



The Supply Chain Link

Another Successful Semester for SCMC

12 Founding Sponsors, Research Funded, Outstanding Events



From the Director

Professor Douglas Morrice

The University of Texas at Austin Supply Chain Management Center (SCMC) has completed another successful semester thanks to our sponsors, staff, and faculty. I am very pleased that Accenture, Energy Alloys, HEB and Procter & Gamble joined SCMC bringing us to a total of 12 Founding Sponsors. These are four great companies that bring more strength and diversity to our great list of sponsors.

Following our successful symposium in May, we received several strong research proposals related to sustainability, customer insight,

product design, and supply chain optimization. Four projects were funded: two from the McCombs School, one from the Cockrell School of Engineering, and one from the Smeal College of Business at Penn State University.

The November meeting on Sales and Operations Planning featured informative presentations by Professor Larry Lapide from MIT and Sara Park from Heinz. The interactive discussion following these talks identified several topics that will fuel another call for research proposals. Additionally, it provided some insights that we will use for curriculum development in our academic programs.

The Texas MBA program is undergoing the most significant curriculum revision in 15 years. In October, the faculty voted in favor of a

Continued on page 2

SCMC Vision 2010: Strategy is Making Progress!

By Lamar Johnson

In our last newsletter, we summarized the Center's strategic plan which was launched at our May Advisory Council meeting. At our November meeting, we reviewed our results after six months. In that short time, we have made excellent progress. Here are the highlights for each of our three constituencies:

Faculty:

Our goal is to enable research in each discipline within the McCombs School of Business and leverage cross-functional research and collaboration. Through a combination of our May symposium on sustainable/holistic design and synergistic efforts with the Department of Information, Risk, and Operations Management, we funded research projects in three McCombs disciplines (supply chain, management and marketing), as well as at the University of Texas

Cockrell School of Engineering and Penn State University. We are proud to have attracted proposals from outside the McCombs School, as it is in keeping with the cross-functional purpose of our Center.

We also facilitated site visits for faculty to discuss potential research and practicum projects with our sponsors and welcomed Professor Sridhar Seshadri as the first SCMC faculty fellow.

Students:

Our focus on students as constituents is a key plank of our strategic plan and differentiates SCMC from other centers. We have made major strides in partnering with the MBA and BBA student organizations. We increased the number of SCMC undergraduate scholarships from five to six, funded Ph.D. and MBA travel to

Continued on page 8

In This Issue

From the Director

SCMC Vision 2010

Research & Collaboration

Q&A: Texas Instruments

S&OP Roundtable in Review

Symposium Research Funded

Student Highlight Update

SCMC Travel Support

SCMC Faculty Fellow

2008-09 Scholarships

From the Director: MBA Curriculum Revision, Top 10 BBA Program

Continued from page 1

streamlined core in which students will finish most of their core course requirements in the fall semester of their first year. This move creates opportunities for more MBA elective courses. Based on our faculty expertise and insights gathered from our SCMC sponsors, recruiters, students and other top programs, we intend to offer electives in supply chain management, project management, service management, and pricing and revenue optimization.

In one of the most comprehensive and respected rankings of undergraduate programs, our Supply Chain BBA program placed in U.S. News & World Report's top 10 for the first time <http://colleges.usnews.rankingsandreviews.com/college/spec-manage-logistics>.

SCMC Gains Traction with Research & Collaboration

By Michael Hasler

In the past six months, the Center's efforts have gained traction and begun to deliver results that match up with the goals of our strategic plan.

Our focus for faculty is to utilize roundtable discussions to produce questions suitable for research. Following last May's sustainability symposium, three areas for research were identified. In June, SCMC and the Center for Customer Insight and Marketing Solutions issued a joint call for proposals. Several proposals were submitted and four were funded.

Our next call will focus on issues surrounding the topic of our November roundtable, Sales and Operations Planning. We expect to begin soliciting proposals early this spring.

Our focus for the students includes facilitating the development of a strong undergraduate student organization and growing the undergraduate supply chain management major at the McCombs School of Business. As part of this effort, the Center is working closely with the Supply Chain Management Student Organization (SCMSO), the undergraduate

While I believe all rankings are far from perfect, I am thankful for this level of national recognition. I strongly believe that our program rivals any program found in the top 10 based on the strengths of our faculty, students and corporate partners.

Never being satisfied with the status quo, we started another curriculum revision this fall which we hope to complete later this spring and implement in fall 2009.

As we continue to develop the supply chain program at McCombs, we hope you can actively participate and fully utilize your relationship with the SCMC. We look forward to seeing you at future events.

student group, to promote the supply chain management major to undeclared students.

On February 19, SCMSO held a "Supply Chain Carnival" to give undeclared students an opportunity to participate in games, compete for prizes and learn more about supply chain management as a major and a career choice. Center sponsors were invited to participate as subject matter experts. In the different booths, they answered questions and explored various aspects of the supply chain function: logistics, supplier development, negotiation, etc.

This event was a terrific opportunity for our sponsors to help increase the pool of supply chain talent in the years to come. Our goal is to graduate about 50 supply chain majors a year, which means we need at least 100 students in the major. We believe this first-of-its-kind event will help us toward that goal.

Many of our sponsors have shared that quality access to our students is one of the primary reasons they are involved with the Center. The carnival focused on enabling direct interaction, promoting the supply chain function and growing our supply chain program.

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Q&A with Texas Instruments

An Interview with Kermic Powell, Education Technology End-to-End Planning Manager

What is your role at Texas Instruments?

I lead the End-to-End Planning Department for TI's Educational Technology Business. Our responsibilities include DEVELOPMENT of DEMAND PLANS and MANAGEMENT of RESOURCES in support of that anticipated DEMAND.

What supply chain backgrounds do you bring to your current role?

My experiences have involved MATERIAL-PLANNING & PRODUCTION CONTROL for internal Manufacturing Operations, Supplier Interface with external suppliers, and Warehousing, Logistics and Distribution activities.

How important is supply chain improvement to Texas Instruments' overall future success?

Inasmuch as available inventory is crucial to customer-satisfaction and cost-of-inventory is a highly significant cost to our business, continued improvement in managing inventories and improving demand-forecasting is a MUST.

Is your supply chain organization larger or smaller today than 5 years ago?

It is a smaller organization today than five years ago and we have more effective processes and systems than we had then. We also continue to increase levels of collaboration across the business and to assure greater understanding of changes and their implications.

Do you expect your supply chain organization to grow in size and/or importance over the next 5 years? Why?

My expectation is that contributions required of and delivered by the organization will increase in significance as we learn to provide increasing levels of customer service / on-time product-delivery with inventory levels that grow at significantly lower rates than customer demand. I also expect the size of the operation to exhibit significantly lower growth than the

growth in service-level provided. In short, we need and expect increasing productivity from the Supply Chain.

Do you expect your supply chain leaders of the future to require different skills than today?

I expect future supply chain leaders will continue to expand their understanding of the ENTERPRISE PRIORITIES as part of the effort to provide better, more cost-effective support of those priorities. I see those key skills as the same as required today. Strengthening these skills earlier in careers will distinguish potential leaders.

What are you doing internally at Texas Instruments to address the need?

We look for people with OPERATIONS interests, collaborative skills, and eagerness to excel. We then provide challenging opportunities, systems, and training to contribute to improving processes and attaining results.

How do you see academic institutions helping you? What do you believe they will need to do differently to develop tomorrow's leaders?

In addition to the classroom curriculum, I believe that exposure to industry as part of the academic experience adds value. A number of years ago we had the opportunity to hire MBA students as summer interns and to have them work among our professionals. The experience was good for us and for them and we were able to hire one full-time after completion of the masters. Our assessment was that the summer experience shortened his "time to contribution". It helps tremendously when "time in the field" is part of the educational process.

Do you see a role in future leadership development that the Supply Chain Management Center can play? If so what?

I think that exposing the students to work environments and keeping Industry involved in

Continued on page 8

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Sales & Operations Planning Roundtable in Review

By Diana Busler

The concept of Sales & Operations Planning (S&OP) processes is not new. Many companies implemented some form of S&OP more than 20 years ago. Since then, supply chains have become more complex involving global sources and markets, longer supply lines, and more short-life-cycle products. This emerging complexity is leading to a resurgence of interest in S&OP and resulting in the revision of current processes. On November 7, 2008 the Supply Chain Management Center of Excellence (SCMC) hosted a roundtable focusing on S&OP processes.

The keynote presentation “Improving Your Sales and Operations Planning Process” was made by Dr. Larry Lapide from MIT. Dr. Lapide is the Director of Demand Management at the MIT Center for Transportation and Logistics. He is a recognized leader in supply chain technology, a frequent presenter at supply chain events and an author of numerous publications.

According to Dr. Lapide, S&OP is a routine, tactical process that aligns supply and demand plans. This alignment is necessary in an integrated supply chain and helps ensure product availability with minimal waste and inefficiency. S&OP is typically driven by a baseline forecast predicted on a pre-defined demand plan. Outdated processes are operations-oriented, internally-focused and technologically challenged. They are not Marketing and Sales friendly, do not leverage organizational capabilities and lack adequate process-based performance metrics.

A successful S&OP process includes cross-functional participation, routine and structured meetings between decision-makers, an unbiased baseline forecast, and internal collaboration that leads to accountability and consensus. There is a frequent imbalance in functional participation and accountability. In turn, forecasting and planning hierarchies should be leveraged in baseline forecasting and the incorporation of market intelligence.

Dr. Lapide also presented a case study focusing on overall S&OP process design and forecast/planning hierarchy development.

The company success story “One Number Forecasting” was presented by Ms. Sara Park from Heinz North America. Ms. Park is the Senior Manager of Forecasting and Demand Planning. She is responsible for managing monthly forecast consensus process with Marketing and Sales, overseeing weekly demand plans, and maintaining the highest accuracy levels possible.

One-Number Forecasting is the use of one number to drive front-end business planning and the supply chain through constant communication and monthly consensus meetings to enable Integrated Business Planning (IBP). This process evolved from the need for an objective forecast that can be used consistently to drive all functions throughout an organization. IBP depends on four fundamentals: forecasting/demand planning, supply planning, volume and mix. Forecasting/demand planning is always the starting point for effective IBP.

With this process, all planning is based on the same forecast, all assumptions are agreed to, and there is clear accountability throughout the company. It is important to manage expectations at the right level, build in contingencies at the right places, and measure the right metrics to drive the right actions.

Both presentations emphasized the need for an unbiased process that is consistently followed, cross-functional collaboration and accountability, regular meetings, and process-based performance metrics. The day concluded with a group discussion on “What Works and What Doesn’t” led by SCMC Associate Academic Director, Michael Hasler.

The day’s presentations are available in the Sponsors Only section of the SCMC Website <http://www.mcombs.utexas.edu/scm/sponsors/presentations.asp>. If you have difficulty logging on, please contact Diana Busler.

Our next roundtable will focus on Supply Chain Metrics and Risks and is scheduled from 8am - 2pm on Friday, April 17 at the McCombs School of Business. This topic was chosen through input from SCMC sponsors.



Dr. Larry Lapide



Ms. Sara Park

Sustainability Symposium Research Funded

Following the May 2008 symposium on “Achieving Customer Impact by Balancing Environmental Intelligence, Supply Chain Optimization and Product Design”, the Supply Chain Management Center of Excellence and the Center for Customer Insight and Marketing Solutions (CCIMS) jointly issued a call for research proposals.

The symposium addressed challenges and current practices for the general problem of aligning supply chain design and incentives with environmentally intelligent product design. Subsequently, a group of symposium participants and organizers collectively identified three specific areas of further study: Product Design for Multiple Lifecycles, Positioning and Demand Generation for the Green Marketplace, and Aligning Supply Chain Incentives.

Faculty and doctoral students in the McCombs School of Business and the Cockrell School of Engineering, as well as symposium participants were invited to submit research proposals. Proposals that fostered cross-disciplinary collaboration were encouraged.

SCMC sponsors will have the opportunity to read the project results before they are published. Final reports are due by October 31, 2009 and will be posted on SCMC’s Web site.

Nine proposals were received. Of those, four were selected:

V. Daniel R. Guide, Jr.

“Towards understanding consumer attitudes and perceptions of remanufactured consumer goods”

Daniel is an Associate Professor in the Department of Supply Chain & Information Systems at the Smeal College of Business, The Pennsylvania State University.

Jake Brower

“Consumer Evaluations of Products with Ethical Attributes”

Jake is a Ph.D. student in the Department of Marketing at the McCombs School of Business. He is working with Michael Luchs, Assistant Professor at The College of William and Mary.

David Chandler

“Little Green Lies: The Strategic Use and Abuse of Symbolic Behavior”

David is a Ph.D. student in the Department of Management at the McCombs School of Business.

Cassandra Telenko

“Flexible Product Design for Multiple and Concurrent Life Cycles”

Cassandra is a Ph.D. student in the Department of Mechanical Engineering at the Cockrell School of Engineering, The University of Texas at Austin.

Student Highlight Update: Gene Huang BBA '08



In our last newsletter, Gene Huang, a supply chain major in the Engineering Route to Business program, was highlighted after he spent a semester at Shanghai Jiao Tong University. After graduating in May 2008, Gene began working at Texas Instruments (Dallas) as a DLP Operations Specialist. He is the business planner for the DLP product group.

SCMC Supports Student and Faculty Travel

SCMC is committed to helping students and faculty present their works, research and talents to audiences beyond The University of Texas at Austin. In fall 2008, the Center provided travel funds for Ph.D. candidates, MBA students and faculty.

SCMC Supplemental Travel Grant

SCMC offers supplemental grants to Ph.D. candidates who travel to a conference and present a paper on supply chain management or a related topic. The award criteria include acknowledgment of the support from SCMC and its sponsors when the paper is presented. SCMC awarded 12 grants for travel to the 2008 INFORMS Conference in Washington, D.C.

The SCMC Supplemental Travel Grant is currently available to any Ph.D. candidate in the Department of Information, Risk, and Operations Management. In keeping with its cross-functional focus, SCMC plans to extend the program in 2009-2010 to include all Ph.D. candidates at the McCombs School of Business. The qualification is that the paper must relate in some way to supply chain and operations management.

SCMC Welcomes First Faculty Fellow

Professor Sridhar Seshadri joined the McCombs School faculty in fall 2008 as a full professor in the Department of Information, Risk, and Operations Management and the first Supply Chain Management Center of Excellence Fellow.

He received his Bachelor of Technology in Mechanical Engineering with distinction from the Indian Institute of Technology, Madras, his Postgraduate Diploma in Management from the Indian Institute of Management, Ahmedabad and his Ph.D. in Management Science from the University of California at Berkeley.

He came to the McCombs School from the Stern School at New York University with 14 years of teaching experience and

Texas MBA

When a team of Texas MBA students was invited to the 2008 Tepper International Case Competition at Carnegie Mellon University, SCMC and the MBA Program Office collaborated and offset the full cost of the trip. The team members were Anthony Chacon, Jelka Dasent, Nathaniel Humann, Reas Macken and Vera Winata. Professor Steve Gilbert was the faculty sponsor.

Faculty and Visiting Scholars

SCMC enabled faculty visits to P&G and HEB. These visits allowed McCombs faculty and SCMC sponsors to discuss possible research areas directly.

For more information on faculty site visits, please contact Lamar Johnson.

SCMC is developing a Visiting Scholar Support Grant to support research relationships between McCombs faculty and faculty from other institutions. McCombs faculty often host visiting scholars as guest speakers. This grant will allow visitors to stay longer and conduct research with McCombs faculty.

an impressive research record in supply chain management, risk management and manufacturing (semi-conductor and automotive). His research interests include stochastic modeling & optimization in supply chains, performance evaluation of queuing systems, and the impact of risk in operational decisions.

Professor Seshadri won the 2008 INFORMS MSOM Best Paper Award for his paper titled "Hedging Inventory Risk Through Market Instruments." This paper was chosen over 11 other nominations. If you are interested in this paper, please contact Diana Busler.

The addition of Professor Seshadri to the faculty will inevitably enrich the McCombs School's SCOM program.

Six SCMC Scholarships Awarded in 2008-2009

Six McCombs School undergraduate students received SCMC scholarships for the 2008-09 academic year. They were selected from a competitive group of underclassmen interested in supply chain and operations management. As the number of students declaring a supply chain major grows, SCMC intends to increase the number of available scholarships.

This year's recipients shared comments about their backgrounds, extracurricular activities and future plans.

Felipe Herrera **Major: Supply Chain Management**

Originally from Bogota, Colombia, I moved to Indiana when I was 8. I then moved to Dallas, TX and attended Ranchview High School. I'm a member of the University Finance Association, Supply Chain Management Student Organization, University Filmmakers' Alliance, The Navigators & HCBC. I love playing/watching football and basketball. I also enjoy playing the keyboard and the guitar. When I graduate, I want to work at a corporation for 2-3 years and then apply to get an MBA. After earning an MBA, I want to go back to work and gain more experience. Eventually, I want to start my own business and open a camp for inner-city kids.

Kayla Monus **Major: Undeclared, planning to major in Supply Chain Management**

I am from El Paso, TX and attended Franklin High School. I'm a member of the Texas Baseball Diamonds Crew and the Texas Ice Girls. I also enjoy crafting. After I graduate, I plan to work in the Manufacturing field.

Lindsey Schmidt **Major: Supply Chain Management** **Minor: Marketing**

I am from Spring, TX and attended Klein Collins High School, graduating 8th out of a class of 610. I'm a member of Alpha Phi Omega, a co-ed service fraternity that serves the UT campus, Austin community and local Boy Scouting

events and troops. I am also Retreats Coordinator for the Texas Wesley Foundation, which is the student organization sponsored by the United Methodist Church. After I graduate in May 2010, I plan to start a full time position with hopes of eventually earning an MBA. My current interests are towards the technology and consumer products industries.

Arjita Shrimali **Major: Business Honors Program**

I attended Coppell High School in Dallas, Texas. I'm the Budget Coordinator for Asian American Culture Committee, the Venture Director for Nourish International, as well as a member of Gamma Beta Phi and Alpha Epsilon Delta. This year I am exploring the different majors offered in the McCombs School by talking to upper classmen and researching with a professor. Long term, I see myself working at a large corporation.

Jason Skindell **Major: Supply Chain Management**

I'm from El Paso, TX and graduated from J.M. Hanks High School. I'm a member of the Supply Chain Management Student Organization and the Residence Hall Council. My hobbies include college football, playing and watching basketball, reading, and tutoring friends. I plan to get an internship for Summer 2009. After I graduate, I want to work in logistics/operations.

Megan Stephens **Major: Supply Chain Management,** **Business Honors, Plan II Honors**

I grew up in Houston, TX with my mother and two older sisters. In 2007 I graduated from Memorial High School. I'm a member of Pi Beta Phi sorority and currently serve as the chapter Historian. I am a volunteer tutor in the reading department at Zavala Elementary School in East Austin. I also work in the Business Honors office helping with their application process. After I graduate, I hope to begin a career in Supply Chain or attend law school.

Vision: SCMC Grows, Constituents Benefit

Continued from page 1

conferences and case competitions, provided financial support to the Information Management/Operations MBA Case Challenge and collaborated with the undergraduate students to promote the value of the supply chain major.

Finally, we are in the early planning stages of a unique approach to our undergraduate program, incorporating “co-op” and intern assignments with the curriculum. While this is a common practice in engineering programs, we believe it will further differentiate McCombs’ approach to supply chain from other business schools.

Industry:

We are thrilled to add Accenture, Energy Alloys, HEB and Procter & Gamble to our group of Founding Sponsors. The option to

join SCMC as a Founding Sponsor is no longer available. By the time of our next report, we expect to gain additional companies as Executive and Core Sponsors.

In November, we hosted a roundtable on sales and operations planning (S&OP) with speakers from MIT and HJ Heinz. Chosen by our sponsors, the topic addressed the real world issues in achieving cross-functional, cross-enterprise forecasting alignment. Faculty concurred with the issue and is building S&OP training into our core operations curriculum.

We are very proud of our results to date and in 2009, expect to accelerate our efforts toward delivering more measurable benefits to our sponsors, faculty and students.

Q&A: TI Expects Increased SC Productivity

Continued from page 3

developments in the Education process continue to be important roles in the leadership-development process.

You recently attended the Supply Chain Management Center’s roundtable on the sales & operations planning process (S&OP). Three questions:

How important is this process to TI’s overall business success?

The S&OP Process is becoming increasingly important for us. As forces in the marketplace continue to rapidly develop and change, we have to build enhanced means of understanding how to measure business environments and manage our activities for greater success.

S&OP allows us to understand actual versus

planned results, identify needed changes of direction, and distribute critical information throughout the enterprise.

What is the role of your supply chain organization in making the process successful?

More than anything else the Supply Chain identifies key metrics, keeps score, and helps define alternative actions when required.

Was the roundtable helpful in providing information or contacts that can improve your results and if so how?

The roundtable provided opportunity for us to gain ideas and understand where we need to improve versus world-class practitioners.

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