



CSCR



LEHIGH
UNIVERSITY

CENTER for
SUPPLY CHAIN
RESEARCH

Lehigh CSCR Newsletter April 2018



DIRECTOR'S WELCOME

Welcome to our April issue of the Lehigh Center for Supply Chain Research (CSCR) newsletter. In this edition our focus is on the Spring Symposium that was just completed April 12 and April 13, here at Lehigh University. We had a very successful Spring Symposium with over 130 participants. Two of the keynote presentations will be highlighted in this issue. Ed Feitzinger, Vice President, Amazon Global Logistics discussed what are the key underlying motivation that drives Amazon especially in this E-commerce and Omni Channel Environment. The second presentation was a panel session on Digital Disruption in Today's Retail/CPG supply Chain moderated by Peter Edlund, DiCentral, and include Wendy Ruggiero (Drop Ship Operations), Mitch Spanner (MCM Products Americas) and Becky Kim (YPS Logistics).

We had 10 different topics in the Spring Symposium and future newsletters will highlight other presentations that we just had.

Planning is also underway for our Fall Forum on Disruptive Innovations in the Supply Chain that will be held November 8 and November 9 at Lehigh University. Here is a link to our website.

<https://cbe.lehigh.edu/centers/lehigh-center-for-supply-chain-research/2018-fall-forum>

We are also looking for good topics that you are interested in learning more about or even good speakers who you would be interested in hearing present.

Zach Zacharia, Ph.D

Highlights from Ed Feitzinger: Amazon's Drivers in an Omni Channel Environment



Ed Feitzinger, who is the Vice President of Amazon Global Logistics who co-authored articles that appeared in both Academic journals and management journals like Harvard Business Review kicked off the opening session. In his presentation, Feitzinger offered insights on how Amazon's Consumer supply chain has evolved over time with a relentless focus on the customer by improving the speed of delivery, increasing product selection and lowering prices.

According to Feitzinger, Amazon strives to work backward from its customer to anticipate customer needs and create outstanding customer satisfaction. Amazon has a set of leadership principles designed to guide their work every day with the top of the list being occupied by Customer Obsession. It is this customer obsession, which is what pushes Amazon and inspires them to invent, criticize and simplify every aspect of their business, including their supply chain.

Feitzinger pointed out many organizations focus on costs and assessing the supply chain as a network optimization problem based on the status quo. Amazon believes when one starts with the customers' needs, then works backward to serve them, organizations come up with ideas they would never have had otherwise or created challenges that they also don't know how to resolve right away. Moreover, addressing those challenges at high volume and under seasonal time constraints requires creativity, experimentation, and risk-taking. However, the result of those challenges is a continually evolving supply chain. Amazon classifies its product in two different categories namely head selection and tail selection depending upon the order frequency of the product; head selection is for items which customers buys every day and tail for those which are rarely purchased.

Feitzinger also noted that Amazon with their relentless focus on customer satisfaction works hard to keep their customers loyal by selecting the best product suppliers, decreasing the price of the product and improving the speed of delivery.

Feitzinger suggested that Amazon, as earth's most customer centric company, has created many opportunities for many small- scale companies, such as Anker, a battery charger company, that just



took off with Amazon, GoPro, which started on Amazon, and a company in Ohio that makes a 100% Egyptian Cotton Sheet that now ships all over the world. These are examples of small companies that Amazon has been able to help succeed through encouraging small companies to use Amazon's highly sophisticated logistics systems to make shipping and exporting very simple. This ability of incorporating small companies with unique products creates an endless aisle of products which gives customers a wide selection of products. This is known as Amazon Virtuous Cycle, where Selection leads to Customer Experience, Customer Experience leads to Traffic, and Traffic leads to Sellers and then leads back to Selection.



Feitingzer also mentioned that the significant investment in new technologies at Amazon has helped them to achieve one-day delivery as well as new optimization modeling, where they have targeted ultra-fast delivery within 2 hours for head selected products. The plan also requires the development of small urban warehouses which will help in achieving this 2-hour window.

DiCentral Panel Session : Digital Disruption in Today's Retail/ CPG Supply Chain

The DiCentral Panel Session at Lehigh CSCR Spring Symposium discussed the impact of e-commerce and online purchasing on traditional retailers, suppliers and logistics providers. The panel session was moderated by Peter Edlund. Edlund is a founding member and executive at Dicentral, a global B2B integration company with over 20 years of solving complex supply chain integration problems. He mainly focuses on helping organizations grow revenue through connected e-commerce. And the panelists included Wendy Ruggiero, a retailer Supply Chain consultant and a seasoned direct-to-consumer and e-commerce expert, Mitch Spaner, an SAP expert and the Director of Logistics at MCM Worldwide, and





Becky Kim, a Managing Partner at YPS Logistics. Each of them represented retailer perspective, CPG perspective and 3PL perspective respectively.

The panel session focused on how the shift from traditional shopping is impacting business models and supply chains and the drop shipping in current retail and CPG supply chain environment. The panel session was conducted from the three different perspectives, the retailer, the manufacturer and, the 3PL. The panelist focused on how the shift to e-commerce has significantly impacted the financial, operational, logistical and management changes within their respective industries. The panelists shared insights on what companies need to do to stay relevant and outclass the competition in the new retail reality.

Contact Us

Lehigh CSCR

Zach Zacharia, Ph.D.

Director

610.758.4433

<http://cbe.lehigh.edu/cscr>

zacharia@lehigh.edu

Check out our Facebook page to see the video from the 2017 Fall Forum and keep up to date on all upcoming CSCR events and news:

<https://www.facebook.com/LehighCSCR/>

Learn more about the **2018 Fall Forum** here:

<https://cbe.lehigh.edu/centers/lehigh-center-for-supply-chain-research/2018-fall-forum>

Registration coming soon!