

# NEWSLETTER

# ELUPEG

Business Collaboration. Delivered

## DIARY DATES FOR 2011

ELUPEG Group Meetings

26/27 January

19/20 June

5/6 October

## ELUPEG VISITS COCA COLA ENTERPRISES

November 2010

Coca Cola Enterprises kindly played host to the ELUPEG meeting on 16th and 17th October 2010 in Antwerp. CCE have 16 manufacturing plants in Europe and the ELUPEG delegates were lucky enough to have a guided tour of the site in Antwerp led by Dirk Van Gaver, the Operations Director. It manufactures the bottles for Coca Cola, Fanta and Sprite in several different formats. They produce 36 million cases per year. The Coca Cola system is a franchise model. CCE have a lot to celebrate in Europe - they are the strategic partner and the primary Western European bottler for the Coca-Cola Company. Due to the success of their business model and the expansion of their territory they have become the 3rd largest Coca-Cola bottler in the world. Peter Latham, VP Logistics was the key note speaker at the ELUPEG Group meeting on the 17th September. He talked about the environmental impact of their supply chain and how they plan to reduce it by network optimization, using alternative fuels and technologies, customer and supplier collaboration and Eco driver training. The objective is to reduce the overall carbon footprint of the business by 15% by 2020



## NEW ELUPEG AMBASSADOR AND CORPORATE MEMBERS

We are delighted to announce that Kimberly Clark have renewed their membership as an Ambassador of ELUPEG, LKW WALTER have upgraded their Corporate membership to Ambassador and DHL Supply Chain have just joined us as a Corporate member. We greatly appreciate their support. For more details on the types of membership please see our website [www.ELUPEG.com](http://www.ELUPEG.com).



[WWW.ELUPEG.COM](http://WWW.ELUPEG.COM)

Horizontal Collaboration (across & between supply chains) has become a hot topic over recent times. ELUPEG decided to hold the definitive debate on the subject at its Antwerp meeting in September hosted by Coca Cola Enterprises. Delegates were split into 3 groups & each was given a hypothesis in support of its position. Initial discussion took place to build a case for the debate.

**BELIEVERS** Joanna Strauss of Coca Cola Enterprises & Geert Detollenaere of Norbert Dentressangle were first to present on behalf of the Believers group moderated by Peter Latham, VP Logistics CCE. Perhaps unsurprisingly the Believers argued that companies should embrace horizontal collaboration because it had the potential to deliver the ultimate prize of lower SC costs along with enhanced customer service. These opportunities alone would justify the hard work which typifies horizontal collaboration but when coupled to the additional benefits of sustainability, the opportunity for best practice sharing & the development of new & more efficient supply chain models, it became a “no brainer decision”

Alan Waller then asked the full group to debate the proposition presented by the “Believers”.

The debate centred around three key issues:-

- Horizontal collaboration is “too hard”- absorbs a great deal of management time & circumstances change whilst the evaluation is proceeding, accordingly it was unlikely that a stable baseline from which to collaborate could be established
- There were intrinsic cartel issues which would frighten many CEO’s & Corporate Counsels & they would consider the risks too high against uncertain benefits
- The “discovery” process was too immature “where do we go to find a partner” & “how do we determine what the benefits might be (and if we achieved them how would we share them out)?”

After much debate the process moved on to hear from the **NON-BELIEVERS**

The case for the non-believers was presented with great panache and not a little humour by Sergio Barbarino of Procter & Gamble.

The non- believers took the view that much of the debate around horizontal collaboration was hype, that finding partners to trust was extremely difficult & that there were other more straightforward approaches to a more efficient supply chain than collaborating & potentially giving away part of your competitive positioning. Much was made of the confrontational nature of supply and demand between shippers & carriers/3PL’s and the likelihood of turning these confrontational relationships into an open, sharing & trusting environment. A further point which the group felt strongly about was the difficulty of getting procurement to buy into the collaboration story given their principle role of buying best value. The question of ICT integration was raised as a major road block.

A further point was the fast changes in personnel which were felt to be incompatible with the stable, secure medium term nature of the collaborative process. Alan Waller then asked the full group to debate the proposition presented by the “Non-Believers”.

The debate centred around the following issues:-

- Most well managed supply chains had actioned all cost saving opportunities & hence had to look further a field for more
- Trust would only come with time & action - simply denying it could be built was a self-fulfilling prophesy.
- The third part logistics industry had become commoditised and perhaps horizontal collaboration represented the final frontier for significant cost savings, part of which would bolster the returns of the 3PL’s.
- There are very sophisticated ICT integration tools in the marketplace which have already proven their value in the collaboration space
- The role of a “neutral trusted third party” such as ELUPEG can resolve the initial lack of trust whilst assisting with both the “matchmaking” & the “discovery” phase
- It was suggested that procurement’s objective of buying “best value” was wholly compatible with horizontal collaboration
- The hardest nut to crack was the potential of “sharing competitive advantage” with competitors

## **UNDECIDED**

Presented by Alain Baeyens, Supply Chain Director of Solvay. Unsurprisingly the undecided pointed out that the very arguments from the Believers & Non-Believers were what was causing their indecision. The fact that there were factions on both sides indicated that it was not a foregone conclusion that Collaboration was either a great idea or would deliver the expected benefits. Their conclusion was that they needed to see some more hard evidence from one or both factions before they could take a stance. The debate centred around a re-run of the two previous debates as the two polarised positions. The principal points made were that the effort required to even get to first base coupled with the risks attached to the whole process were such as to warrant sufficient scepticism such that sitting on the fence & keeping your powder dry seemed like a reasonably safe place to be for the medium term.

The debate concluded and the judge, Professor Alan Waller passed sentence. His judgement was based on the fact that the Non-believers had a longer list of issues but they were less well defended when challenged than were the Believers list of issues.

Overall winners are the Believers—for a more detailed account please see the website

***Brian Bolam, Vice Chairman of ELUPEG thanked the participants for a lively, good humoured and most importantly highly relevant debate***