I am pleased to report that we have taken the next major step in the development of the University of Texas Supply Chain Management (UT SCM) Center of Excellence. On October 1, 2007, Mr. Lamar Johnson will become the Senior Associate Director of the Center.

Lamar has impressive credentials and a wealth of experience. Last year he joined the McCombs School of Business as Executive Director of the Center for Customer Insight and Marketing Solutions (CCIMS) (http://ccims.mccombs.utexas.edu/) after a very successful 34-year career with Procter & Gamble. In his last assignment with P&G, he led the Customer Services and Logistics organization for the US, Canada and Puerto Rico, reporting directly to P&G’s North American President.

In CCIMS, Lamar played a central role in building up this organization by developing and executing a strategic plan that includes partnerships with several major corporations such as Accenture, AT&T, Dell, Frito-Lay.

What motivated you to accept this particular position?

There were two reasons. One, I’m retired and I wanted to give something back to the University; and two, I feel like I can contribute in this area. I spent a great deal of my career working across disciplines, trying to bridge the gaps between them. I gained a lot of experience working on those connections, both internal to P&G and external to third-party logistics.

SCM Q&A: Lamar Johnson, new Senior Associate Director of the UT SCM Center of Excellence

Lamar Johnson, currently the Executive Director for the McCombs School's Center for Customer Insight and Marketing Solutions, has been named the new Senior Associate Director of the Supply Chain Management Center of Excellence. He will work with the Director to help launch the Center, directing and overseeing Center operations such as administrative functions, marketing, fundraising and corporate relations.

A 1970 graduate of the University of Texas at Austin, with a degree in Finance, Mr. Johnson is a 34-year veteran of Procter & Gamble. Following a variety of field sales and sales management assignments, he was tasked with helping develop the logistics role as part of the emerging multi-functional customer team approach pioneered by P&G. His field logistics organization provided the link between the P&G supply chain and that of its customers. Its goal was to improve efficiency in order to drive sales growth and cost/service improvement.

In his final P&G assignment, Mr. Johnson led the customer services and logistics organization for the U.S., Canada and Puerto Rico, which accounted for approximately 55 percent of the company’s global sales, or about $24 billion.

What motivated you to accept this particular position?

There were two reasons. One, I’m retired and I wanted to give something back to the University; and two, I feel like I can contribute in this area. I spent a great deal of my career working across disciplines, trying to bridge the gaps between them. I gained a lot of experience working on those connections, both internal to P&G and external to third-party logistics.
UT SCM Center focused on providing value, building relationships

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Lamar. I hope you will read the Q&A with Lamar on page 1.

Moving forward with the UT SCM Center of Excellence, Lamar and I will develop a three-year strategic plan to build a fully endowed college-wide center of excellence. The plan will leverage up to two million dollars in matching funds committed by Dean George Gau from the McCombs endowment. (See “From the Director” in the Spring 2007 issue for more details.) It will also entail an assessment of the current situation in which we gather input from our constituents (faculty, students and corporate partners) and do a benchmarking analysis.

The ultimate goal is to develop a strategic plan with a vision and center model that can deliver the strongest possible value proposition to all our constituents. Lamar will continue to work with CCIMS, providing the opportunity for a synergistic relationship with a very important “sister” center in the McCombs School of Business.

Another significant event this summer was the hiring of Ms. Diana Busler as Senior Administrative Associate for the SCM Center of Excellence. Diana will provide the much needed support for executing the three-year plan and operating the Center. Diana has strong credentials and great experience from the LBJ School of Public Affairs. For more on Diana, please see the story on page 3.

I believe the Roundtable/Conference that we co-hosted this past May on “Globalization: Sourcing From and Supplying To Emerging Markets” is one key indicator of success as we become a recognized international leader in SCM education and research. Our co-host, the Production Operations Management Society (http://www.poms.org/) is one of the leading international professional societies in supply chain and operations management.

We had guest speakers and panelists from some of the most prestigious academic institutions and corporations in the world. The 150 participants came from 14 corporations, 59 institutions of higher education, 13 countries and four continents (North America, South America, Europe and Asia). This kind of event has impact, and I would like to see the Center host events of similar impact in the future. For more about the Roundtable/Conference, please see the article on page 4.

Due to the transitions in our organization (Consortium to Center) and our programs, especially at the MBA level (see “From the Director” in the Spring 2006 issue), we elected not to host a Roundtable/Conference this fall. Instead, on November 9, 2007 we will conduct a smaller, more focused Advisory Committee meeting. Composed of faculty, students, and corporate partners, the goal of this committee will be to review the MBA curriculum and provide feedback to maximize the program’s effectiveness and relevance, as well as to enhance the attractiveness of McCombs SC and OM MBAs to corporate recruiters. Most of the corporate participants will come from our Consortium companies.

The next UT SCM Roundtable/Conference is tentatively scheduled for May 14-15, 2008. The plan is to conduct a joint conference with CCIMS on a topic that I have wanted us to tackle for some time. It will include both Marketing and Supply Chain executives in a look at best practices, issues and opportunities for holistic product design. It will examine consumer need backward to raw material, as well as the necessity to achieve the optimum balance of sustainability, aesthetic beauty/functionality and low cost. As we formulate the plan for this conference over the next couple of months, I welcome any input.

UT SCM Center Staff

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Fall 2007 Calendar

Thursday, October 4 – Friday, October 5, 2007
Information Management/Operations Challenge

Sponsored by Technology McCombs & Excellence in Operations, this case competition requires teams of first-year MBA students from the McCombs School of Business to analyze a business issue overnight and present a strategic solution to a panel of corporate judges the next day. The case will combine knowledge of Information and Operations Management.

For more information, contact Mary Cosper at mary.cosper@mba08.mccombs.utexas.edu.

Friday, November 9, 2007
7:30 AM – 3:30 PM
Supply Chain and Operations Management MBA Curriculum Review Meeting
Where: McCombs School of Business (CBA), 2100 Speedway, Room CBA 4.304

The goal of this committee is to review the MBA curriculum and provide feedback in order to maximize the program's effectiveness and relevance, as well as to enhance the attractiveness of McCombs SC and OM MBAs to corporate recruiters. For more information, please visit www.mccombs.utexas.edu/scm/events.

If you have questions, please contact Diana Busler at diana.busler@mccombs.utexas.edu.

New UT SCM Center Senior Administrative Associate no stranger to UT Austin

Diana Busler, the new Senior Administrative Associate for the UT SCM Center of Excellence, comes to the center with more than three and a half years experience at the University of Texas at Austin.

For the past two and half years, Diana served as the Program Coordinator in the Office of Development and External Affairs at the LBJ School of Public Affairs. She also served as an Administrative Assistant in the Office of the Dean at the LBJ School.

In 2001, Diana received her B.A. in Communication from Southwestern University in Georgetown, Texas. After graduation, Diana spent two years at Inner Space Caverns in Georgetown, where she performed various roles ranging from tour guide to assistant manager and gained invaluable experience leading large groups.

Originally from East Tennessee, Diana moved to Texas in 1997 to attend Southwestern. She quickly fell in love with the Texas Hill Country and currently has no intention of leaving Austin.

“Joining the UT SCM Center of Excellence is an exciting opportunity for me,” Diana said. “I look forward to building strong relationships with our sponsors, faculty and students. In order for us to become an internationally renowned center, we must understand and address the needs of our constituents.”
Spring '07 SCM Roundtable focuses on challenges of emerging markets

Held in conjunction with the 2nd Conference of the POMS Supply Chain College, this spring’s UT Supply Chain Management Center of Excellence Roundtable attracted some 150 attendees representing 14 corporations and 59 institutions of higher education from 13 countries on four continents. The two-day event on May 7th-8th focused on the twin themes of “Globalization: Sourcing from and Supplying to Emerging Markets.”

The conference kicked off with a tour of the Dell Corporation’s north Austin facility, followed by a reception and dinner at the Dell plant. Ray Archer, Vice President of Operations for Dell Americas gave a keynote address on Dell’s supply chain and sourcing from emerging markets. Archer manages production, remanufacturing and warranty returns of desktop computers, servers, work stations and storage products for Dell customers throughout North America.

Conference activities resumed the following morning at the McCombs School of Business on the University of Texas at Austin campus, beginning with a panel discussion about the previous evening’s theme. Moderated by the Wharton School’s Marshall Fisher, the panelists — Paul Zmigrosky from Frito Lay, Vince Messimer from Shell, Jim Brennan from Motorola, and Michael Mancuso from Textron — addressed sourcing challenges and fielded questions from the audience.

Despite the differences in each company’s individual experiences, the panelists did cite several common outsourcing themes: the necessity of pre-qualifying suppliers and the challenge of quality control, the potential for cultural miscommunications or misunderstandings, the difficulties in dealing with widely varying environmental standards in emerging markets.

“The recent incident involving contaminated pet food from China demonstrates the importance of really getting to know your producers,” said Frito Lay’s Zmigrosky. “That’s why we have put a premium on strong partnerships, as well as ensuring that we have people in the field who visit supplier farms frequently throughout the year.”

“A global policy ultimately means a global standard,” said Shell’s Messimer. “It can be challenging and expensive to implement, but we see it as a priority.”

A number of the panelists also said that although cost efficiencies were usually the chief reasons for companies choosing to outsource production to emerging markets, they were not the only reasons.

“Cost is important, but so is the chance to penetrate a huge potential market like China,” said Textron’s Mancuso. “It also helps provide excess capacity if needed.”

Messimer agreed. “It’s not all about cost,” he said. “We have to ask ourselves, ‘What competencies do we excel in? Where can someone else do better?’”

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Global supply chain management must factor in culture, language, politics

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Following a short break, Professor Hau Lee, of Stanford University’s Graduate School of Business, spoke on the theme of “Structuring the Supply Chain for Emerging Markets.” The co-editor of the new book Building Supply Chain Excellence in Emerging Economies, Dr. Lee called emerging markets the “crossroads” of the supply chain as companies increasingly began to look towards them not only as suppliers, but also as potentially lucrative markets in their own right.

But profitably penetrating those markets is not for the faint of heart, he warned. Foreign companies may face inefficient transportation systems and other logistics “friction,” as well as complex customs or duties procedures and other governmental regulations detrimental to trade.

“In China, for instance, factories are designated by the government as either ‘import’ factories or ‘export’ factories,” he said. “This means that certain products sometimes have to be shipped to Hong Kong, then re-imported into China to be sold there. The result has been the creation of a ‘virtual Hong Kong’ in which the movement only occurs on paper, in theory.”

That kind of creative thinking is a must, Dr. Lee insists. “The complexity of duties can be a hindrance or an opportunity,” he said. “The trick is unbundling distribution to create a menu of services, changing product categorization to minimize cost. To avoid prohibitive tariffs in Poland in the mid-1990s, for instance, it was cheaper to ship the cars into the country without wheels, then assemble them just over the border.”

Another panel discussion, moderated by Georgetown University’s Ricardo Ernst, followed up on Professor Lee’s comments. Panelists included Alois Brandner from Applied Materials, Ken Allen from HEB Grocery Stores, and McCombs Distinguished Teaching Professor Prabhudev Konana.

The panel identified a number of challenges in supplying to emerging markets: significantly lower price expectations from consumers in those markets, transportation challenges, cultural and linguistic diversity, and governmental issues (including political turbulence, corruption and complicated regulatory frameworks), reduced workforce loyalty, and the difficulty of defending intellectual property.

“There is a price for doing business in emerging markets,” said Applied Materials’ Brandner. “We must be a global company with a local presence.”

“Relationships matter,” agreed UT’s Konana. “Blending professional negotiations with personal relationships helps build trust, which is essential.”

And while U.S. companies are justifiably concerned about intellectual property theft, the risk is simply the price of doing business in emerging markets, asserts Konana. “The appeal of the size of the market outweighs IP concerns,” he said. “If you don’t seize the opportunity, a competitor will.”

During a working lunch following the panel discussion,
Roundtable “breakout sessions” identify potential SCM research topics

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conference attendees were split into a number of individual breakout groups to discuss key industry questions and potential research topics related to the overall conference themes. At the final session, the University of Minnesota’s Karen Donohue moderated each group’s presentation of their findings, which included:

• The need for supply chain risk-assessment models. Would it be possible to certify an entire supply chain, just as individuals can be certified?
• What is the best model for managing third parties? Can a generalized model even be created, or is there too much diversity between individual companies, industries and markets?
• When should companies opt for a captive supply chain versus a third-party supply chain?
• In supplying to emerging markets, where is value really created? Is it sustainable?
• How can companies determine the total cost of sales, including end-of-life product issues?
• What is the relationship between macro-economic trade indicators and supply chain management?
• Can a supply chain model take into account currency fluctuations?

To help address these issues and others, the participants recommended a combination of case studies, real-time projects and leading edge coursework. That kind of dialog is exactly the sort of cross-disciplinary, multi-industry approach essential for creating maximum benefit for both businesses and academics, said Douglas Morrice, Director of the UT Supply Chain Management Center of Excellence.

“I think that practitioners and academics benefit greatly from this sort of discussion because it helps to focus in on the pertinent issues.”
- UT SCM Center Director Doug Morrice

In addition to POMS, the McCombs School of Business and the UT SCM Center of Excellence, the conference was sponsored by Applied Materials, Boeing, CardinalHealth, Chevron, ConocoPhillips, Daimler-Chrysler, Dell, Ford, Freescale, Frito Lay, GE, Halliburton, Philip Morris USA, Shell, Temple-Inland, Texas Instruments and Textron.
Five McCombs School of Business undergraduate students were awarded SCM scholarships for the 2007-08 academic year. The recipients are Wei-Lun Tsai, Matthew Anderson, Amanda Gass, Elaine Hsu and Jiacheng Yu. Kimberly-Clark also awarded 2007-08 scholarships to three additional McCombs undergraduates: Rachel Krebs, Michael D. Lee and Lindsey Schmidt.

The students shared some comments about their backgrounds, their hobbies and extracurricular activities, and their future plans:

Wei-Lun Tsai (Supply Chain Management major): “I was born in Taiwan, but moved with my family to South Africa when I was one year old. I lived there for 16 years before moving to Missouri City, TX in 2005. I am a member of the Asian Business Students Association, and enjoy basketball and golf. I plan on working in the SCM field for a year or so before going to graduate school for my MBA.”

Matthew Anderson (Supply Chain Management major): “I am from Canyon Lake, a fairly rural area in the Texas Hill Country. I am among the first in my family to go to college and the first to attend UT Austin. I have been working part-time for an Austin insurance firm, learning the inner workings of business there. After graduation, I hope to first work for a large corporation to get my feet wet and then branch off to start my own company.”

Amanda Gass (Unspecified Business major): “I graduated from Boerne High School in 2006. My senior year, I was the first place flute player in the state of Texas. I am a member of the Longhorn Band and was in the UT Symphony Band last spring. I plan to major in Supply Chain Management with a minor in Management Information Systems. Though pursuing a BBA, I hope to stay involved in classical music in some way for the rest of my life.”

Elaine Hsu (Supply Chain Management/Plan II major): “My family lives in Houston, TX. As a result of my dad working abroad and my Taiwanese heritage, I’ve had the opportunity to travel around Asia and to other places around the world. I’m currently a McCombs Ambassador and a member of the Asian Business Students Association. After I graduate, I’m thinking about supply chain management and consulting. I would like to do something that promotes sustainability, even indirectly.”

Jiacheng Yu (Supply Chain Management major with an MIS minor/Plan II): “I was born in Wuhan, China and moved to Buffalo, NY in 1998. In 2002 I started high school in Arlington, TX. I am Treasurer the UT organization, En Vision, and have also participated in Leadership Education and Progress (LEAP), the Asian Business Student Association and the ABC Residential Hall Council. Next summer, I plan to go to China and research the public educational system in its rural areas.”

Rachel Krebs (Supply Chain Management/Chemistry major): I am from Colorado Springs, CO. I am a member of the Gamma Beta Phi Society and am the Texas Exes Student Chapter Co-Director for Special Events and Rallies. My dream job is to be the materials manager for a chemistry laboratory in the research and development department of a pharmaceuticals company or another company whose products rely heavily on chemical research.”

Michael D. Lee (Business Honors/Supply Chain Management major): I graduated from Klein Forest High School in Houston as salutatorian in 2004. I am the President of Texas Iron Spikes, a service and baseball spirit organization. I am also a member of the Texas Cowboys, a service, spirit and UT ambassador organization. Following graduation in May, I plan on taking the LSAT.”

Lindsey Schmidt (Undeclared Business major): “I am originally from Spring, TX. As a FIG Mentor, I motivate exceptional academic, social, and developmental progress in less experienced students. I also served as Organizations Co-Chair on the Party on the Plaza Committee, responsible for recruiting and organizing approximately 200 organizations. I am currently in the process of declaring a Supply Chain Management major.”
suppliers and customers, and I think there is a lot of opportunity in industry today to learn to work much more closely with those partners.

It’s very difficult to separate today, from a supply chain standpoint, where one company ends and another begins. It’s an exciting time, and I would love to use what 34 years at P&G taught me to help the SCM Center go to the next level.

What stand-out lessons did you learn at P&G?

It’s critical to have clear communication channels, common goals across disciplines and across organizations, and career pathing that bridges discipline lines. And it certainly helps to have people that have had experience in multiple parts of the organization and the supply chain, so that they can really understand the issues associated with each. This is a huge challenge — it’s something that all companies today are trying to figure out how to do better.

Do you have a particular philosophy or perspective on supply chain management?

Supply chain management is really the entire enterprise. The supply chain strategy of a corporation should begin with a go-to-market plan. What is the company trying to achieve in the marketplace? The supply chain plan to deliver that should follow naturally. I’ve seen too many times where a supply chain plan is developed internally, separately from the go-to-market plan. And guess what? There are clashes. The supply chain connects every part of the company and the supply chain officer — the CSO — needs to be an integral part of every CEO’s leadership team and at the table for all long-range planning.

How would you describe your management style?

First on my priority list is to do an assessment of the current situation. You can’t develop a plan unless you really understand the playing field from all perspectives. I plan to talk to as many faculty and partner companies as possible, as well as those who have considered partnering with us but didn’t. I want to understand what they would see as a successful center, and how they would see us getting there.

One of the strengths I’ve had as a leader over the years is the ability to sort through all that feedback — much of it 180 degrees apart — and come up with a strategy that pretty well touches all the bases and delivers on those expectations. Based on my experience with the Center for Customer Insight and Marketing Solutions, we saw that businesses are primarily interested in the most efficient way to get at the best and brightest students, and only distantly interested in influencing longer term research. Faculty, on the other hand, were mostly interested not in the short-term issues, but rather in data and research that they could eventually publish. Despite the differences, though, we found some productive common ground for both parties.

I think the situation is similar in the Supply Chain Center, and part of my role is to help find that common ground. I’m really a customer service person at heart, and I like to make my customers happy. My job is to help identify who the Center’s “customers” really are and what makes them happy — and then work my butt off to deliver satisfaction.

What potential does a center like this have?

The University of Texas at Austin has one of the best business schools in the country, public or private. It’s certainly well-resourced and well-respected, and there is absolutely no reason why any center within the McCombs School shouldn’t be thought of as a benchmark center.

I’ll be disappointed if in three to five years we’re not looked at as place to come learn from. That may be arrogant, but then again... we’re Texas. We should expect that we have a leadership-caliber SCM Center, and that’s the way we should act.