THE STATE OF SUPPLY CHAIN MANAGEMENT REPORT 2020

ASCI
australasian supply chain institute
Professionalising Supply Chain Management

CONTENTS

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OVERVIEW

The State of Supply Chain Management report measures the current status of Australian enterprise supply chains. It provides an in-depth analysis of the situation of the supply chain industry in Australia as a result of the quantitative analysis carried out on the basis of survey responses. Year on year, this report aims to demonstrate the role of supply chain within the organisational structure and the overall business operations for organisations across the country.

In the 21st century companies don't compete, supply chains compete. The report provides an understanding of the maturity across eight components of supply chain management: Collaboration, Technology and Automation, Integration, Compliance and Regulation, Logistics and Distribution, Risk Management, Sustainability and Procurement.

Currently, a paradigm shift is being observed where company leaders are attentive towards the improvement of supply chain and are employing innovative strategic decisions for overall supply chain efficiencies and better end-to-end experiences.

Now is the time to elevate supply chain management as a profession in its own right. As the not for profit organisation positioning as the Professional Accreditation Body for Supply Chain Management in Australia, Australasian Supply Chain Institute (ASCI) is preparing the framework for a Professional Accreditation Scheme for the profession. Supporting this Scheme is a Continuous Professional Development and Educational Program including globally recognised certifications and short courses.

Supply Chain Management Definition

"Supply Chain Management is a multidisciplinary approach towards a cost-effective availability, both physically and operationally, of goods and services, against information, funds, through the optimisation and integration of the capacities, interfaces, processes and functions across and between major business functions and processes both within and among companies, such to maximise customer value and gain a competitive advantage in the marketplace"
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EXECUTIVE SUMMARY

Today, enterprises are faced with advancements in technology, business model disruptions and trade wars, added with a volatile, uncertain, competitive and ambiguous environment of which exerts pressure on businesses. Only change and transformation on a continuous basis can bring success to Australian enterprises.

The key to success in the new decade will depend on the customer's experiences of products and services. Therefore, to ensure a flawless customer experience, the supply chain design needs to be agile, flexible and adaptable to the changing needs of the consumers.

Although flexibility is required for success, it's difficult to attain, given the changing nature of the supply chain. In addition, automation of processes has further made the supply chains more complex. Given the issues that contemporary supply chains face, this report touches on eight different aspects of supply chains and attempts to provide snapshot of Australian supply chain status .

Compared to 2018, the average maturity score out of 100 has reduced six points to 46 from 52. Although members have performed better in technology and automation and compliance and regulation compared to last year, they were performing at the same level for logistics and distribution and underperforming in all other components.

There is a need to focus and identify strategies to improve technology and automation and to better identify strategies to improve supply chain visibility and adapting to the changes in customer expectations.
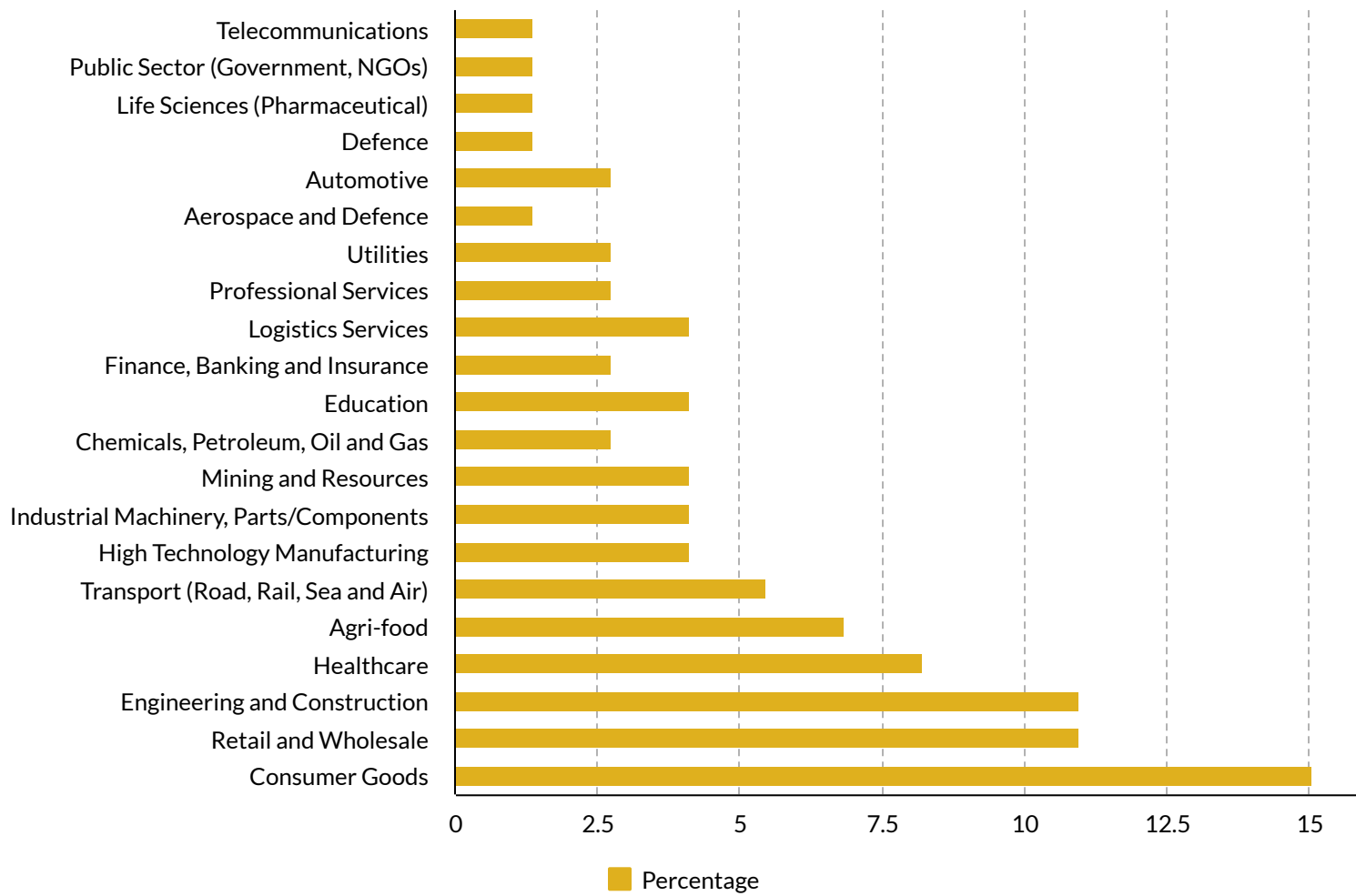
DEMOGRAPHICS

The survey conducted by ASCI was responded by a total of 81 industry participants with a majority of participating organisations operating at the global scale (59%) within the private sector (82%).

Company ownership and operation

Private Sector (82%)
Public Sector (10%)
Charity or Not for Profit (8%)

National (41%)　Global (59%)
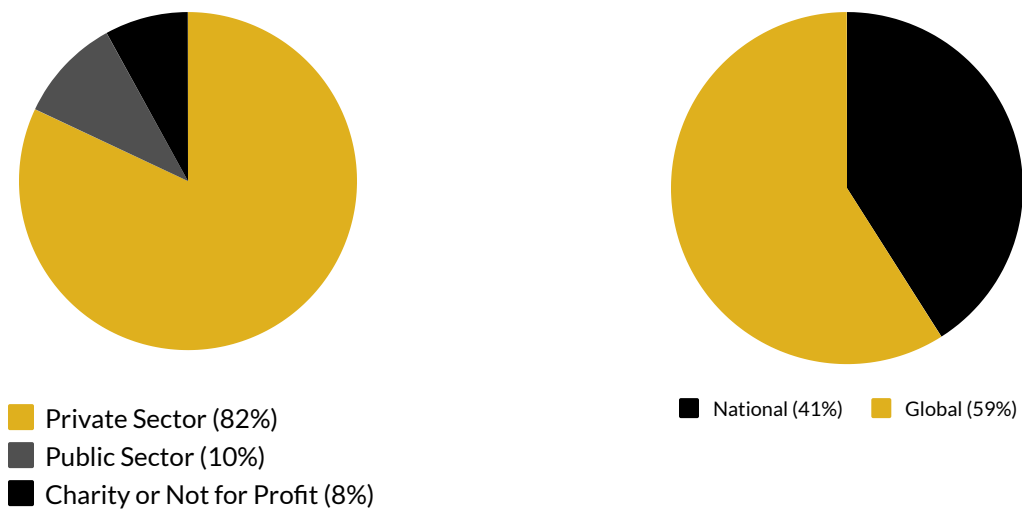
The key business areas for the organisations are Consumer Goods (15%) followed by Retail and Wholesale (11%) and Engineering and Construction (11%).

Company by industry

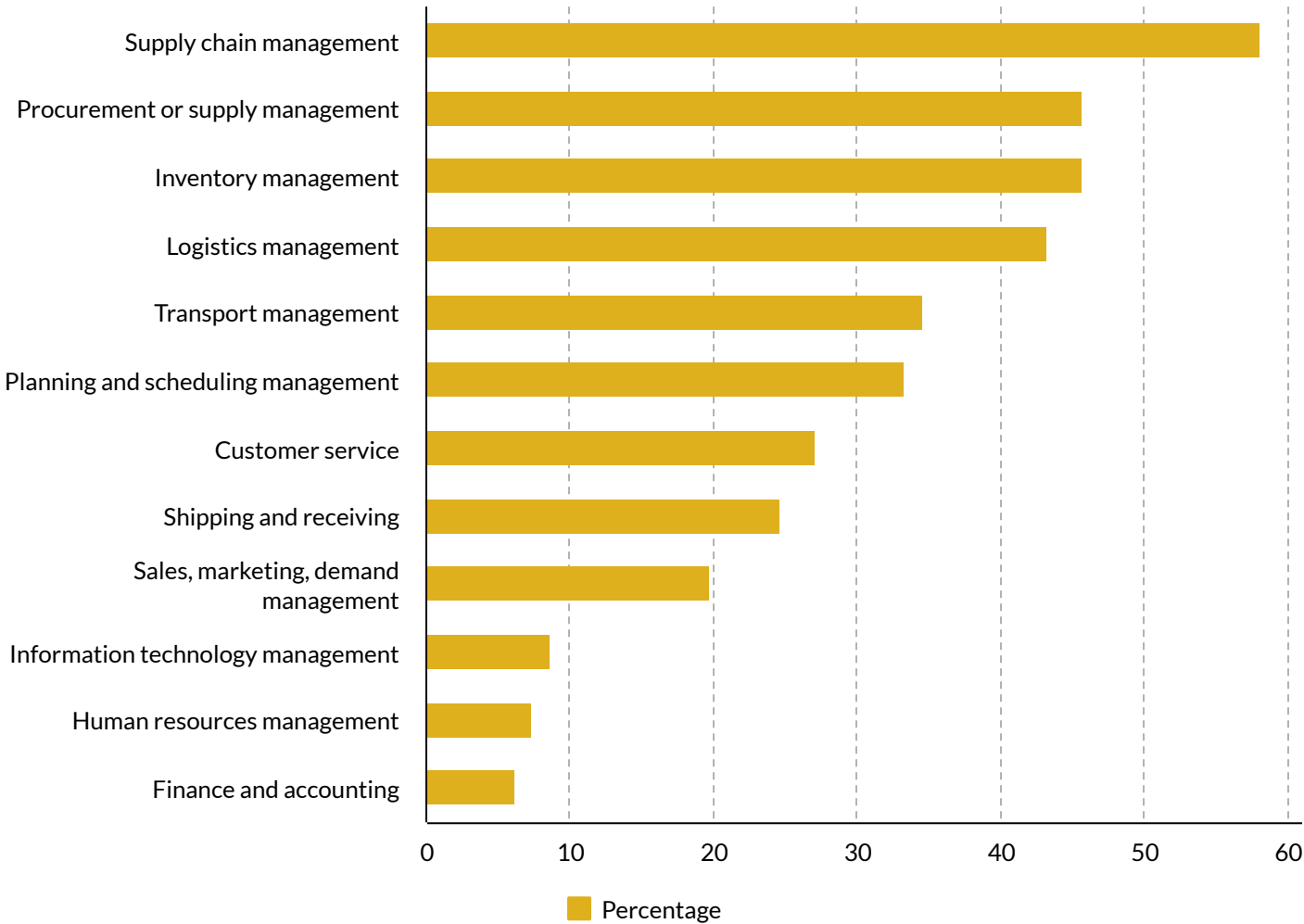| Industry	Percentage
Telecommunications	
Public Sector (Government, NGOs)	
Life Sciences (Pharmaceutical)	
Defence	
Automotive	
Aerospace and Defence	
Utilities	
Professional Services	
Logistics Services	
Finance, Banking and Insurance	
Education	
Chemicals, Petroleum, Oil and Gas	
Mining and Resources	
Industrial Machinery, Parts/Components	
High Technology Manufacturing	
Transport (Road, Rail, Sea and Air)	
Agri-food	
Healthcare	
Engineering and Construction	
Retail and Wholesale	
Consumer Goods	

Percentage

The respondents are primarily from the Senior Management (38%) and mid-tier management which includes Department Managers (33%) and Functional Managers (27%) of the organisations.

Respondent by job category

Job Category	Percentage
Senior Management	~38
Department Manager	~33
Functional Manager	~27
Procurement Manager	~2
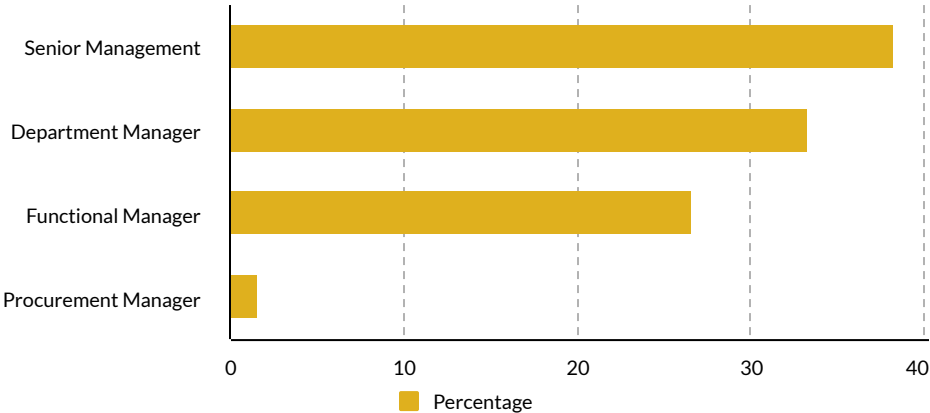
The results suggest that managers play a key role in the supply chain management (58%), procurement (46%), inventory (46%) and logistics management (43%) areas of the business.

Respondent responsibilities

Responsibility	Percentage
Supply chain management	~58
Procurement or supply management	~45
Inventory management	~45
Logistics management	~43
Transport management	~34
Planning and scheduling management	~33
Customer service	~27
Shipping and receiving	~24
Sales, marketing, demand management	~19
Information technology management	~9
Human resources management	~7
Finance and accounting	~6

COLLABORATION

The concept of collaboration can be categorised into three interrelated dimensions: information sharing; decision synchronisation; and incentive alignment (Simatupang and Sridharan, 2004).
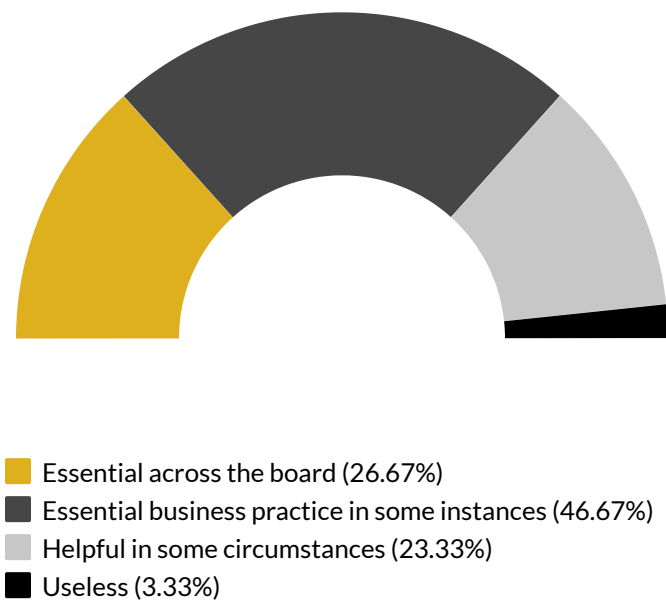
Information sharing refers to the act of capturing and disseminating timely and relevant information for decision makers to plan and control supply chain operations. Decision synchronisation refers to joint decision-making in planning and operational contexts. The planning context integrates decisions about long-term planning and measures such facets as selecting target markets, product assortments, customer service level, promotion and forecasting. Most entities in a supply chain work asynchronously. They make a request and expect a rapid response. But there's nearly always a built-in delay while the request is examined for feasibility and profit potential. The details of third-party suppliers is discussed in the category – Logistics and Distribution.

Supply chains in the 21st Century are decentralised, involving several companies playing different roles in the demand/supply cycle. No single entity has control of materials, resources, strategy, or service quality. Under such circumstances, collaboration is the only way to unify the supply chain. As seen from the 2019 survey results, the effective collaboration across the supply chain between different organisations or with different departments within the organisation such as integration of the production plan with other plans such as marketing, sales, inventory and distribution is considered to plays a key role in reducing costs, improving customer service and performance of the supply chain by 62% of the respondents.
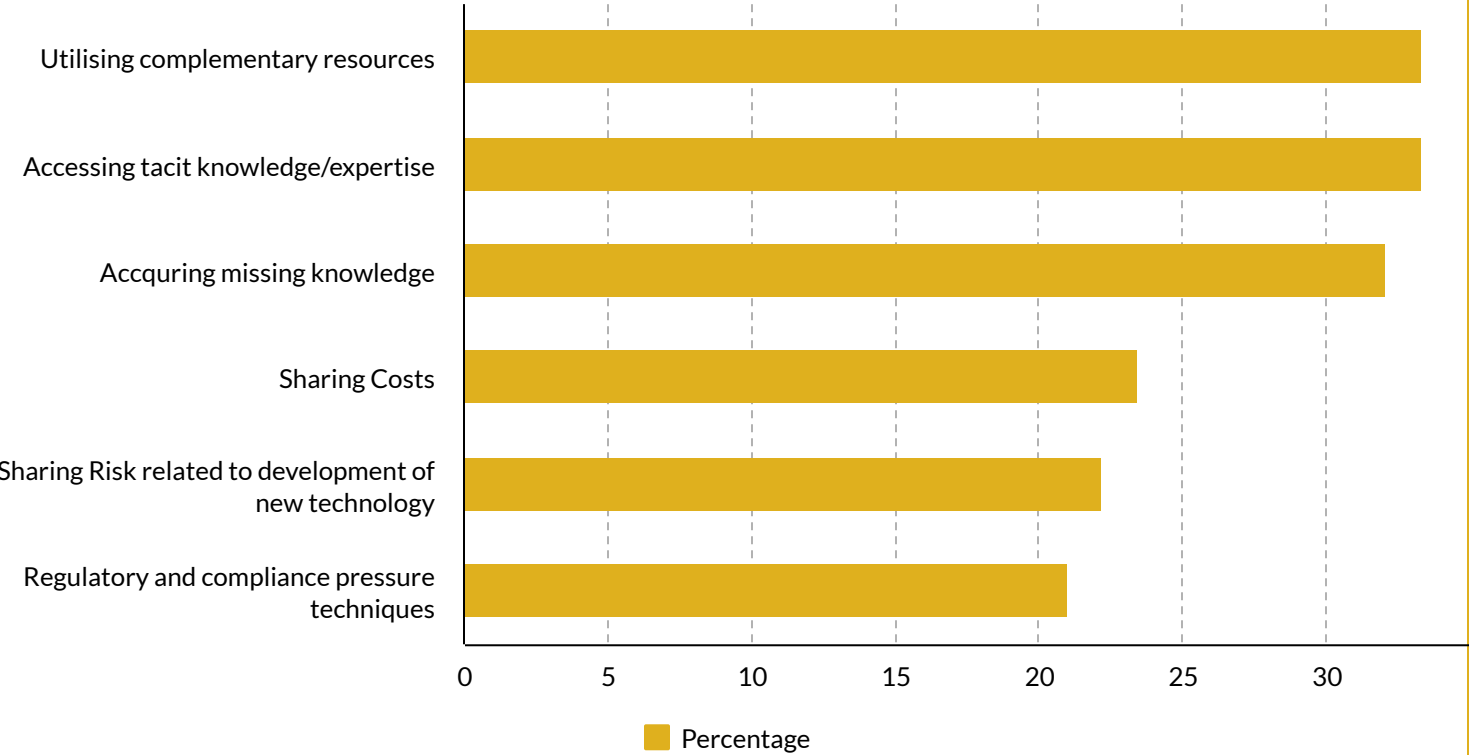
Most respondents (61%) have an integrated plan in place with another 23.8% of respondents in the process of completing one.

Businesses have seen the benefits of collaboration and consider it to be an integral part of the business practices in selected instances (47%), while 27% consider collaboration to be essential across the board for the organisation. The culture of collaboration between organisations has helped to breakdown the boundaries of mistrust and conflicting objectives allowing organisations to share expert knowledge (35%), access to missing information (32%) and utilising complementary resources (35%) for seamless supply chain handoffs, thus sharing the overall risks and rewards.

Merits of collaboration

- Essential across the board (26.67%)
- Essential business practice in some instances (46.67%)
- Helpful in some circumstances (23.33%)
- Useless (3.33%)

Benefits of collaboration

Percentage
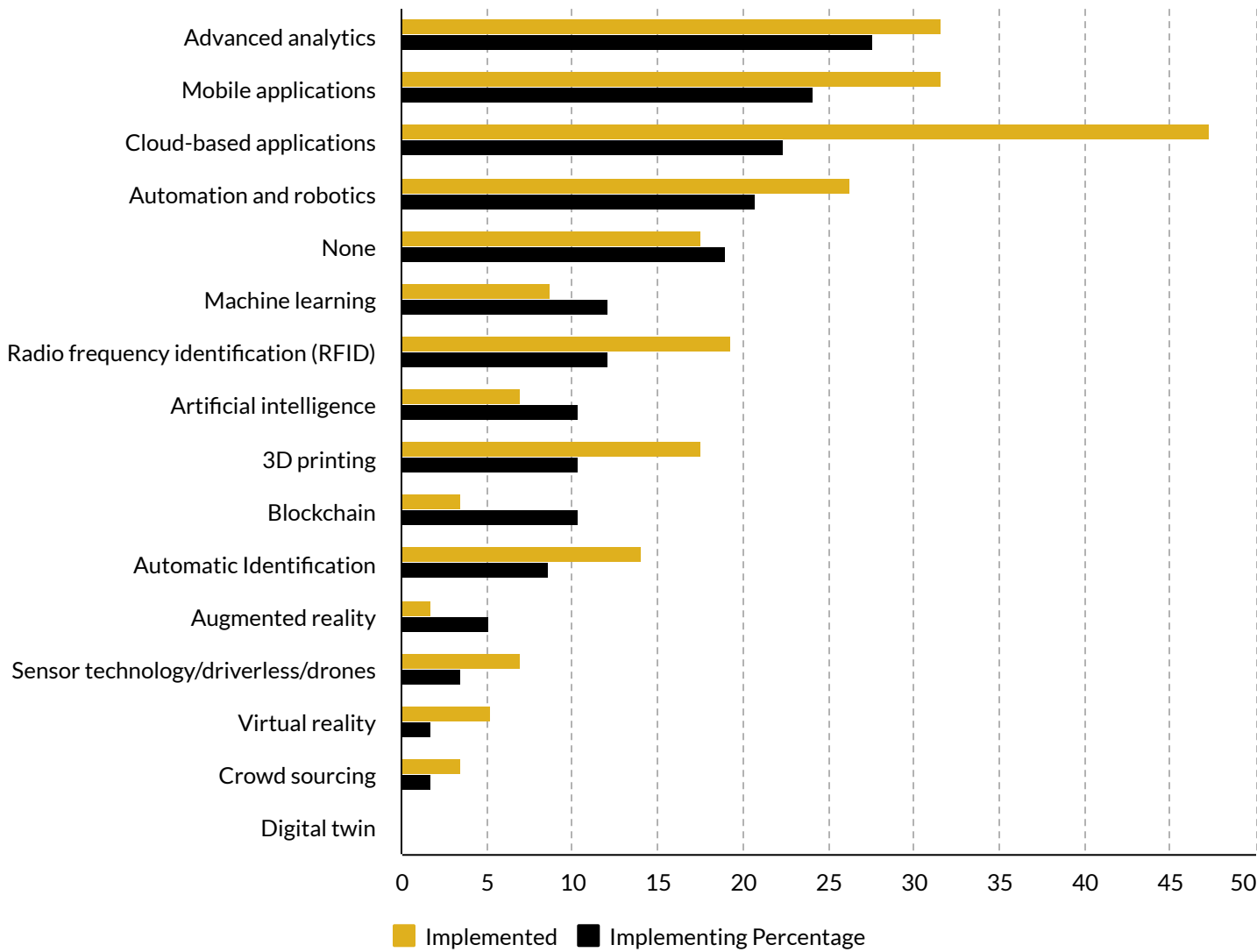
COLLABORATION

BEST PRACTICE

- Value creation is a core element of effective collaboration. The alignment to a value methodology, educating the organisation/partners and resourcing the analysis work can be undertaken by interfacing across internal functions and with external partners.
- It is important to collaborate on the value-added work, work processes and strategies between various supply chain disciplines. These include continuous improvements to ensure quality standards are maintained, reducing wastes and operational costs.
- For successful supply chain collaboration, supply chain leaders must approach the work with a holistic perspective. Decisions in one part of a supply chain system impact results and processes in multiple other areas. To drive supply chain value through collaboration, supply chain leaders must understand and manage the end-to-end system .
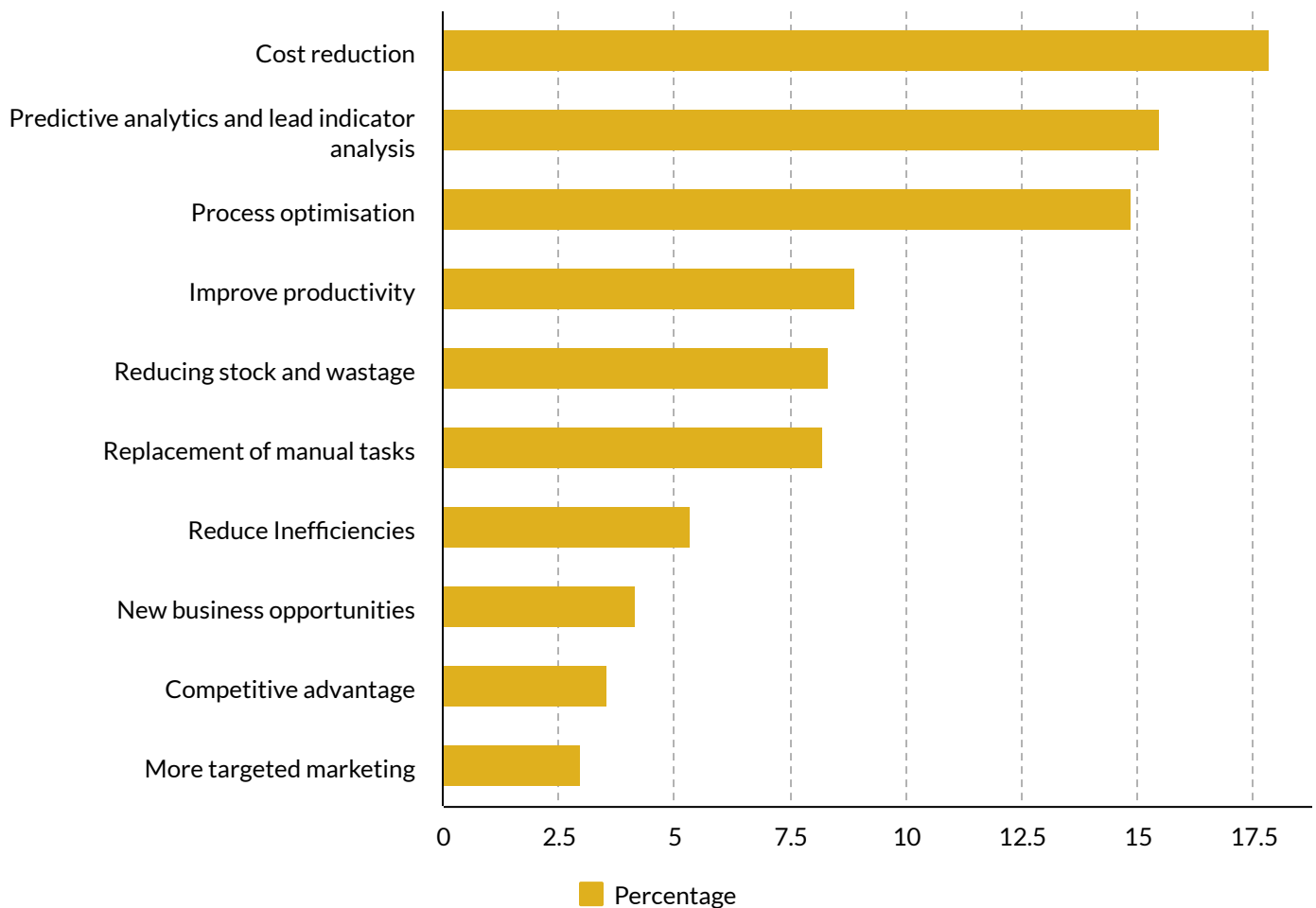
TECHNOLOGY AND AUTOMATION

Supply chain management is evolving into a hybrid discipline, with the use of digital technology and data analytics. The growth of digital technology has seen a shift from linear supply chain to more complex and dynamic ones where the suppliers, distributors and consumers facilitate collaboration and knowledge exchange, allowing for greater innovation and efficiencies through the value chain.

Professor Booi Kam from RMIT University predicts the use of technology will provide flexibility to customers but create complexity for businesses, as it means a fundamental change to the way they think and operate (Fergusson, 2017). Thus, organisations are increasingly integrating the skills of IT and engineering with the general business practices and operations to achieve greater business efficiencies, reduce waste, lower costs, boost innovation and increase market competitiveness.

Technologies implemented/implementing soon

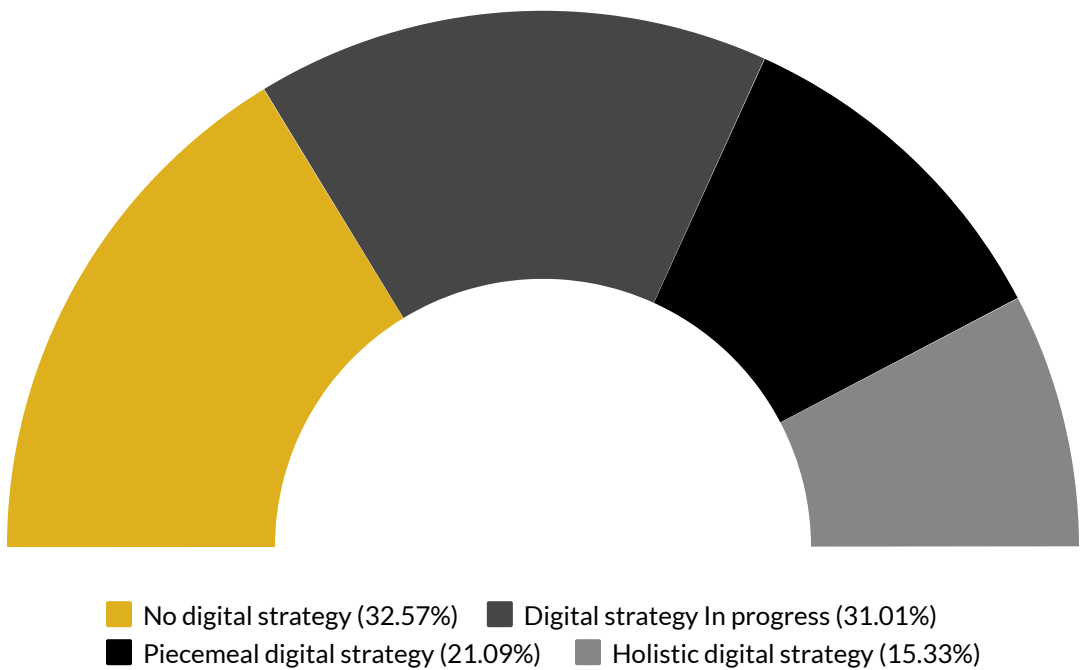Bar chart legend: ■ Implemented (yellow) ■ Implementing Percentage (black)

Impact of Technology

Category	Percentage
Cost reduction	17.8
Predictive analytics and lead indicator analysis	15.5
Process optimisation	14.8
Improve productivity	8.8
Reducing stock and wastage	8.2
Replacement of manual tasks	8.1
Reduce Inefficiencies	5.3
New business opportunities	4.1
Competitive advantage	3.5
More targeted marketing	3.0

Automating the supply chain has a number of potential benefits for businesses. As seen from the 2019 survey results, 18% of the respondents have seen a reduction in costs, while 16% consider technology has supported the business in predictive and lead indicator analysis and 15% have seen an improvement in the process optimisation. The survey results are supported by a report published by McKinsey in 2017 which states that automation of the supply chain is both cost-effective and leads to higher productivity and profitability (McKinsey, 2017).

Cloud computing is one of the technologies that organisations consider to be a key in their supply chain integration planning, with 47% of respondents currently have the technology implemented and 22% considering cloud computing to be integrated within their supply chain planning. Other technologies important in the supply chain planning and integration include mobile applications, advanced analytics and robotics and automation.

Considering the vital role of technology and automation within the supply chain, 14% of the respondents have a fully digitised supply chain strategy in place while nearly 38% of the respondents are in the process of integrating technology and automation in their organisation's supply chain strategies.

Status on digital supply chain strategies

- No digital strategy (32.57%)
- Digital strategy In progress (31.01%)
- Piecemeal digital strategy (21.09%)
- Holistic digital strategy (15.33%)

TECHNOLOGY AND AUTOMATION

BEST PRACTICE

- The integration of the physical side of innovation with the digital technologies through advanced software will help generate data and improve optimisation. This kind of innovation will add visibility to the supply chain.
- Coupling the visibility of technology with new physical devices will result in improved customer service, inventory, cost and supply chain excellence. Benchmark companies believe that robotics will have the most immediate impact on the supply chain, followed by driverless trucks, drones, wearable technology and 3D printing.
- The organisations need to be ready and able to move quickly, knowing technology usually advances faster than business changes. Supply chain professionals need to build a compelling business case to be able to deploy the advanced technologies on a wide scale and be able to withstand the still achieve the desired return on investment.

INTEGRATION

An integrated supply chain can be defined as an association of customers and suppliers who, using management techniques, work together to optimise their collective performance in the creation, distribution, and support of an end product.
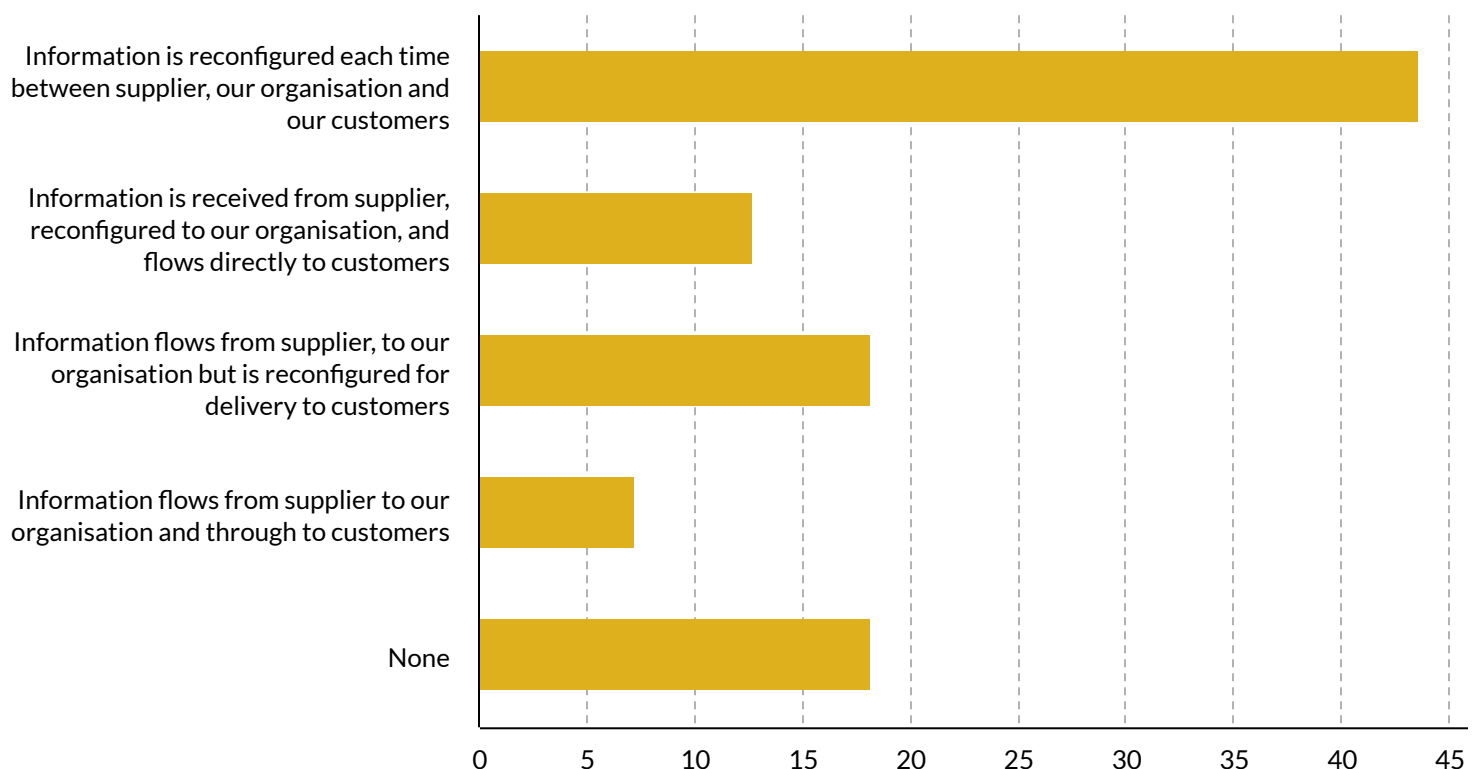
The ability for an organisation to efficiently transfer information and knowledge across departments, offices and global locations provides a competitive advantage to the business. More specifically, advances in information integration have enabled supply chains to decrease order cycle times, increase agility to respond to customers' demands and increase organisational profitability.

The main drivers of supply chain integration are listed by Handfield and Nichols (1999, p. 5) as:
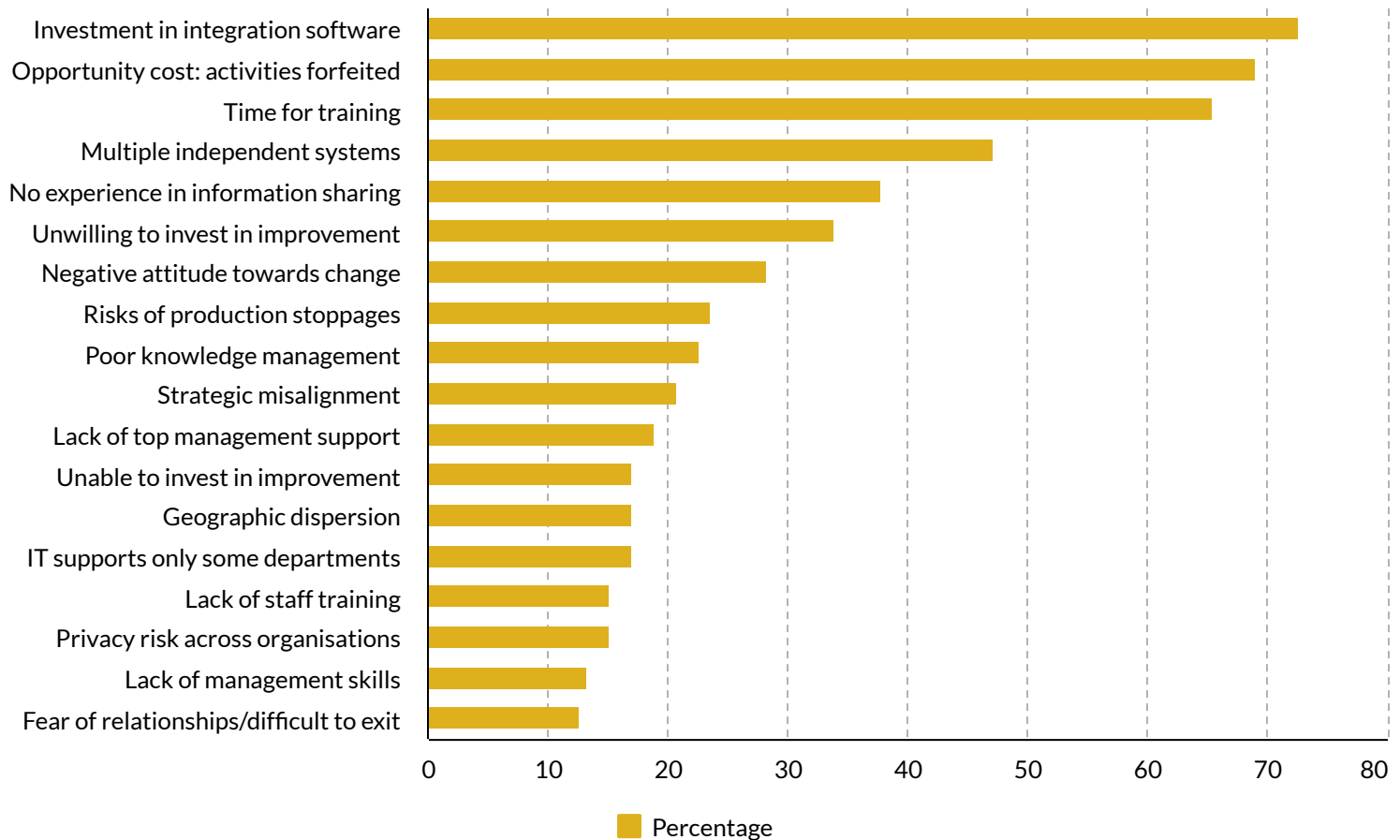
- The information revolution;
- Increased levels of global competition creating a more demanding customer and demand driven markets; and
- The emergence of new types of inter-organisational relationships.

The respondents consider information to be a key in the integration of the supply chain, with 44% of them reconfiguring the information each time between the supply and the customer, while 18% of them reconfigure the information from the supplier before delivery to the customer. Integrating supply chains focusses on the coordination of relevant resources of each participant to typically achieve higher profits and reduce risks of all participants.

Information flows within supply chains

Restrictions/Barriers for Integration

Barrier	Percentage
Investment in integration software	~73
Opportunity cost: activities forfeited	~69
Time for training	~65
Multiple independent systems	~47
No experience in information sharing	~38
Unwilling to invest in improvement	~34
Negative attitude towards change	~28
Risks of production stoppages	~23
Poor knowledge management	~22
Strategic misalignment	~20
Lack of top management support	~18
Unable to invest in improvement	~17
Geographic dispersion	~17
IT supports only some departments	~17
Lack of staff training	~15
Privacy risk across organisations	~15
Lack of management skills	~13
Fear of relationships/difficult to exit	~12

Percentage

We seek to identify what's restricting organisations from improving their information integration. The 2019 survey results reflect some of the key barriers to supply chain integration include running multiple independent information systems (47%) in addition to lack of experience in information sharing (38%) and the lack of willingness to invest in supply chain improvements (34%). These restrictions in the integration of supply chains come down mainly to cost factors, such as investments in software and information systems (73%), opportunity costs (69%) and the costs involved in training, managing and supporting the integration activities (65%). But, with the evolution of supply chain management, there is a need for businesses to take innovative initiatives.

The goal of supply chain integration is to improve response time, production time and reduce costs and waste. Through integrated supply chains businesses can work in association with their customers and suppliers to optimise their collective performance in the creation, distribution and support of an end product. The trends of increasing cost competitiveness, shorter product life cycles, faster product development cycles, demand for customisation and globalisation are some of the forces driving supply chains towards increased integration.

For businesses to have an advantage in this competitive market, they need focus on a demand-driven supply chain; 42% of the respondents have seen the potential and have implemented the demand-driven supply chain approach to more than one project in their organisation. An integration may be done through sharing of information exclusively with particular suppliers and customers, wherein the supply chain is not fully owned by one company, but the various links operate closely to increase efficiency and reliability.

INTEGRATION

BEST PRACTICE

- The idea of universal supply chain connectivity has been around for several years. Companies have significantly integrated with their suppliers through technology such as electronic data interchange (EDI) and web services that have enabled new transaction sets or even collaborative business processes to the current platforms.

- But the answer is beyond technology. Tough as a the technological challenges may be, the real issue is convincing suppliers to participate in desired electronic integration initiatives. This can be achieved by maximising supplier participation without disrupting supplier relationships, giving supplier technology options while offering assistance.

- Leadership and team reviews performed within the supply chain and within multi-functional business departments need to be based on aligned integration measures. These measures should be focused and standard across the end-to-end supply chain map.

- Never think of integration as a one-time event, it is a journey that involves ongoing, dedicated support of suppliers, helping suppliers stay informed about the necessary requirements, and making sure technology problems are addressed effectively.

COMPLIANCE AND REGULATION

Supply chain risks have exponentially grown for many organisations within the global economy due to the reliance on third party suppliers. By doing so, organisations are now facing a heightened risk of compliance breakdowns which can ultimately damage the organisation's reputation and result in legal and financial consequences. Supply chain compliance refers to organisational adherence to established guidelines and requirements that relates to risk domains along the supply chain continuum, as well as to an organisation's ability to meet or exceed the expectations of its stakeholders with regard to sourcing, manufacturing and delivery of products.

Supply chain compliance is among the top challenges leading supply chain organisations face. According to a study conducted by Aberdeen Group, 45% of supply chain executives say that they are experiencing increased pressure for regulatory compliance and internal compliance to contracts. To avoid the risk of bad reputation, ethical or compliance issues with suppliers, organisations need to carefully assess their suppliers both new and existing.

## Requirement of organisation towards supplier compliance
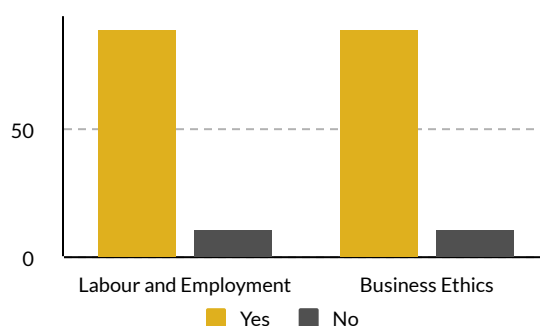
Our respondents consider compliance management to be a priority. It can be observed from the 2019 survey that nearly 90% of respondents require their suppliers to be in compliance with labour/employment and business ethics laws and regulations while 80% of them communicate information about their labour, employment and/or business ethics performance, practices and expectations to their suppliers. Further 80% of the respondents perform a periodic, top-level assessment to identify and improve the organisation's compliance measures. Many of the compliance standards and rules are designed to protect consumers.

Communication of labour, employment and business ethics information to supplier
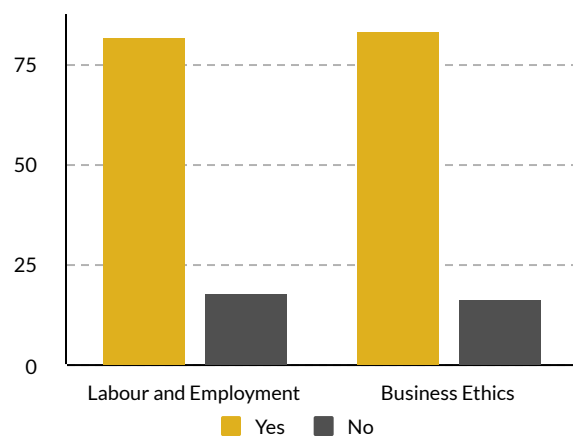
Top level assessment for labour, employment, and business ethics
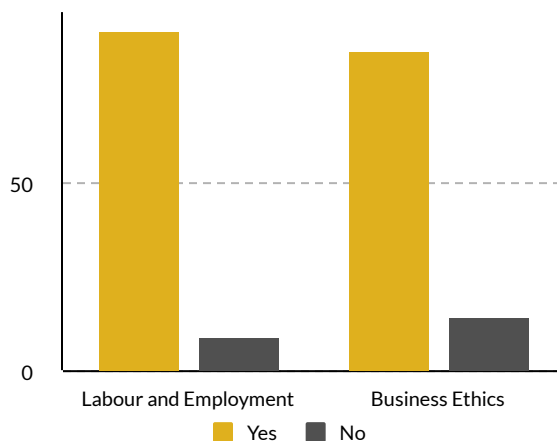
With rising consumer expectations to provide correct, complete and current information on products, there is a need for a product information management system that can automatically exchange and update product attributes. The real time data synchronisation helps organisations to cope with the regulatory requirements, with nearly 74% of the respondents already relying on digital technologies such as cloud based services in helping improve transparency to identify any compliance and regulatory concerns.

COMPLIANCE AND REGULATION

BEST PRACTICE

- To keep up with the high volume of legislation and regulations from around the globe, it is important to leverage industry expertise. One way to do this is to become members of organisations such as ISPE, TOPRA and other organisations for professional regulatory affairs.
- Proactive planning is also key to ensuring compliance along the route of your supply chain. The plan should be reviewed ahead of time in order to anticipate any challenges. The routes should be validated with risk assessments.
- A challenge is finding a well-rounded compliance solution that only aids in complying with specific regulations but leverages accurate data through good due diligence practices.

LOGISTICS AND DISTRIBUTION

With an increase in customer expectations; greater focus is being placed on 3PL/4PLs supply right product to right consumers in right quantity.

Information is at the heart of a 3PL/4PL relationship, having the potential to transform organisational operational effectiveness. Successful relationships are based on working strategically and sharing information and data so as to optimise the logistics network. By making the most of information, organisations can: transform their operations; make better decisions; bring their products and services to market more quickly and efficiently; and gain the intelligence and insight to compete in a volatile and complex economic environment.

Some of the key selection criteria when selecting 3PL/4PL providers that the respondents consider critical are product tracking and visibility (76%), guaranteed delivery date and time (74%), lowest cost (70%), good customer service (57%) and shortest delivery time (50%). Thus, 3PL/4PL firms provide an important tool to enhance customer satisfaction and enhance the overall supply chain performance.

Criteria for Selection of 3PL/4PL

Criteria	Percentage
Product tracking and visibility	76
Guaranteed delivery date and time	74
Lowest cost	69
Good customer service provision	56
Shortest delivery time	50
Ability to provide insightful data	41
Domestic transportation	26
Reduced asset base	13
Seamless cross idle processing	11
Import/export management	6
Customs clearance	6
Freight forwarding	6
Globalisation	6
International transportation	4

Based on the 2019 survey responses, outsourcing the logistics to 3PL/4PL providers adds value to the organisation in terms of providing flexibility in the supply chain operations (48%), warehouse and distribution centre management (46%) and efficient management of customer orders (41%). This type of integration of the 3PL/4PL logistics provider with the organisation's supply chain management provides the businesses the opportunity to expand customer base, venture into new markets and create positive consumer experiences.

Value provided by 3PL/4PL

Horizontal bar chart titled "Value provided by 3PL/4PL" showing Percentage.

Category	Percentage
Flexibility of supply chain operation	48
Warehouse or distribution centre ma...	46
Customer order management	41
Web portals for booking and tracking	39
Risk reduction	37
Planning transportation	37
Product visibility	35
Last mile delivery	28
Scheduling transport	28
Access to new technologies and met...	24
Electronic data interchange (EDI)	22
Global trade management (customer...	19
Advanced analytics on blockchain	13
Radio-frequency identification (RFID)	9

Over half of the organisations have experienced a transformation in their supply chain (58%) as well as being able to receive real-time updates (48%) and improved communication and collaboration (48%) between the third parties involved.

Working with 3PL/4PL providers is a partnership and this provides access to a more extensive network than the organisation's supply chain function. Thus, when partnering with 3PL/ 4PL firms in supply chain management it is necessary to consider their expertise, best practices and technologies that can integrate into the business processes to solve the most complex challenges in logistics.

3PLs/4PLs helping to transform supply chains

Percentage
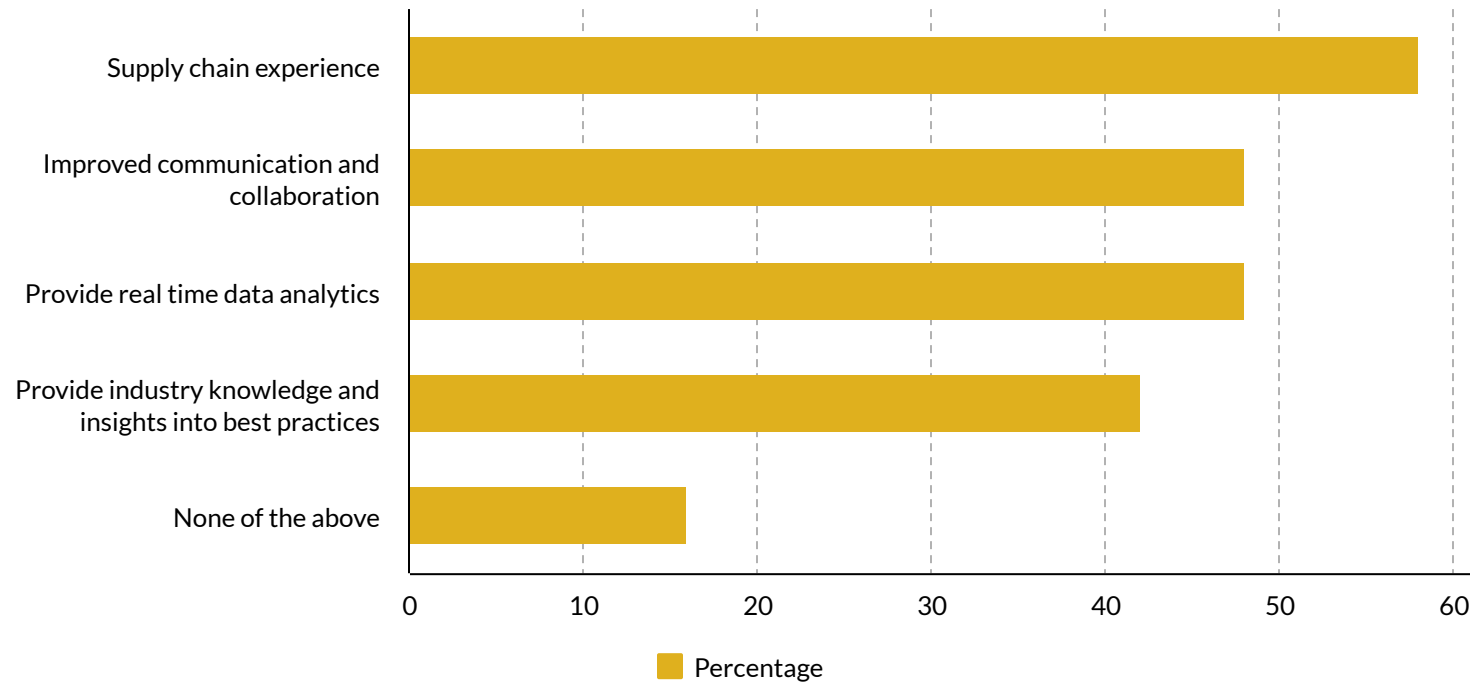
Performance of 3PL/4PL compared to previous year

Percentage
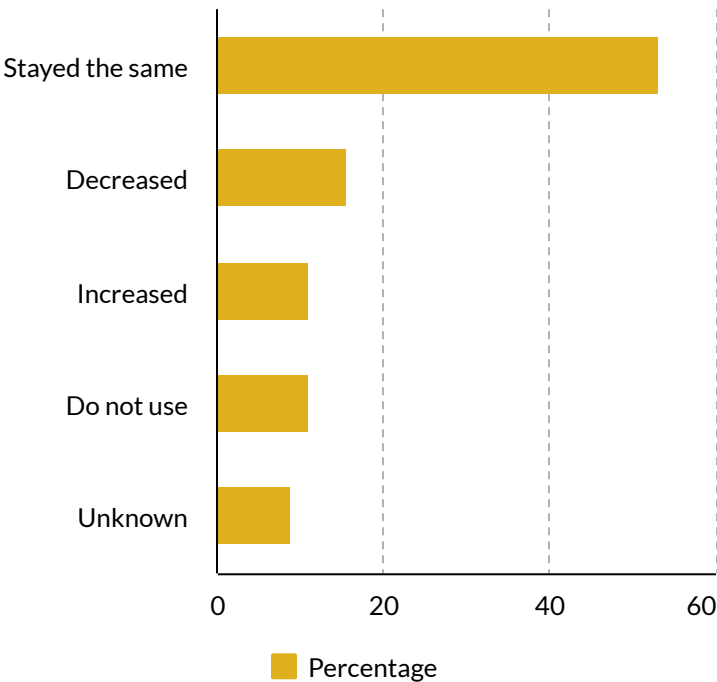
LOGISTICS AND DISTRIBUTION

BEST PRACTICE

- Organisations expect their 3PL/4PL providers to not only take direction, but also respond rapidly and generate ideas for improvement. They consider the 3PL/4PL providers to be strategic partners in efficiently growing business. Thus, to increase the probability of finding the best 3PL/4PL, organisations must invest time in conducting internal assessments to review the needs for a 3PL/4PL provider and, secondly, develop a rigorous and relevant selection process by communicating a predefined set of criteria that will be used in the selection process.
- Manage 3PL/4PL providers in a collaborative manner that enables both parties to achieve their respective goals. This can be achieved through good contracting practices that ensures equity. Set up a good performance management program involving looking at both how you will measure performance (which metric you will use) and performance management (how you will measure the effectiveness of a supplier's performance). Determine the service level agreements (SLAs), key performance indicators (KPIs) and include how you will calculate each measure, where the data will come from and the standard.
- Proper governance with jointly established policies, processes and decision rights with the 3PL/4PL provides for a consistent, flexible and transparent management for the day to day operations and enables both parties to work effectively. The key to good governance is to collaborate and reach an agreement on the management style that respects the culture and strengths of the 3PL and your organisation.

RISK MANAGEMENT

Organisations need to consider the risk of third-party supply chain infrastructure disruption as a critical risk to their own performance. The supply chain is vulnerable to the disruptions caused by external events such as uncertain economic cycles, consumer demands, and natural and man-made disasters. Equally, the impact of changes in business strategy (Christopher, M., 2000). Here we will identify which areas supply chain managers need to monitor so as to reduce the exposure of their supply chain to potential risks and to mitigate the impact of risk.

The plan includes activities such as improving business visibility with better collection and analysis of data (61%), an established business continuity plan (45%) and modernising the supply chain through automation (41%).

The risk management plan must also include the contingency measures that need to be implemented at the various stages and aspects of the supply chain. These include dependency on legacy technology (49%), reliance on a small supplier base (47%) and fluctuations in market commodity prices (37%). It is the ability of the organisation to control these risks to ensure a robust business strategy.

Impact of decision making risk
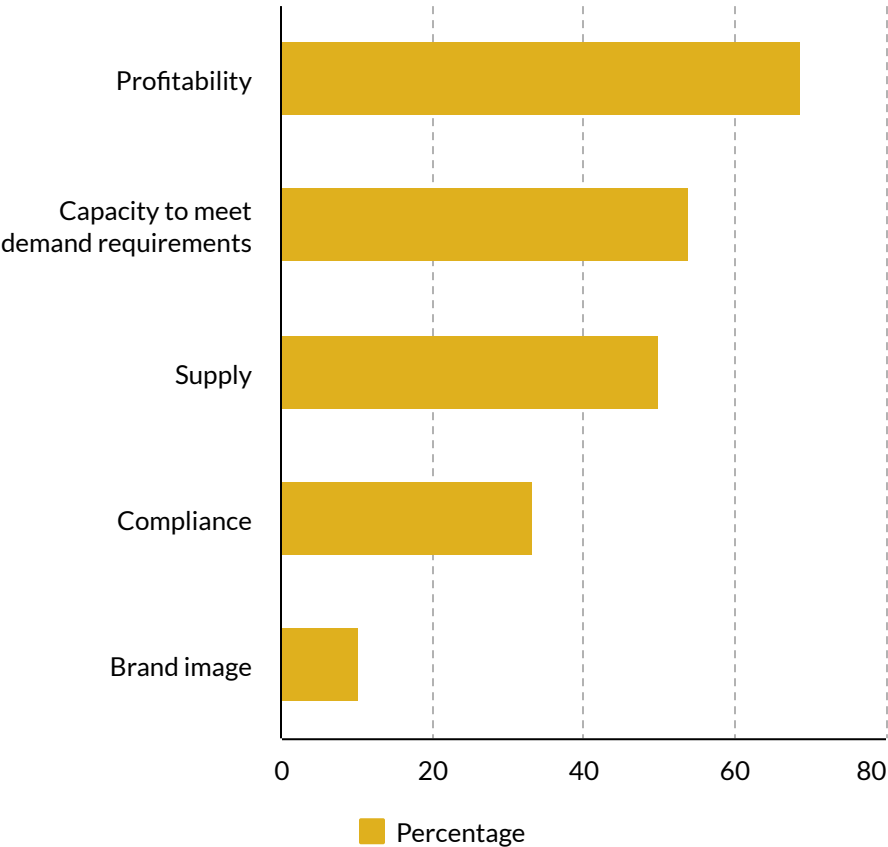
Activities to reduce supply chain risk

Improve business visibility through better collection and analysis of data

Modernise the supply chain through automation

Establish and implement a business continuity plan

Develop a dual sourcing strategy

Develop a hedging or forward buying strategy

Increase inventory levels

Establish multiple distribution centres

0 10 20 30 40 50 60 70

■ Percentage
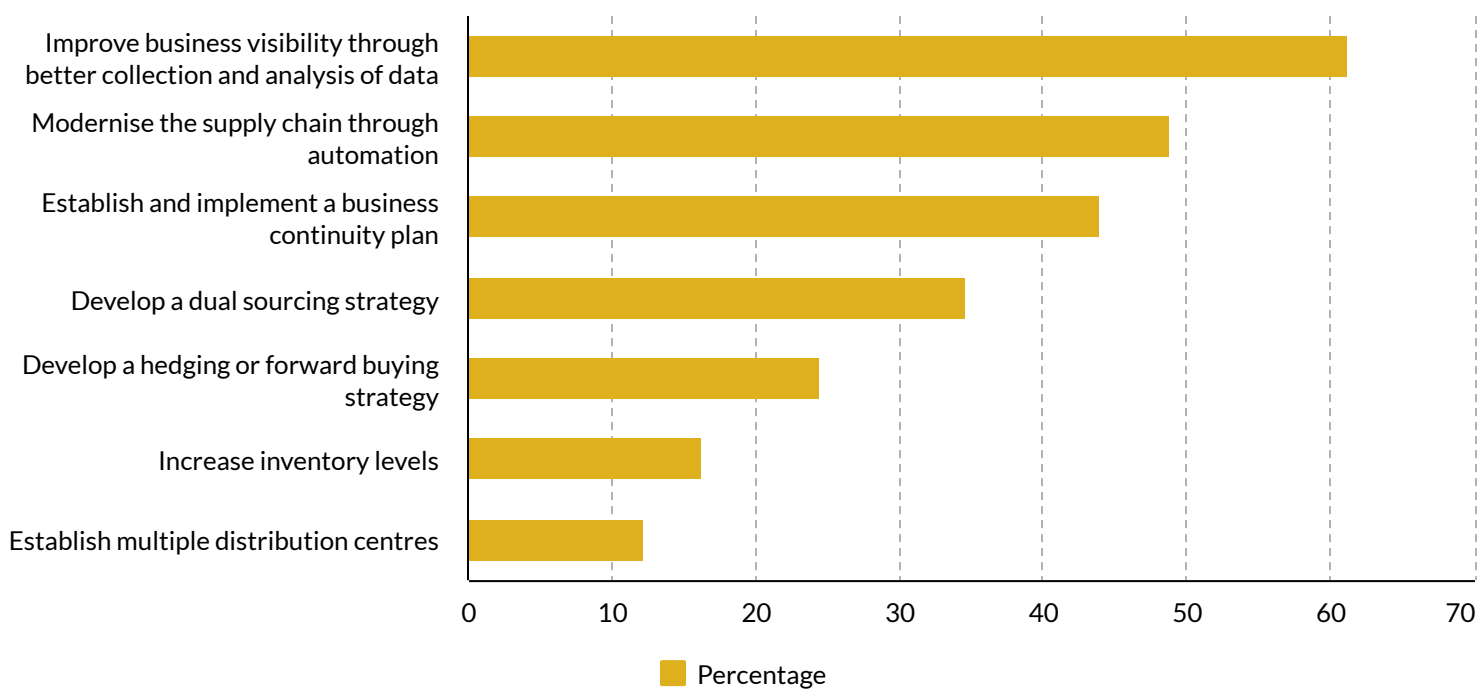
Organisation rating towards supply chain risk

■ Poor (6.12%) ■ Fair (46.94%) ■ Good (40.82%) ■ Excellent (6.12%)
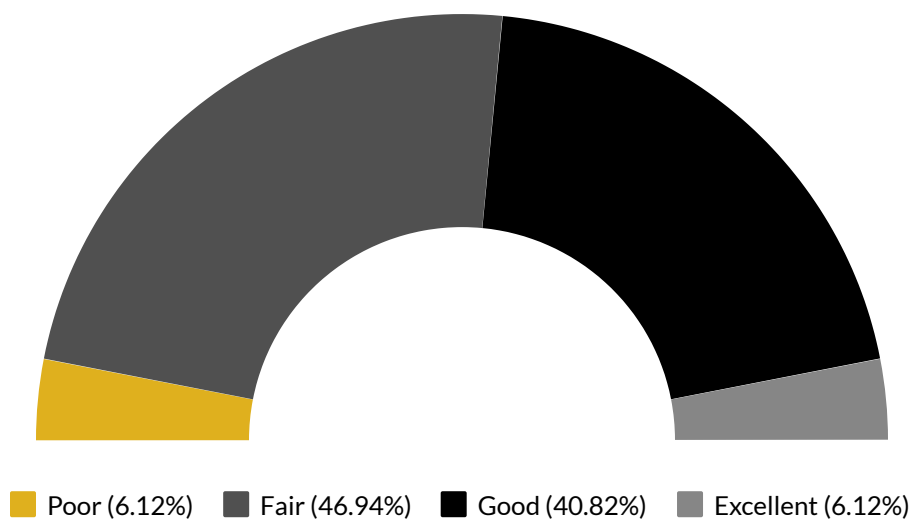
Complex and dynamic changes in supply chain management is inevitable and risk management is essential to success. It is important to understand the supply chain risks and reduce their impacts. Supply chain risks are diverse and evolve with time and it can be tough to prioritise. Supply chain managers must always be prepared and work towards mitigating the risks.

The decisions and steps taken by organisations to minimise the impact of supply chain risks has a direct impact on the firm's profitability (69%), their ability to meet the customer demand requirements (54%) and supply disruptions (50%). Majority of the organisations (47%) have a risk management plan in place which is part of their overall business continuity plan to help identify the risks within the supply chain and the impact of supply chain disruptions on their business. The risk management plan enables organisations to become more flexible, resilient and agile to reduce the supply chain risks.

Supply chain function for contingency plan
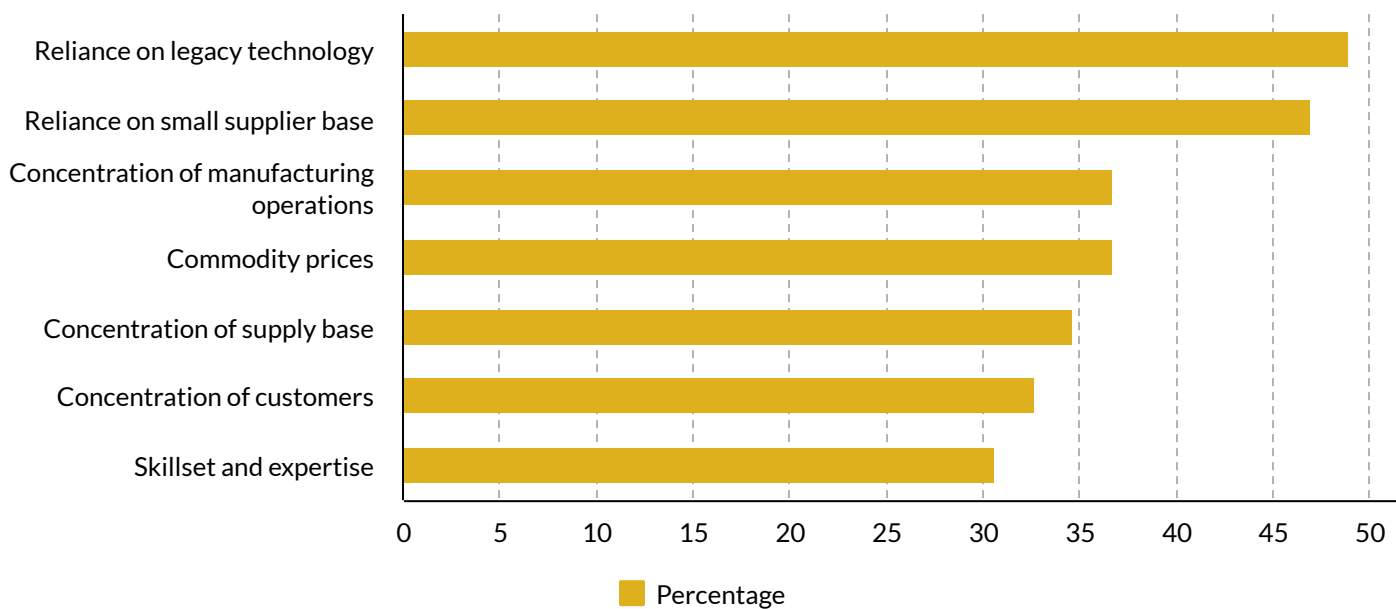
RISK MANAGEMENT

BEST PRACTICE

- Physical risks are plentiful but companies should not forget about cyber threats. Supply chains are built on top of IT, and it is critical to prioritise these risks higher than many physical risks. Companies have partnership with external third-parties who often do not understand the importance of security or do not perform best practices when it comes to securing the network environment. Some of the best practices to implement in such scenarios is security requirements are built-in to every RFP and contract, and that a 'one strike and you're out' policy be established for any counterfeiting activity.
- Plan for disaster scenarios by investing in insurance to help recoup some costs. Insurance policies can be put in place to insure machines and equipment as well as covering issues upstream, such as delays of parts from overseas suppliers.
- Perform supply chain management awareness and training. Place significant attention to training personnel on supply chain policy, procedures and application management, operational and technical controls and practices.

SUSTAINABILITY

Sustainable supply chain management is defined as "the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e., economic, environmental and social, into account which are derived from customer and stakeholder requirements." (Seuring and Muller, 2008, pp. 1699-1710).
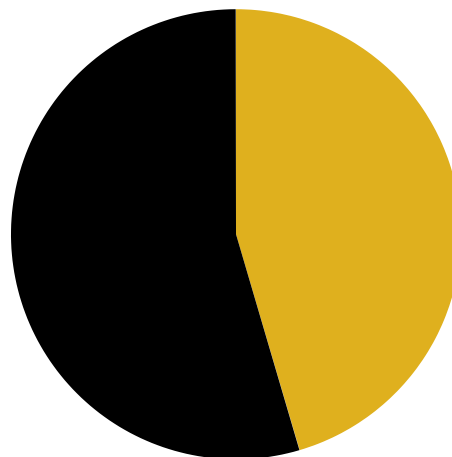
Sustainability is a collaborative process: There is only so much that any one business can do about acting responsibly on behalf of the environment or society without involving its supply chain and holding it accountable.

Organisations performing sustainable audits
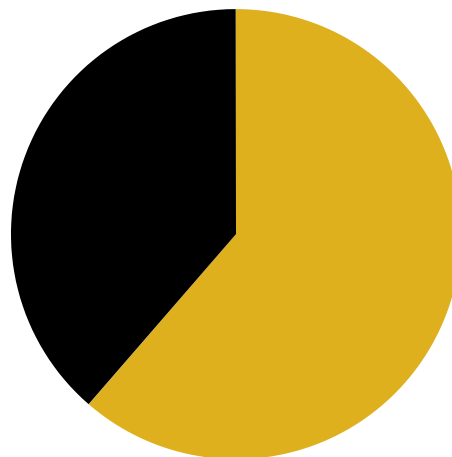
■ Yes (61.36%)　■ No (38.64%)

Sustainability strategy for the organisation's supply chain

■ Yes (45.46%)　■ No (54.54%)

Notwithstanding the sustainability risks that lie in supply chains, relatively few companies are working with their suppliers to manage environmental and social impact risks. This is evident from the 2019 survey results where 55% of the respondents are still lacking a sustainable strategy for their organisation's supply chain and only 52% of the organisations request their suppliers to provide sustainability information. One of the reasons it is challenging to influence their suppliers is that many consumer companies do not directly deal with all the firms in their supply chains. For instance, in the apparel industry, primary suppliers subcontract portions to other firms. Increasingly the consumers and investors are raising concerns about sustainability of the goods they buy and the companies they own stakes in, businesses are responsible for ensuring that their supply chains are managed well. Organisations consider sustainability to be an important aspect (55%) in considering the supply chain vendors and these organisations are also in a strong position to influence their suppliers. Organisations are striving to operate in a more sustainable manner and there is no denying that going green and being environmentally friendly is the way of the future.

Supplier providing sustainability information

■ Yes (45.46%) ■ No (54.54%)
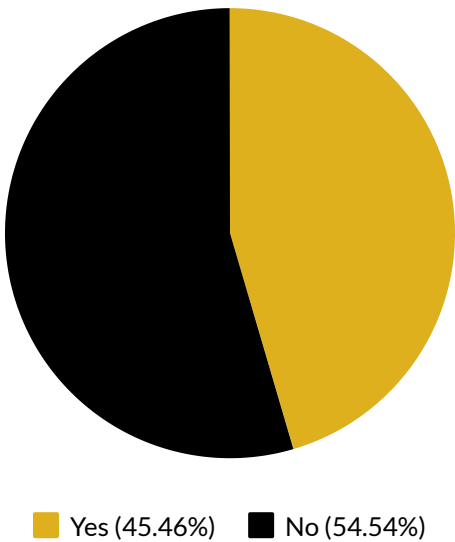
Importance of sustainability when choosing a supplier

■ Extremely important (15.38%) ■ Somewhat important (38.46%)
■ Not very important (26.92%) ■ Not at all important (19.23%)
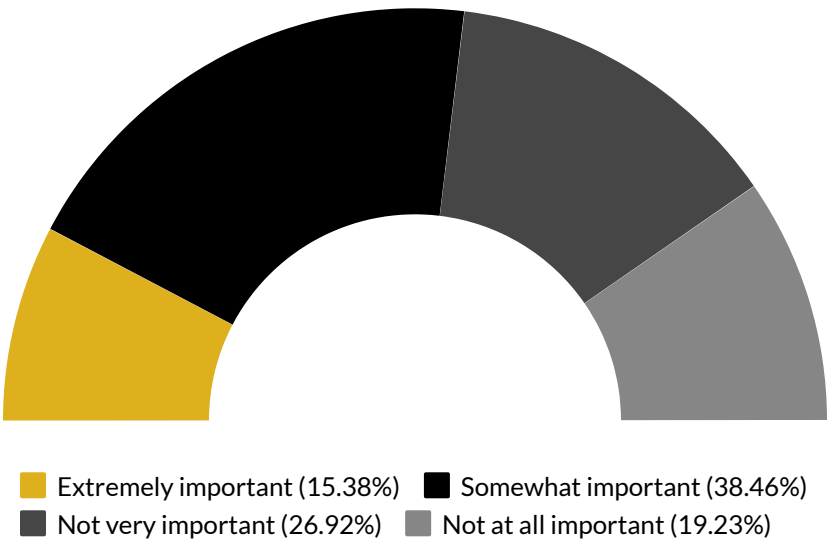
SUSTAINABILITY

BEST PRACTICE

- Have a comprehensive understanding of the sustainability impacts of your supply chain. Some of the early steps an organisation can take is to inventory suppliers, identify significant environmental and social challenges and prioritise efforts. Businesses should follow the Australian Modern Slavery Act to ensure effectiveness of their operations and supply chain. This would create a level playing field for companies, and improve the level of corporate disclosure to the benefits of stakeholders, which could help companies to gain reputation benefits.

- Make sustainability within your supply chain part of your corporate values and culture. Establishing and communicating your expectations through a supplier code of conduct is a critical step in involving suppliers in your sustainability efforts. Many tools and resources have been created to assist companies with the development of a supplier code of conduct such as the United Nations Global Compact publication, "Supply Chain Sustainability – A Practical Guide for Continuous Improvement." Also a tool developed by Global Environmental Management Initiatives (GEMI) helps companies prioritise where their organisation's value chain may have opportunities to improve supply chain sustainability.

- Set baseline supplier performance. Once you have your target suppliers and have set compliance standards, collect data from suppliers through a simple benchmarking questionnaire or self-assessment. These assessments improve supply chain sustainability and help assess improvement priorities. Constructive communication to the suppliers is critical for future engagement and improvement.

PROCUREMENT

Organisations are often posed with the challenge to make a decision as to when to consider sourcing their materials and products from international or domestic markets. Both markets have their own pros and cons, as domestic sourcing allows for better quality control and shorter time to market, but sourcing locally can often be more expensive. On the other hand, international sourcing allows for reduced costs with cheaper materials and labour, but the cost of shipping, logistics infrastructure as well as governmental norms plays a crucial role in decision making. Although these can be true, the lines become blurred when to choose one over the other.

Sourcing products

■ International markets (50%)
■ Domestic markets (50%)
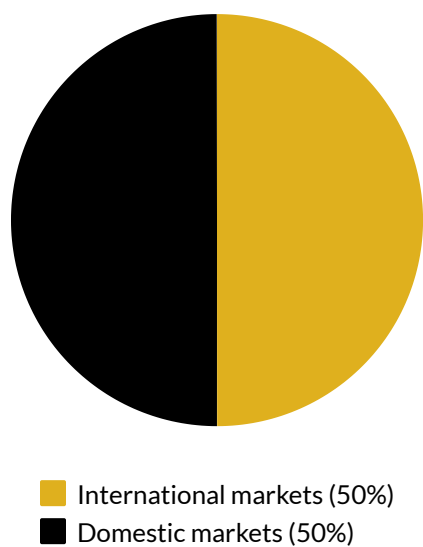
Outsourcing procurement process

■ Yes (14.29%) ■ No (85.71%)
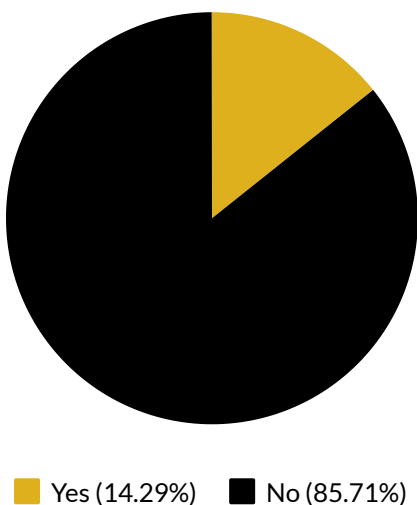
Procurement is the process of getting the products the organisation needs to fulfil its business model. Some of the tasks involved in the procurement process include developing standards of quality, financial purchases, buying goods, inventory management and disposal of waste products. In supply chain, procurement stops once the organisation has possession of the goods. The globalisation of supply chain means that good produced in one part of the globe can be transported to another part of the globe and indeed, each component of the goods thus produced can be made in different countries.

The 2019 survey results show that organisations dependent equally (71%) on both the domestic and international markets for sourcing their good and services, but largely have their procurement processes in-house (86%). Of the 14% that outsource their procurement processes, 36% of them are dependent on the international markets while 29% of them rely on the domestic markets.

Outsourcing organisation procurement process
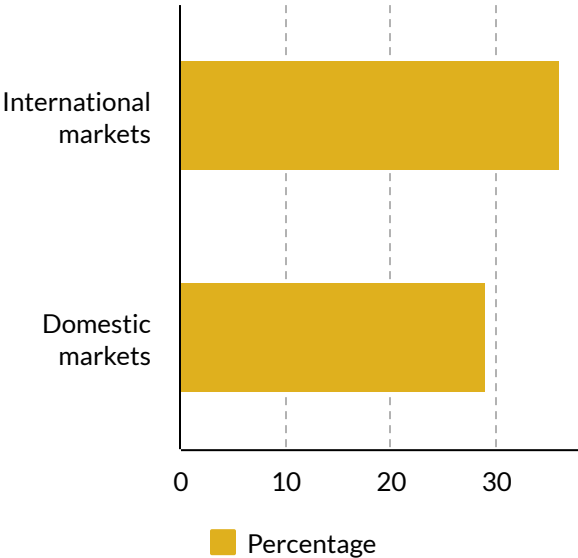
The main benefit of outsourcing the procurement processes to the domestic markets is the fast delivery time (14%) in addition to the ecological consideration and pressures. Procurement and supply chain outsourcing enable an enterprise to enhance its profitability and sustainability.

Outsourcing organisation procurement process
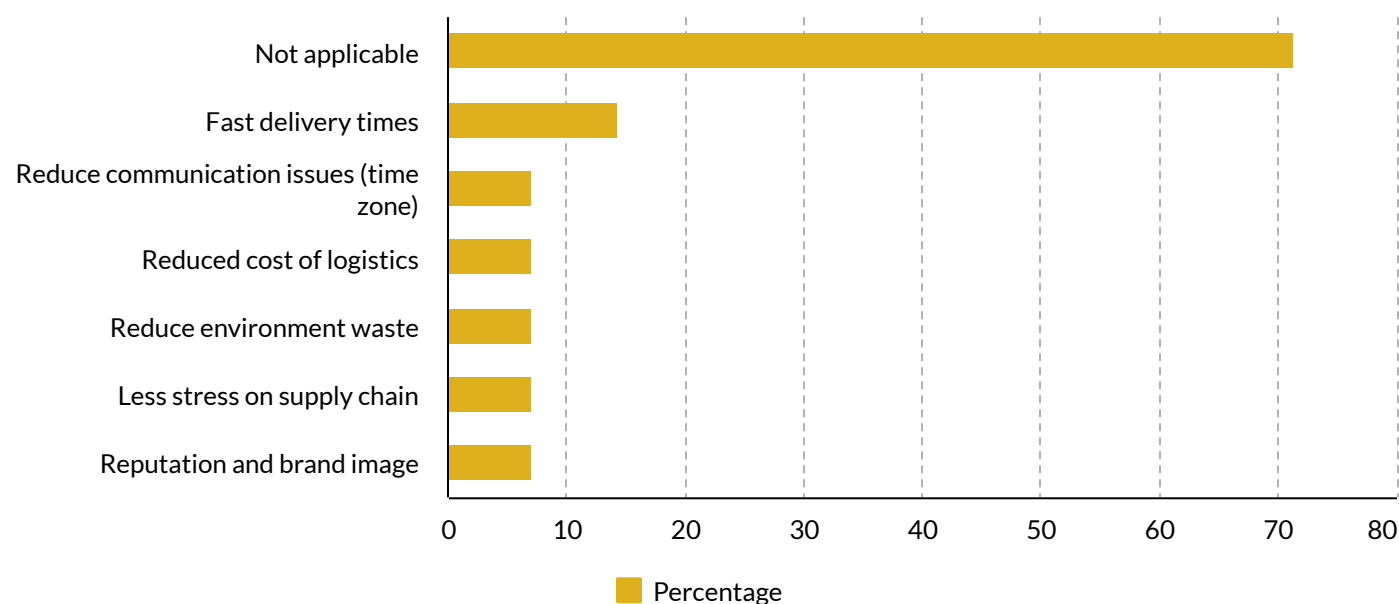
PROCUREMENT

BEST PRACTICE

- Engage in collaborative strategic sourcing examines the whole supply network and procurement process which take into account risks, value creation, supply chain uncertainty and the process's overall impact on the organisation. Paying attention to strategic sourcing can help firms to lower material costs in the long run.
- Good procurement practices include maintaining a healthy supplier-consumer relationship even when transactions aren't taking place. The input of a supplier whose vast knowledge could help benefit the running of a company – it's always good to have yet another person by your side.
- Technology has accelerated the accuracy of procurement; the speed and efficiency of automation systems save time and money. Technology-driven procurement reduces bottlenecks, allowing staff to be more involved in strategic decisions and generating more business opportunities.

CONCLUSION

Australian enterprises are continuously faced by challenges of increased cost, management of complex supply chains, process integration and visibility, supply chain collaboration and alignment, and are continuously evolving themselves in order to adapt to the changing nature of the consumers and the environment.
In line with the previous year's survey report, there has been some improvement reported, but clearly the Australian enterprises need to execute and design strategies to make Australian supply chain more effective, efficient, sustainable and robust.

Last year, ASCI took a bold initiative to recognise supply chain professionals[1] started its first registrations as a three-stage process. The first, Practitioner Registrations for specialists in operations management, logistics management, procurement and ILS, is now available.

Supply Chain is one of the key industry sectors which is very widely intertwined with other industry sectors. It involves great diversity and involvement of various stakeholders as compared to any other industry. However, the supply chain industry still lacks proper end-to-end governance and accreditation standards. As a part of ASCI, it is our duty and aim to provide the health of supply chain to our members. Therefore, the findings from this report are instrumental to the development and enhancement of our ASCI members capabilities and resources.

[1] ASCI's four Practitioner Registrations are:
1. Registered Operations Practitioner RegPrac(Ops)
2. Registered Logistics Practitioner RegPrac(Log)
3. Registered Procurement Practitioner RegPrac(Proc)
4. Registered ILS Practitioner RegPrac(ILS)

ACKNOWLEDGEMENTS

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- ASCI Leadership Series
- ASCI Leadership Challenge
- ASCI Round Tables Series
- ASCI Networking Breakfast Series
- ASCI Site Visit Series
- ASCI Lunchtime Webinar Series

ASCI runs an annual Awards Program, celebrating excellence in supply chain management and an annual conference - ASCI2020 - to be held 15-17 September 2020 in Western Sydney.

ASCI Member programs also include valuable resources:

- The State of Supply Chain Management
- ASCI Lounge Podcast Channel
- Member-only Groups: LinkedIn, Facebook
- ASCI Supply Chain Careers
- White papers

Corporate membership is a flexible and affordable program that allows for corporates to demonstrate commitment to their supply chain teams. Individual membership, global membership (ASCM joint) and student membership are also available. For membership information contact the ASCI National Office today at enquiries@asci.org.au

All memberships offer discounts to training and education for individuals, including globally recognised certifications from our international partners APICS; Institute for Supply Management; and Demand Driven Institute. Corporate training is available for in-company, facilitator led workshops.
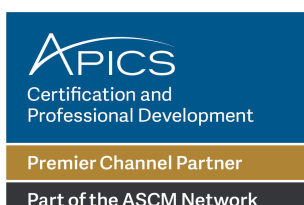
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