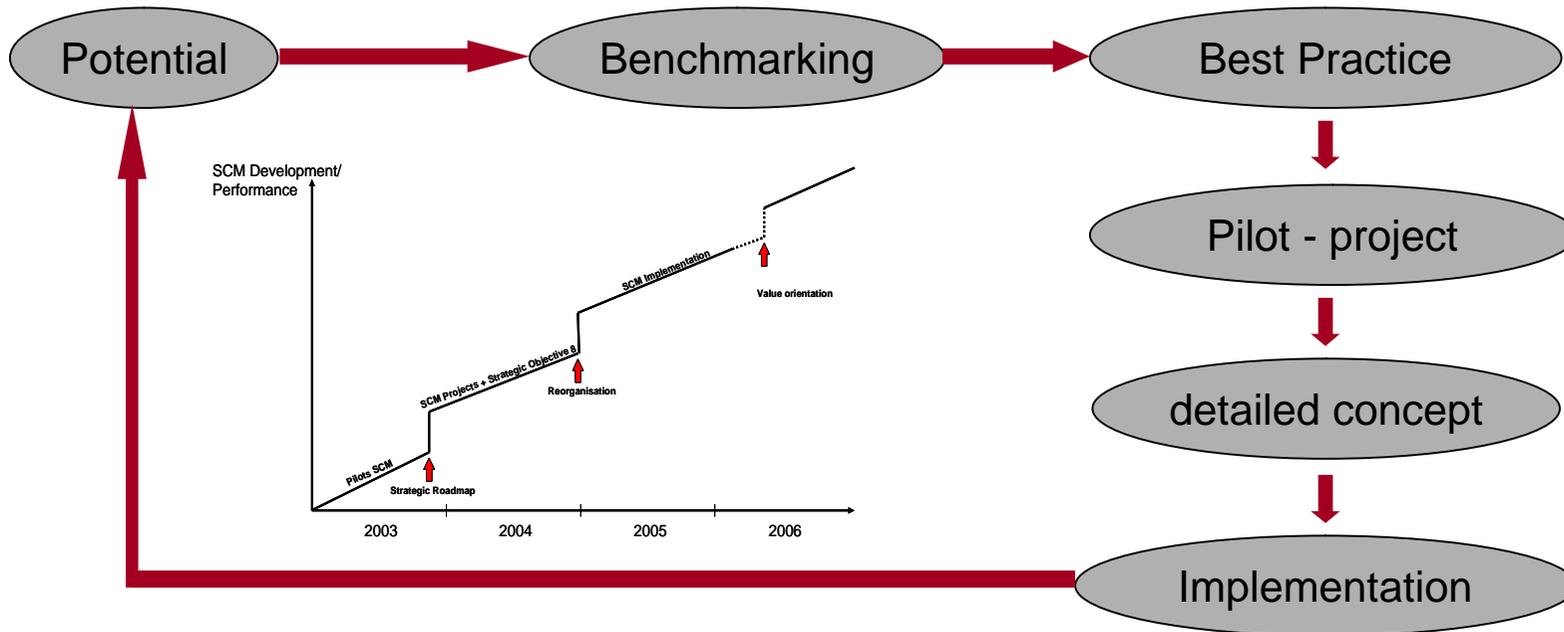
Global Implementation of SCM Organisation in all sites

2005

SCM Implementation (Processes, IT, Qualification)

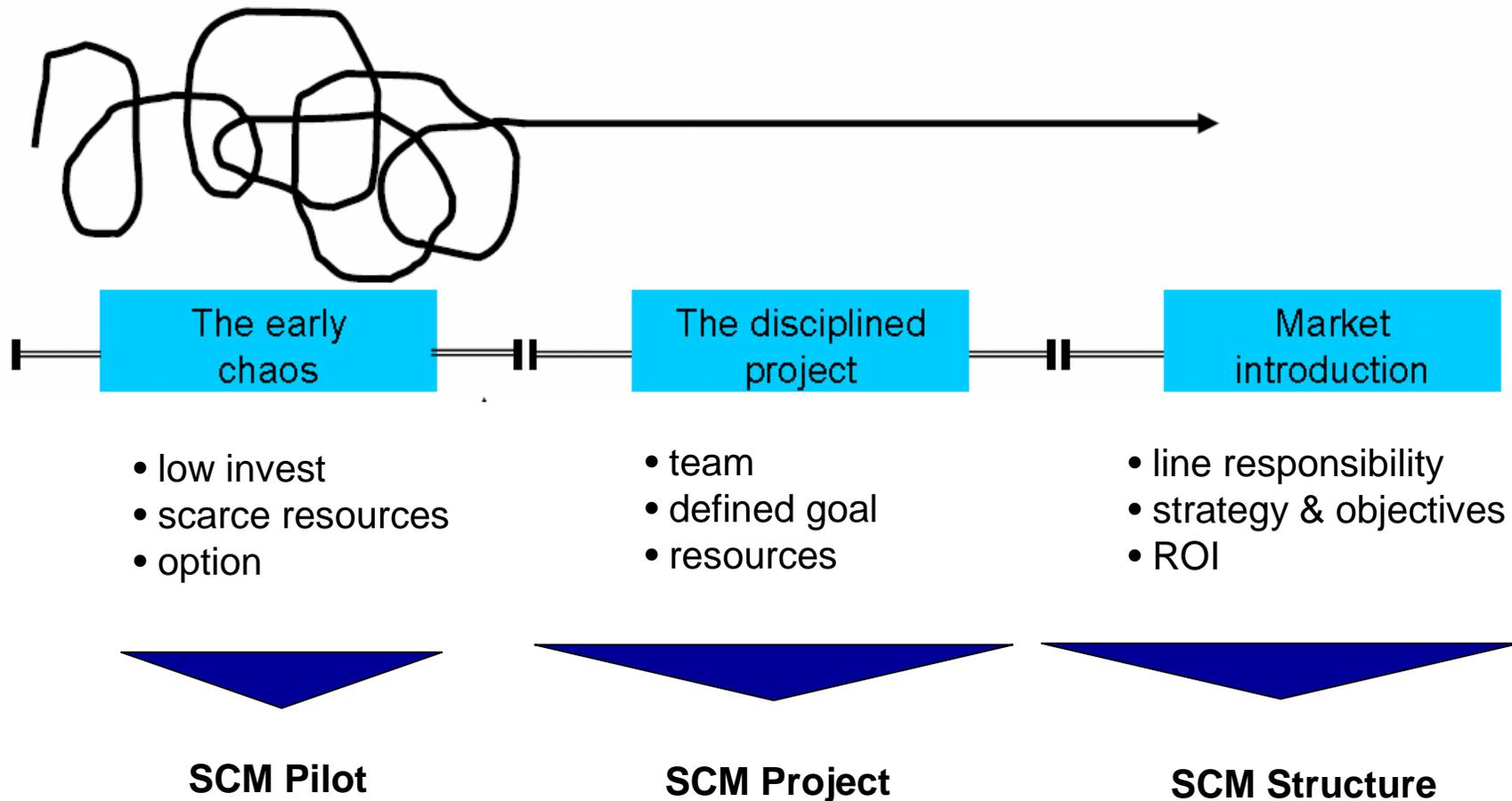
2006 - 2008

Continuous improvement



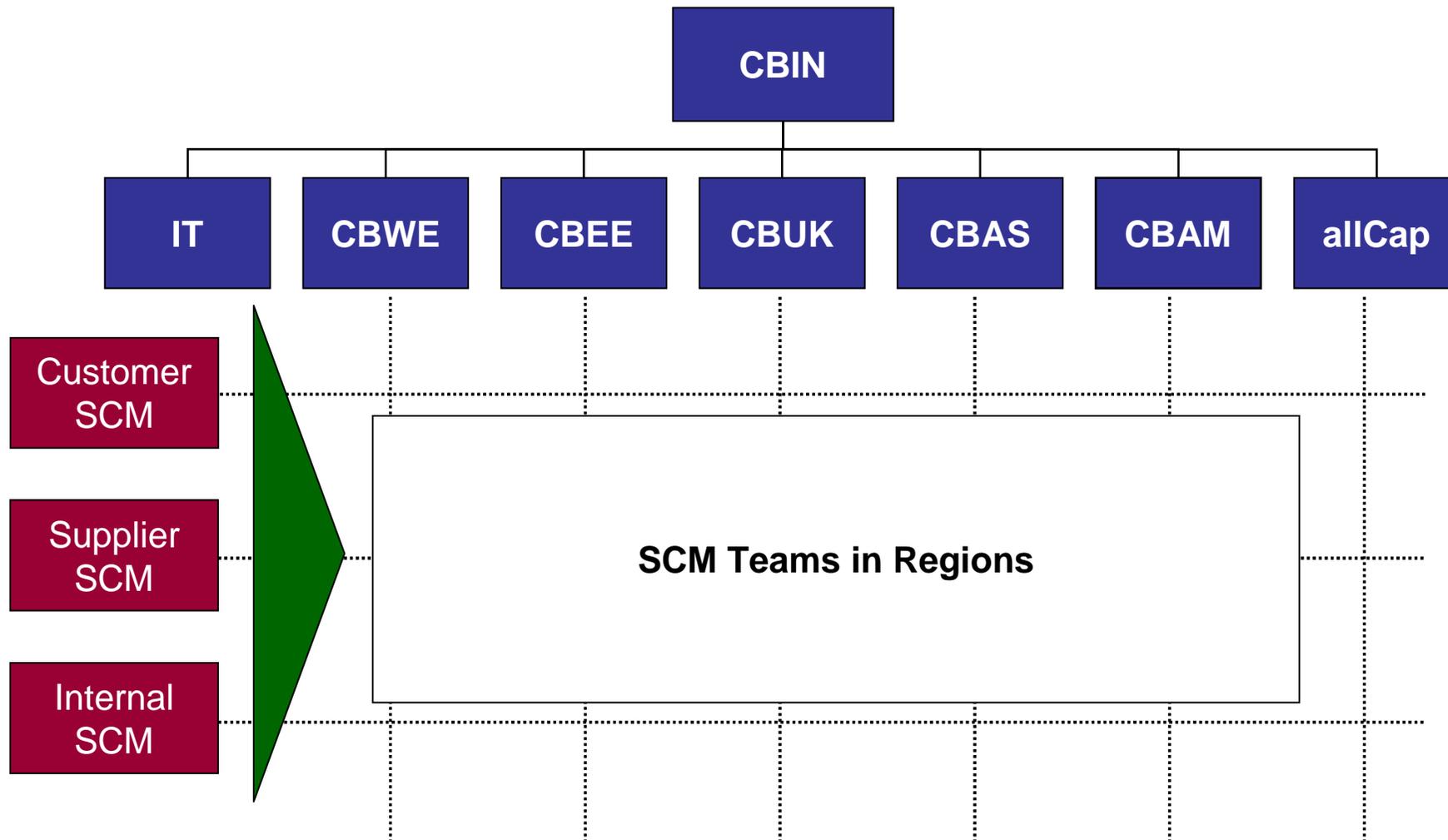
# Development steps of SCM organisations

## From Pilot Project to SCM Structure



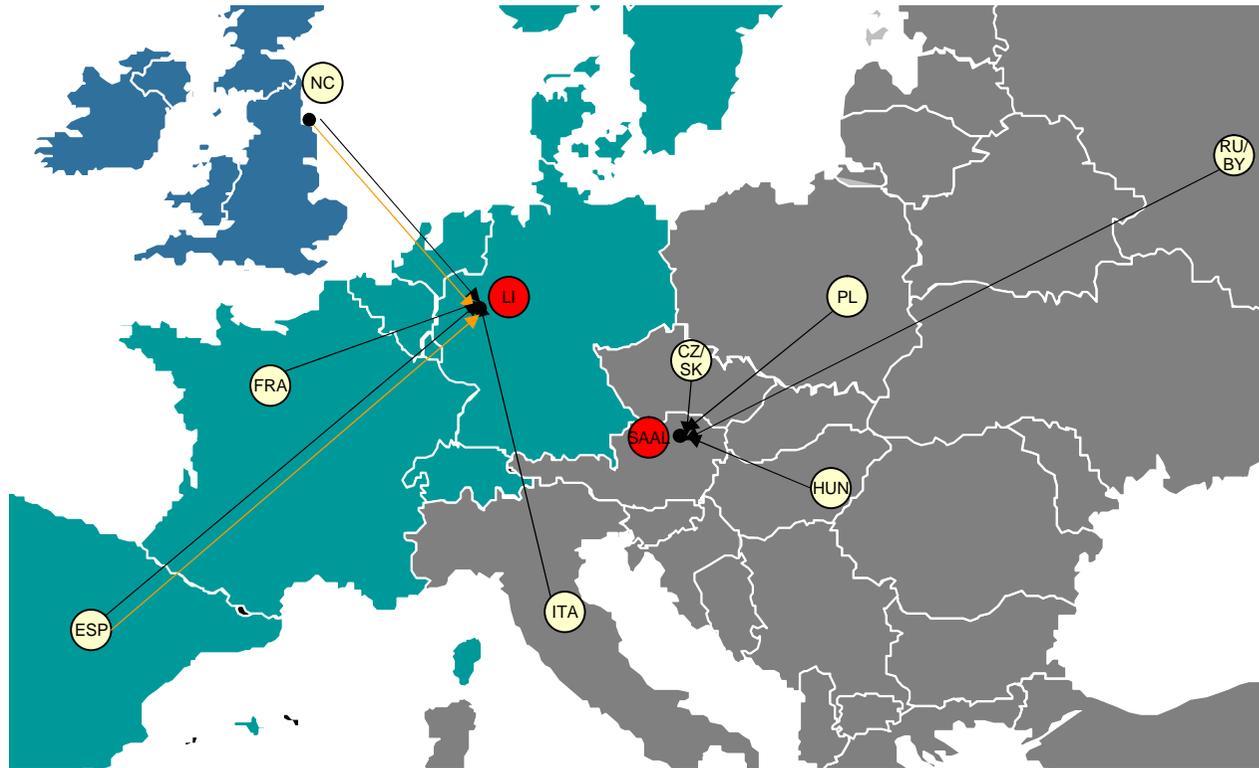
# SCM Project Organisation 2002-2004

Use the experience of the pilot in three SCM modules



# Transfer EU Pre Print & Order Center 2005

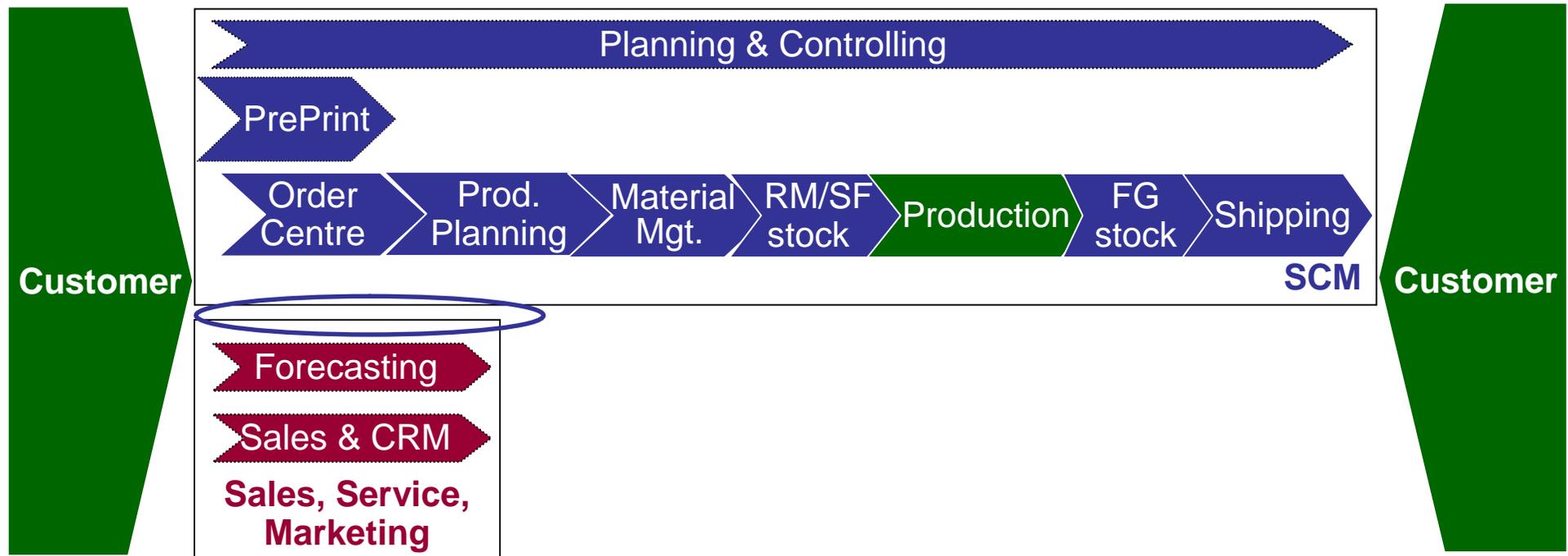
## Concentration of Processes from 10 into 2 Locations



—→ Transfer Order Processing  
—→ Transfer Pre Print Service

# SCM Process Organisation

SCM is responsible for complete Order Fulfillment Process



CRM = Customer Relationship Management

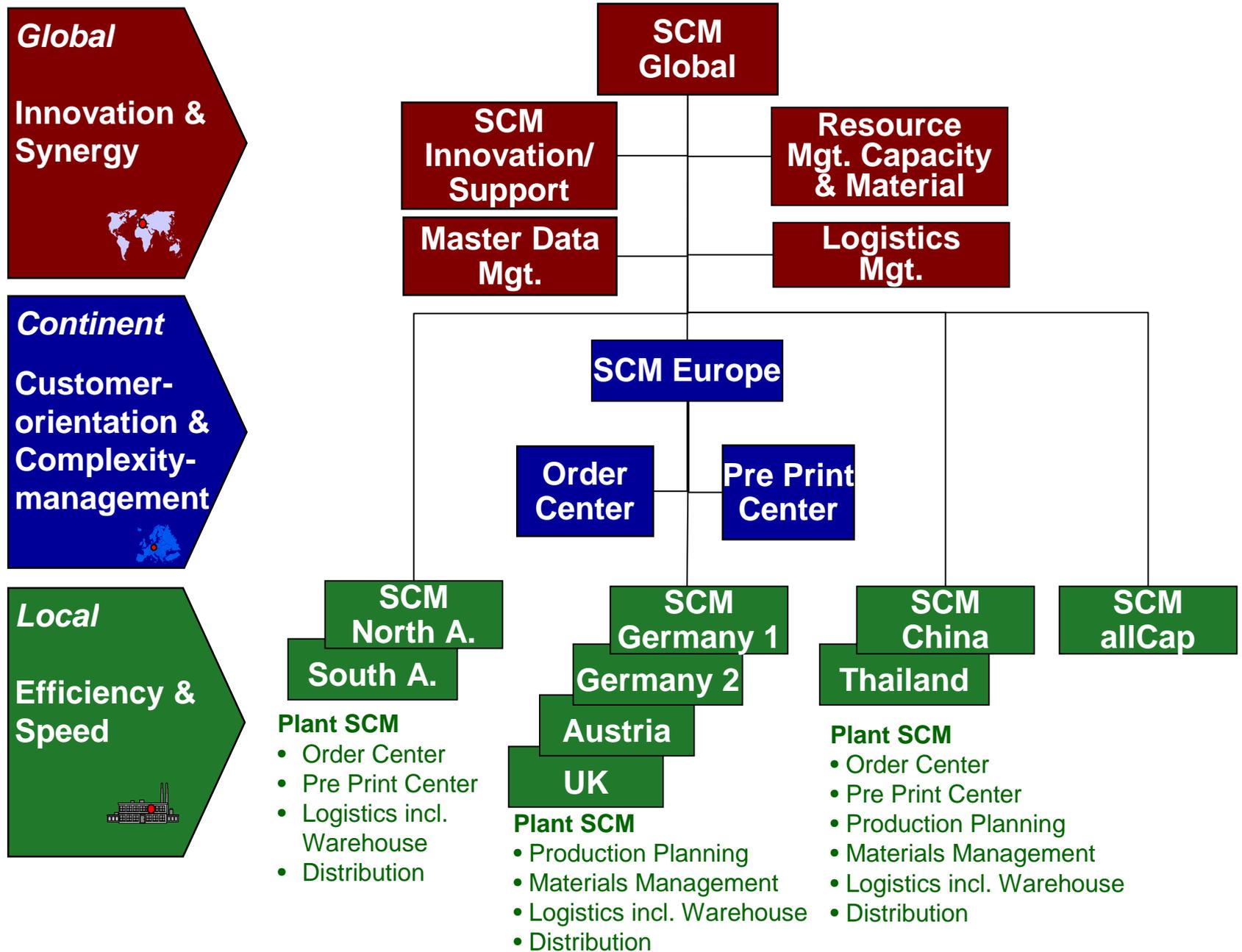
RM = Raw Material

FG = Finished Goods

SF = Semi-finished Goods

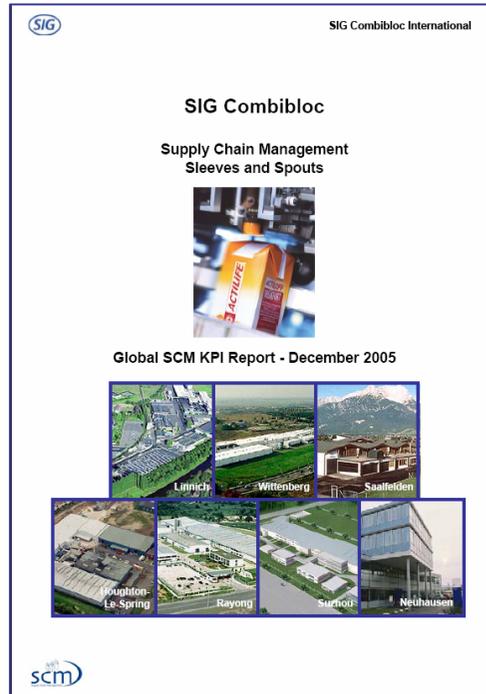
# Global SCM Organisation

Tasks of organisational layers – global, continental, local



# SCM Controlling

Standard KPI Reporting on global, continental and local level



## Critical success factors

- Global standard definition
- SAP as data source
- Specific controlling resource
- Learning curve and step-by-step introduction
- Benchmarking

## SCM Key Performance Indicators (KPI) (Global monthly, local weekly)

### Volumes & Capacities

Production volumes  
Capacity Utilization  
Order Book

### SCM Costs

Cost Center  
Logistics Costs

### Lead Times

Lead Times (Lead Time Capability)

### Time to Market

Correction loops customers  
Claims to suppliers  
On time delivery  
Lead time gross/net  
Test print

### Order Center

Volume e-SIG  
Urgent Orders

### Inventories

Stock levels and – turnover  
(raw material, semi-finished,  
Finished goods)  
Stocks older 30 days

### Production

On time production  
Lot sizes

### Forecast-Quality (MAPE)

MAPE 1  
MAPE 2



# Permanent improvement over the last three years since implementation of SCM Organisation in 2005



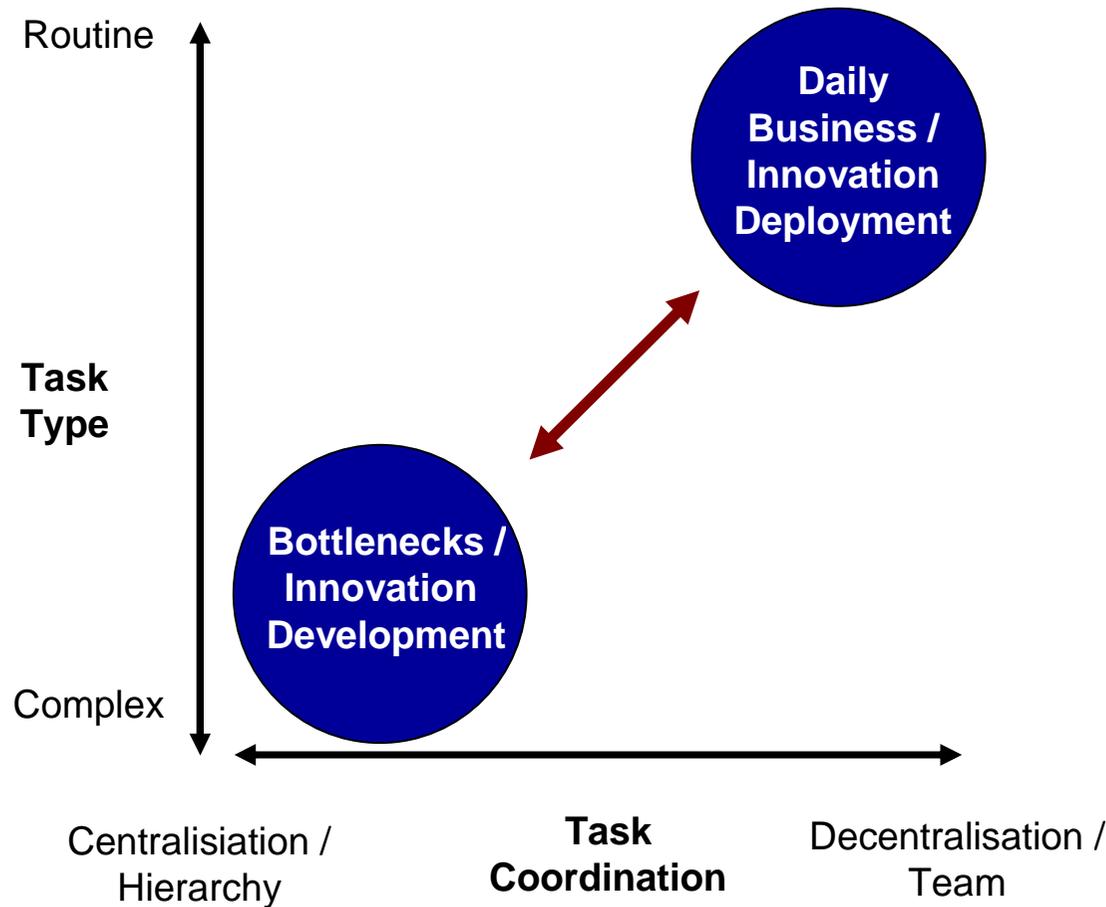
## SCM KPI Development 2004 -2007

|   |                 | 2004     | 2005     | 2006     | 2007     | Δ 2004 - 2007   |
|---|-----------------|----------|----------|----------|----------|-----------------|
| <b>Lead Time Capability</b>                                       | <b>Global</b>   | 3.6      | 2.7      | 2.6      | 1.9      | <b>-47%</b>     |
|   | <b>EU</b>       | 3.5      | 2.7      | 2.7      | 1.9      | <b>-46%</b>     |
|   | <b>Asia</b>     | n/a      | 4.1      | 2.4      | 1.9      | <b>-54%</b>     |
| <b>Time to market (net)</b>                                       | <b>Global</b>   | 20       | 16       | 16       | 15       | <b>-25%</b>     |
|   | <b>EU</b>       | 21       | 17       | 17       | 16       | <b>-24%</b>     |
|   | <b>Asia</b>     | 14       | 11       | 10       | 9        | <b>-36%</b>     |
| <b>e-SIG</b>  | <b>Global</b>   | 10 (11%) | 16 (16%) | 13 (25%) | 15 (28%) | <b>+5 (17%)</b> |
|   | <b>EU</b>       | 7        | 13       | 10       | 11       | <b>+4</b>       |
|   | <b>Asia</b>     | 3        | 3        | 3        | 4        | <b>+1</b>       |
| <b>Inventories Sleeves &amp; Spouts Turnover (YtD 2007=FCST3)</b> | <b>Global</b>   | 16.3     | 17.2     | 18.8     | 16.8     | <b>3%</b>       |
|   | <b>EU</b>       | 23.0     | 26.6     | 28.3     | 31.5     | <b>37%</b>      |
|   | <b>Asia</b>     | 10.9     | 8.9      | 13.1     | 9.6      | <b>-12%</b>     |
|   | <b>Americas</b> | 12.5     | 9.0      | 10.7     | 8.3      | <b>-34%</b>     |
| <b>On-Time Production</b>   | <b>Global</b>   | 93%      | 95%      | 96%      | 96%      | <b>3%</b>       |
|   | <b>EU</b>       | 92%      | 95%      | 96%      | 96%      | <b>4%</b>       |
|   | <b>Asia</b>     | 99%      | 97%      | 99%      | 97%      | <b>-2%</b>      |



# There is no one right organisation

## Organisations have to fit certain Conditions at certain Times



*„We are what we repeatedly do. Excellence, then is not an act, but a habit“*

Aristotle

*„If the ship goes down, the captain does not call a meeting, the captain gives an order“*

P. F. Drucker

- SCM organisations should be based on core processes
- Global SCM needs centralised and decentralised functions
  - centralised functions: to use synergies and to generate SCM innovations
  - decentralised functions: to be close to the market
- Global SCM organisations require extensive key performance controlling

*An organising framework can never be right or wrong,  
only helpful or unhelpful*

John Kay, Foundations of corporate success