



Accenture study says that sharing best practices, collaboration and training key for chemical shippers

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NEW YORK—In almost any industry, sharing and communicating best practices would appear to be a no-brainer, but the findings from a recent [Accenture](#) survey indicate that is not always the case for chemical shippers.

The study, entitled “The 2007 Global Chemical Industry Supply Chain Best Practices Study,” surveyed 400 chemical shippers in Europe, North America, South America, the Middle East, and Asia.

The topic of supply chain collaboration is something which continually receives attention regardless of industry, and this survey shows it is no different for chemical shippers, with 35 percent of the chemical shippers surveyed indicating that they are making improvements at collaborating and communicating internally with customers compared to the 2005 survey, which came in at 21 percent.

“I am [happy] to see the needle move from 21 percent to 35 percent, but I would love to see it at 80 percent,” said Christopher Lange, Accenture Global Supply Chain Lead for its Chemicals and Natural Resources practice and report author, in an interview.

One of its biggest findings was that less than 40 percent of the companies indicated they have no formal processes for sharing best practices. And Accenture said only 11 percent noted that their supply chain best practices are documented and translated into standard operating procedures and measured by the company. Another telling statistic is that just four percent of these shippers said their companies have captured best practices in one place and made them available to all supply chain staffers in their respective companies.

One reason for these relatively low numbers for sharing best practices stems from the fact that many chemical and natural resources concerns have more than 100 internal divisions, which are very unique from one another from a supply chain management perspective, ranging from specific commodities to bulk chemical packaging, among others.

“Most shippers competing in this type of study want to see how they compare to the outside world,” said Lange. “The person at a company who oversees a specific chemical unit tends to only care about his or her peer group and is not overly concerned about the specialty side or other parts of the business. And when it comes to sharing best practices, we are often surprised at how rich a conversation we have with a shipper that is not sharing best practices internally.”

The reasons for sharing best practices internally for chemical shippers, explained Lange, are that these businesses tend to be very different from one another with different geographies and are also very product-specific. To support this he cited how a polyethylene business unit lead for a North America-based chemical shipper is not likely to be overly concerned with what the polyethylene business unit lead at his or her company in Europe is doing, because its operations and P&L are very region-specific.

Supply chain operations for the majority of the chemicals industry is focused on finished goods distribution—moving goods from the plant to the customer, noted Lange. The chemical supply chain in this sense is broadly viewed as what Lange calls the buy side: what is bought, made, delivered, and sold.

“What we saw in the 2005 study was that a big challenge a chemical shipper [or any industry has] is that the supply chain organization is uninvolved in the business strategy for things like what is going to be produced, where is it going to be produced, whom is it going to be sold to, and what services are going to be provided to customers,” said Lange.

If supply chain is not involved in those decisions, then they are handicapped in their ability to improve the supply chain. They are given a set of instructions that says ‘we have made the decision, now go execute.’”

This approach has brought about the need for C-level decision makers to collaborate more effectively with supply chain departments to understand that the supply chain group is their ally, said Lange. By working together, there will be more benefits for its customers across the board, he added.

Another major area of the survey’s findings is the subject of supply chain training, with the number of chemical shippers indicating saying they are receiving no supply chain training declining sharply from 78 percent in 2005 to 11 percent in 2007—and a mere 29 percent report they are satisfied with their current level of training.

“Even though chemical shippers are saying training is a strategic component of their supply chain, we are finding that it was centered on very basic capabilities,” said Lange.

“What we suggest is if you really want to improve your supply chain, then you need to get supply chain involved with the training strategy. And to have the operational capabilities to deliver against the strategy, you need to have people with the right skills in place to execute the critical path operations to perform the business strategy.”