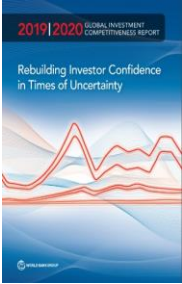


World Bank Launches International Competitiveness Report



Q. "With FDI on a decreasing trend what approaches should investors take to maximise the value and return on investment when developing supply chain companies?"

Dr. Owen commented by saying

A. "Over the years I've seen many investment programmes focussed on increasing GVA based productivity numbers. But the issue here is when we talk about productivity to manufacturing and supply chain companies this often means something very different to them. Unfortunately they tend to focus on labour and capital productivity or efficiency and this paints incomplete picture of the situation. For commodity based products competing on price, efficiency will always remain key, but this isn't the case for all products and services and this type approach has a shelf life as customer expectations begin to develop. Over the years I've seen tens of supplier development programmes across multiple sectors and many of them start off with some form of assessment where supply chain companies are scored against a world class benchmark. Unfortunately this type of approach leads directly to them needing to improve on the lowest scoring areas and then we jump to things like lean manufacturing, or total productive maintenance or total quality/6 sigma approaches because we think this will help improve things. Of course it doesn't, or if it does, it's very hard to measure and the trouble with this type of approach is there are no clear linkage, or priority, to increasing competitive performance and order winning criteria in the eyes of their customers and therefore revenue growth and profitability rarely follow. Ultimately, these sort of investment programme can leave investors scratching their head and saying "OK so we spent the money, but what were the sustainable outcomes" I've seen this many times over..."

By contrast, over the last few years I've seen greater success by encouraging investment programmes and supply chain companies to focus on **competitiveness rather than productivity**. Often these words are used interchangeably but this subtle change of focus takes us in a very different direction and gives us a much fuller understanding of both the issues and opportunities to boost growth because we can start to explore other dimensions like quality, delivery performance, flexibility, technology and product, and customer experience to name just a few.

Dr. Chris Owen invited as expert panel speaker on international competitiveness



Owen & Partners

I often find asking supply chain companies what their basis of competition is both now and in the future is a good starting point. I'm surprised by how little companies know about which dimensions of competitiveness are important to their customers and what their performance is relative to the competition.

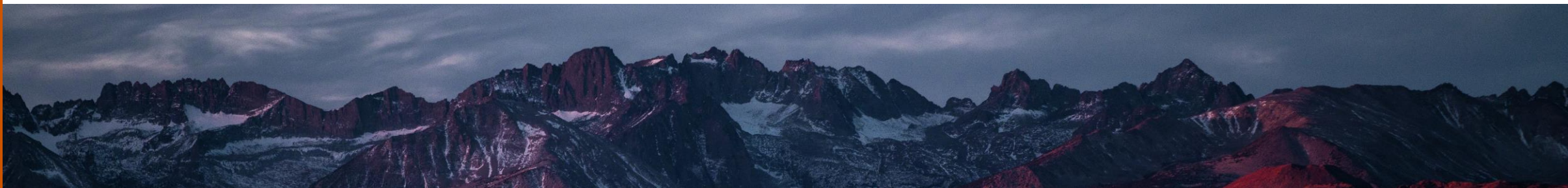
It naturally follows that, without the company having this fundamental understanding of competitiveness, it is impossible to develop a meaningful company strategy, the operating model for the business and know which key capabilities of the company should be developed as a priority.

So over the last few years I have worked on developing a "competitiveness approach" with HM Government Department for Business and Treasury. SMMT and ADS have implemented multi-year, multi-million pound competitiveness based schemes for both the Automotive and Aerospace sectors here in the UK. I would encourage anyone looking to create more sustainable value and a better return on investment to look very closely at this type of competitiveness based approach."

Q. "What would you say will have the biggest influence on global supply chains in the future?"

A. "If I had to pick one future influence on global value chains I think it would be the rise of digitalisation.

In a strange way I think maybe the only positive outcome of COVID 19 is how it's shaped societies perception of digitalisation in the work place. We have seen millions of people switch to working from home and adopting digital approaches to working in less than 24 hours. Something that may have taken us a number of years to migrate to without COVID 19. So in this way, it's maybe encouraged us all to think differently about the possibilities of digital adoption.



Of course the rise of digital allows us to,

- Better understanding customer needs
- Develop new business models – The way companies design, develop, manufacture and distribute their products and services.
- New ways of competing based on information
- The improvement in basic manufacturing efficiency or productivity
- Supply chain configuration, transparency and risk management. I remember the responses of many large companies following past natural disasters was to increase supply chain transparency and reduce risk. I predict the same will happen when COVID 19 has passed.

Of course, we like to speak about the exciting possibilities of digital, but I think this must be tempered by considering the human impacts of such change.

- I think we are already seeing that the pace of change of technology outpaces our ability to develop workforces to get the most out of this technology. In some cases we don't even know the competencies that will be required in 3 years from now and therefore it's difficult to even start to design the training that might be required.
- Of course, the other aspect we must consider is what will happen to those lower skilled jobs which will be the first to be replaced by digital technology in manufacturing, supply chain or transactional processes through the implementation of AI. Of course the rise of digital will create totally new jobs, but what will happen to those people who we cannot re-skill to work in the digital future and how do we manage this from both an economic and societal perspective. So I think there is much for us to think about here.

This Panel discussion was conducted when Dr. Owen was an Executive Adviser, SMMT Industry forum and Workstream Chair for the joint HM Government-Industry Automotive Council on Boosting UK Automotive Supply Chain Competitiveness

Click here to see the full webinar

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