



CSCMP
Arizona Roundtable

1st Annual Supply Chain Symposium

November 14, 2007

CSCMP – Enhancing Your Career. Advancing Your Profession.

HIGH-TECH HIGH-SPEED GLOBAL NETWORKED

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THE

WAY

AHEAD

HIGH-SPEED
HIGH-TECH GLOBAL NETWORKED



Transportation Value Propositions

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T H E

W A Y

A H E A D

Agenda

- Assessing the landscape
- Considering what forces stimulate change – how both parties can get more of what they want
- Quantifying your business case

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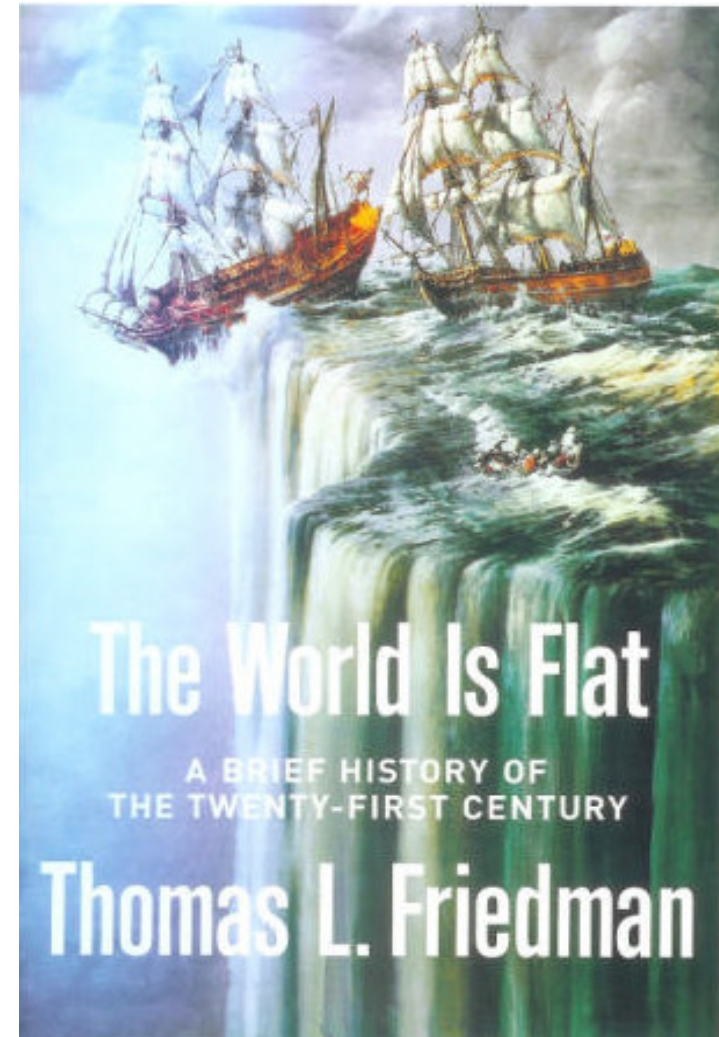
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Landscape – Macro Trends

- Onset of Globalization
- Fast cycle Logistics
- Increase of High Tech High value goods
- Growth of internet and e-commerce



Landscape – The Micro

- Needs assessment – potential customer / potential supplier
- Industry trends
- Perception is reality

- Sellers: ever wonder what would make the potential buyer actually buy something that you are offering?
- Buyers: ever wonder when the sales person will ever stop “pitching” and provide you with something of value?

- Sellers: find out how the buyer defines value, and you may have a “match.” Value \neq Price.
- Buyers: give the seller the chance to demonstrate the “match.” If I’ve got numbers to validate the change that I make, then I’ve made a good decision.

- Beyond the Income Statement
 - Cost items elicit passion
 - “Win – Loose” outcome is common
- Mutual discovery and collaboration builds consensus.
- Agreement on value items can expand the agreement zone.
- Trade-offs, Value Drivers

- Value Drivers – defined
 - Competitive advantage agreed upon by the buyer and seller that can have a \$\$ number associated to it

 - Current / Future state analysis

Value Quantification Analysis

ROA Component and Value Drivers

 VALUE DRIVERS

$$\begin{array}{r}
 \text{Return} \\
 \text{On} \\
 \text{Assets}
 \end{array}
 =
 \frac{
 \begin{array}{r}
 \text{Revenues} \\
 - \\
 \text{Total Expenses}
 \end{array}
 }{
 \begin{array}{r}
 \text{Current Assets} \\
 + \\
 \text{Fixed Assets}
 \end{array}
 }$$

From Income Statement

From Balance Sheet

ROA Component and Value Driver



VALUE DRIVERS

 Reduce order to delivery cycle Reduce order to delivery cycle

$$\text{Return On Assets} = \frac{\text{Revenues} - \text{Total Expenses}}{\text{Current Assets} + \text{Fixed Assets}}$$

From Income Statement

From Balance Sheet

 Reduce order to delivery cycle

ROA Component and Value Driver



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$$\text{Return On Assets} = \frac{\text{Revenues} - \text{Total Expenses}}{\text{Current Assets} + \text{Fixed Assets}}$$

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 Reduce order to delivery cycle



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