

# Brexit: Implications for Global Supply Chains

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# 3 things...

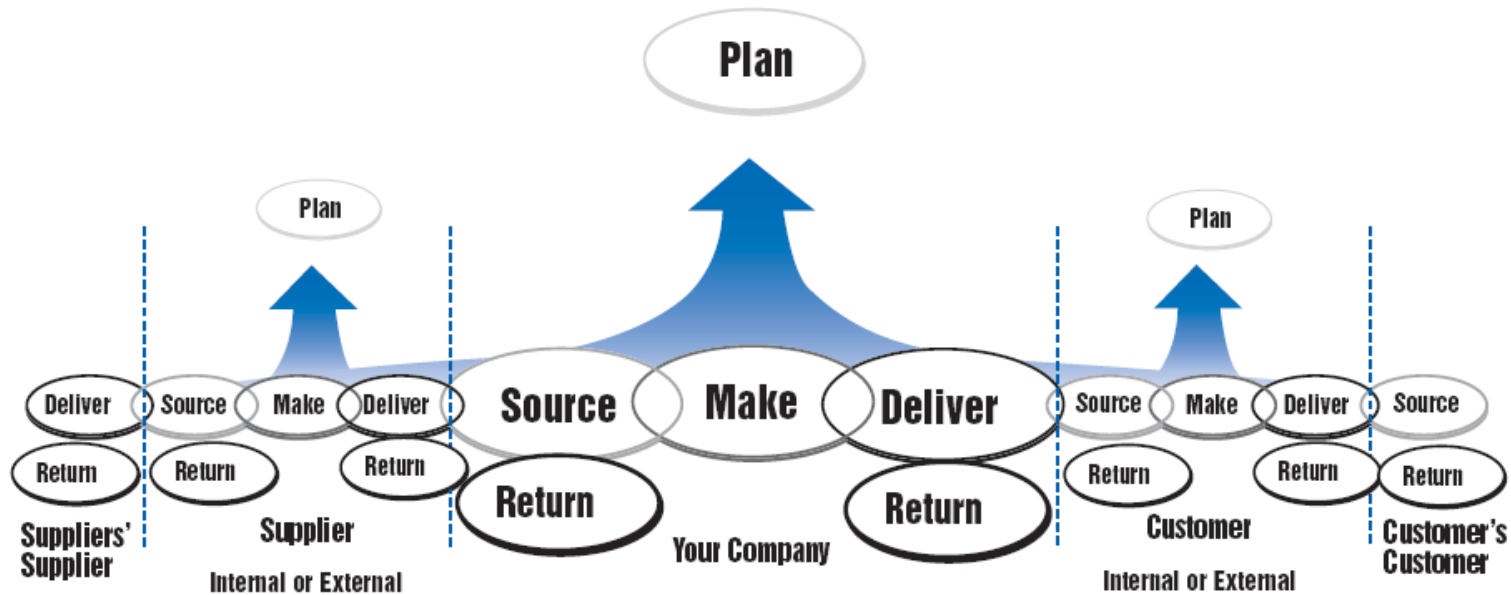
1. Global supply chains
2. Impact of Brexit
3. The opportunity



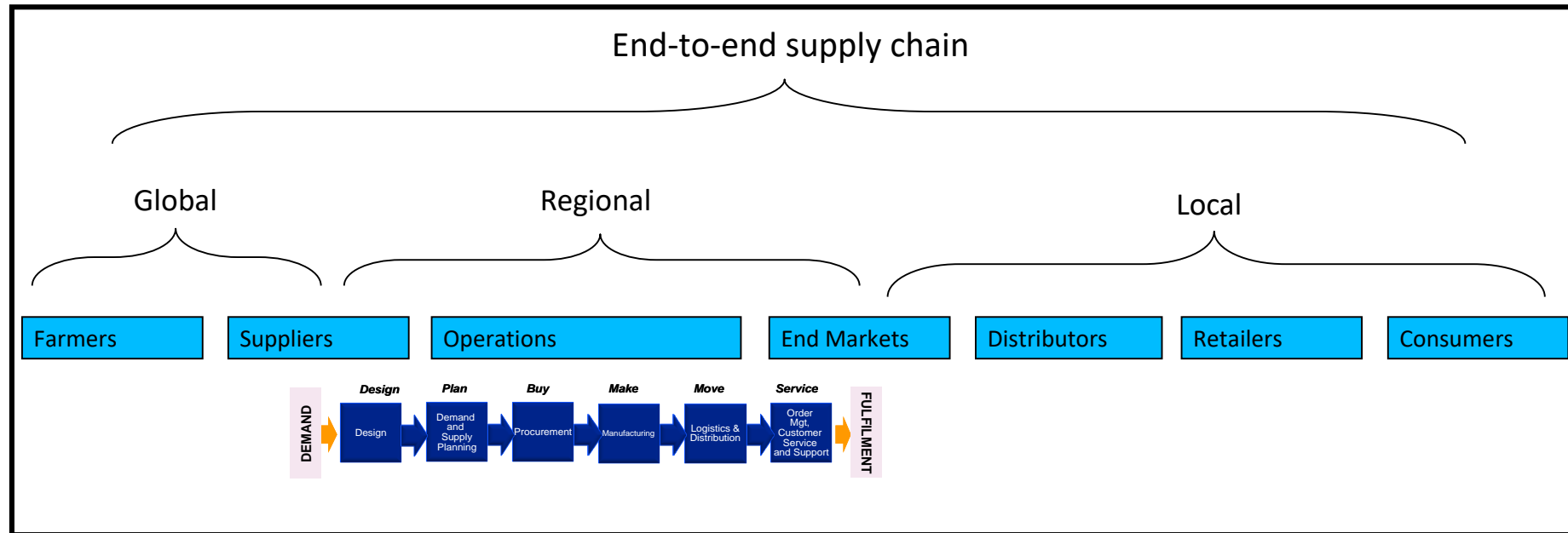
# Term supply chain was first used in 1982...

	Supply Chain	Value Chain
Originator	Oliver and Weber	Porter
Organisation	Booz Allen Hamilton	Harvard University
Year	1982	1985
Focus	Strategic	Strategic
Internal perspective	Holistic	Holistic
Internal scope	Brings together under one strategy the functional areas of planning, purchasing, manufacturing, distribution and sales	Activities that are performed to design, market, deliver and support a product
External perspective		Value chain of an individual firm is part of a broader value system of suppliers, channels and buyers

# Supply chain comprises of 5 core processes...

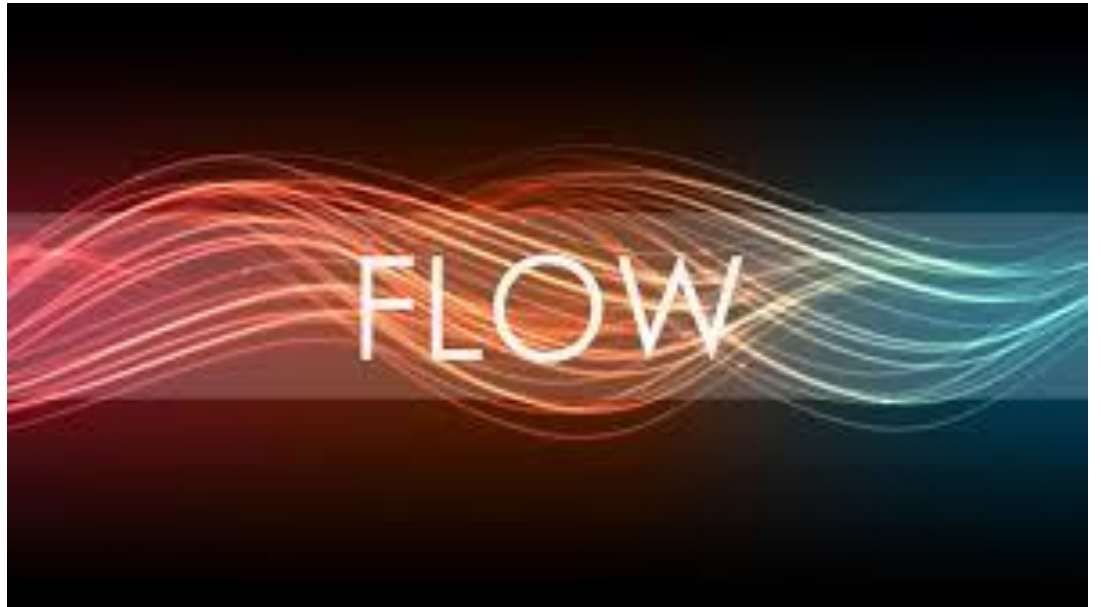


# Reaches beyond the bounds of the firm or country...



*'Competition is no longer company to company, but supply chain to supply chain'*

## 2 fundamental principles of SCM...



**What is the impact of Brexit on these fundamental SC principles?**



PROFIT



LOSS



K





**Brexit can accelerate the supply chain's  
'coming of age'...**



# 1. Adopt a total landed cost perspective...

A **total landed cost** is the **total** price of a product once it has arrived at a buyer's door. The **total landed cost** includes the original price of the product, all transportation fees (both inland and ocean), customs, duties, taxes, insurance, currency conversion, crating, handling and payment fees.



## 2. Enable proactive and dynamic SC network design...



Reconfigure (Timothy Jahn)

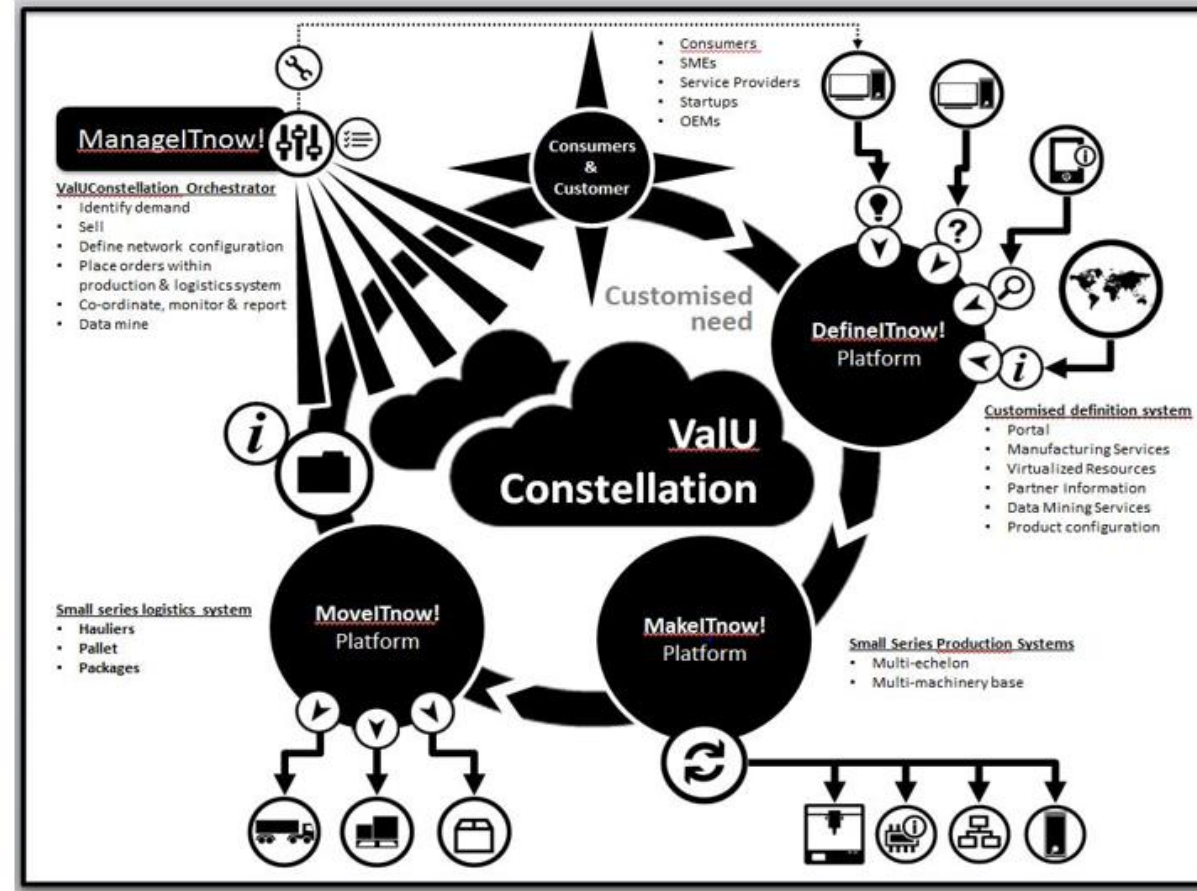
1. What SC assets to have in the network?
2. Where to position the SC assets?
3. What's the ownership / operational model for the asset?
4. Who will manage the network?
5. How will the network remain dynamic and refreshed?

# 3. Support a global SC network design perspective to understand the value add of UK...

<b>Strategic considerations</b>	<b>Business strategy</b> <ul style="list-style-type: none"> <li>• Generic strategy</li> <li>• Growth strategy</li> </ul>		<b>Decision type</b> <ul style="list-style-type: none"> <li>• Internal decision</li> <li>• Customer requirement</li> </ul>	
<b>Operational considerations</b>	<b>Why?</b>	<b>Internal competitive priorities</b> <ul style="list-style-type: none"> <li>• Cost</li> <li>• Quality</li> <li>• Time</li> <li>• Flexibility</li> </ul>	<b>External incentives</b> <ul style="list-style-type: none"> <li>• Tax</li> <li>• Subsidies</li> </ul>	<b>Risk mitigation</b> <ul style="list-style-type: none"> <li>• Cultural distance</li> <li>• Political risk</li> <li>• Social risk</li> <li>• IP risk</li> </ul>
	<b>What?</b>	<b>Product type</b> <ul style="list-style-type: none"> <li>• Finished good</li> <li>• Sub-assembly</li> <li>• Component</li> </ul>	<b>Product heritage</b> <ul style="list-style-type: none"> <li>• Original/Existing</li> <li>• Update or new variant</li> <li>• New product</li> </ul>	<b>Other</b> <ul style="list-style-type: none"> <li>• Remanufacturing</li> <li>• Product volume</li> </ul>
	<b>Where?</b>	<b>Proximity</b> <ul style="list-style-type: none"> <li>• R&amp;D Centre</li> <li>• Head office</li> <li>• Registration country</li> <li>• Main market</li> </ul>		
	<b>How?</b>	<b>Governance</b> <ul style="list-style-type: none"> <li>• Our company</li> <li>• A joint-venture</li> <li>• An existing supplier</li> <li>• An new supplier</li> </ul>		
<b>Impacts on suppliers</b>	<b>Local supply base</b> <ul style="list-style-type: none"> <li>• Local supply base increased</li> <li>• Local supply base decreased</li> <li>• No change</li> </ul>			
<b>Outcome/ performance</b>	<b>Business performance</b> <ul style="list-style-type: none"> <li>• Market share</li> <li>• Market share growth</li> <li>• ROS</li> <li>• ROS growth</li> <li>• ROI</li> <li>• ROI growth</li> <li>• Pre-tax return on assets (ROA)</li> <li>• Customer satisfaction</li> </ul>		<b>Manufacturing performance</b> <ul style="list-style-type: none"> <li>• Cost</li> <li>• Quality</li> <li>• Time</li> <li>• Flexibility</li> </ul>	

...to build UK SC capability where appropriate

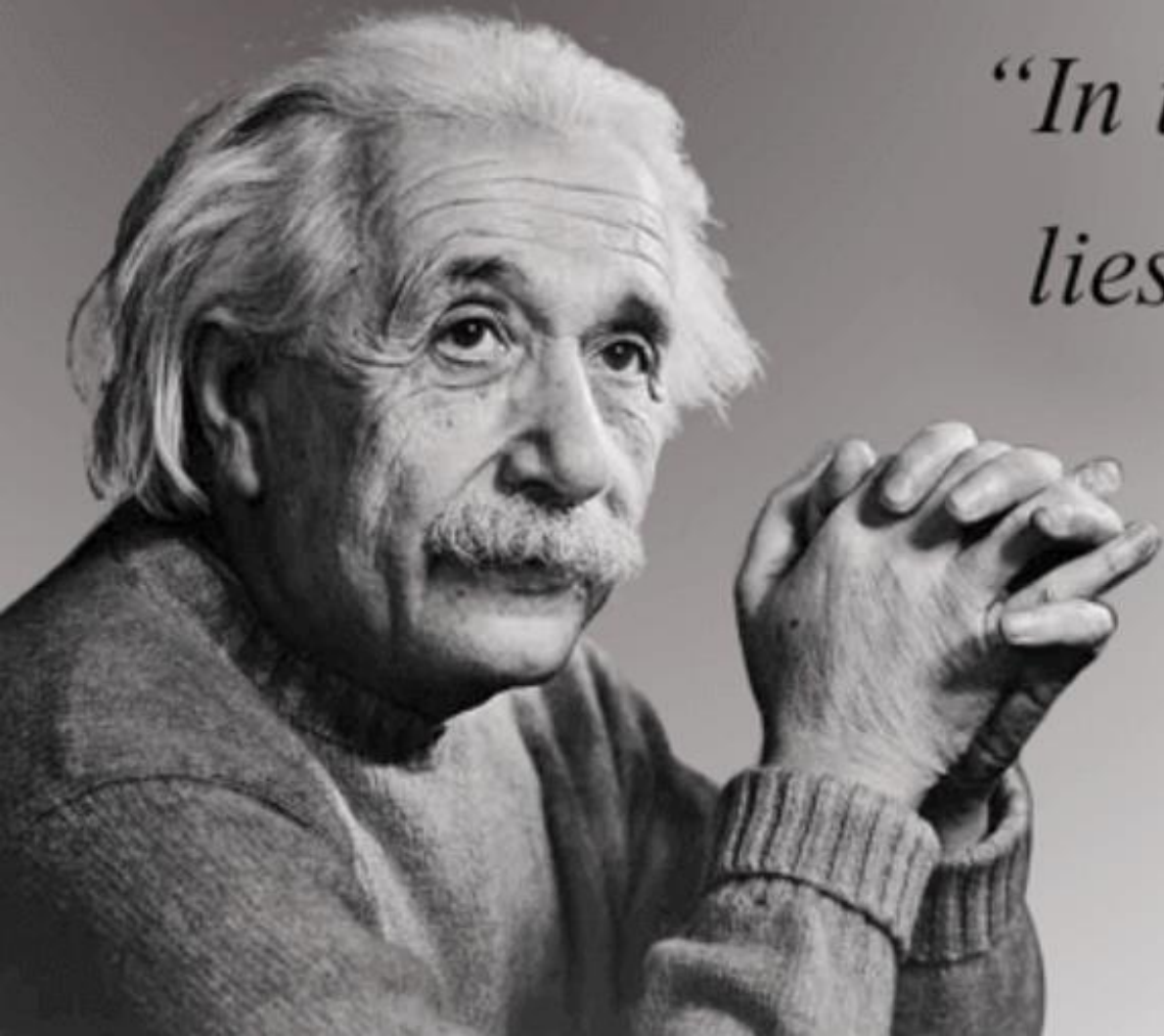
# 4. Provide support for the development of more innovative SC network designs...



# 5. Embrace the opportunity to re-educate the consumer...



...to build more responsible supply chains



*“In the middle of every difficulty  
lies opportunity”*

- Albert Einstein