

TOMORROW, TODAY 3: GET ME TO THE CUSTOMER ON TIME!

VIDEO TRANSCRIPT

Oli Barrett:

Global supply chains and the manufacturers at their source have been in the news as never before and look to be a topic that will continue to provoke conversation throughout 2022. Today, we're talking to Accenture experts about what's going on and how the UK has the best chances of providing a long-lasting fix to the problem. Welcome back to Tomorrow, Today.

I'm here today with Accenture's Maddie Walker and Stéphane Crosnier. Maddie, Stefan, great to see you in person. Maddie, tell me, it's really easy, particularly with manufacturing to sort of fall into this quite old fashioned image of what it involves. So why don't we just start by really busting a few misconceptions? What do you see in your mind when I mention that word?

Maddie Walker

I know why you say it. And I think we can all sort of imagine the world of the flat caps and the industrial parts of Britain and all the smoke coming out of the chimneys. Actually, but when you think manufacturing these days, it's very different.

It's very highly digital, highly skilled, highly robotic, clean environment. That actually when you walk in, it feels very much next generation in some of the new sites and new manufacturing sites that we're seeing these days.

Oli Barrett:

Stéphane, I think of you as my go to person on supply chain. Couldn't be more topical, Christmas is a coming and all that. Why has it not left the news headlines? What's been going on?

Stéphane Crosnier

Well, COVID has created massive imbalances in supply chains globally. So you had containers that were shipped to the US, and there was no demand in Asia for them, so stuck there. Not enough of them to ship goods that are now manufactured in Asia, that should come over for Christmas.

So that's first element, second element is the boats carrying these containers have been impacted as well. There are Port congestions. We have also, specifically in the UK, issues with availability of truck drivers. There are not enough of them for a number of reasons. And all of this is creating this massive imbalance delays, bottlenecks in the supply chains and people are seeing it.

It's very, very visible to them in terms of empty shelves in some shops and worried for Christmas. But I'm telling you, everything is not on a boat today. It's probably not going to be able to make it for Christmas.



Oli Barrett:

So much is shifting. Maddie, help us understand back on the manufacturing side, what has been changing? What are the big things and crucially, what were the temporary fixes versus the new way of doing things?

Maddie Walker

So what's been changing is I think when we think about manufacturing, the old world typically, you felt most of the manufacturing for the UK was done offshore, but a large proportion is still done offshore. But we are seeing a lot of trends to moving back onshore and near shore. And it was really exacerbated by the pandemic to make sure that you have a resilient supply chain and more manufacturing is done near shore.

You've also got the challenges of Brexit, but we're not going to go into detail here, but obviously means that actually more manufacturing on shore would be helpful to handle some of that. And then you've got the third dimension, which is really the sustainability dimension where actually, it's becoming a much more important component. How do you reduce carbon emissions and actually manufacturing more onshore or close by, will make a massive difference. So all of those three trends will have a big impact on the UK manufacturing.

Oli Barrett:

Yeah, absolutely. And, Stéphane this must weigh on the mind of your colleagues across supply chains, because presumably a lot of those emissions are created in those processes.

Stéphane Crosnier

No. Exactly. I think we did an assessment and roughly 60% of these carbon emissions are made within company supply chains. So that's something we really need to first look at, identify and then fix. I think digital, digital technologies, can play a really significant role in that.

Oli Barrett:

So how much do you think, if we flip to the

consumer side, how much do people actually care where what they buy comes from and where it's made? And I wonder if you see that changing, Maddie.

Maddie Walker

I mean, I was at Cop earlier on in the year and I did see actually, I think there is a real trend and a real different expectation for consumers now, than there has been previously. What is good for business is increasingly being recognised as what's better for the world. And that relevance is very important from a consumer perspective. So I think you'll expect to see a lot more of that.

Oli Barrett:

Because I suppose the pressure is on in terms of some of those targets. And I just wonder to what extent digital has a role to play because that's core to your work.

Maddie Walker

Yeah. The government wants to reduce their emissions targets by 30% in the industrial sector, and that 30% is targeted on how digital technologies can help improve those emission targets so the UK government can achieve net neutral.

So, a huge number of conversations that we're starting to have with our clients and with other companies is what can you change within a manufacturing plant to go more digital, be more digital, to drive that agenda forward and to drive that change forward.

Oli Barrett:

Yeah. Really, really pressing. And Stéphane, I suppose the easy conclusion is the way you make supply chains have less negative impact is you just shorten them. But I sense that is too simplistic an answer, help us understand the bigger side.



Stéphane Crosnier

I think shortening them can be interesting in some cases, where specifically your lead time and service levels are important. But again, if you look at the overall cost equation and also the equation around responsibility, that's something you need to do on a case-by-case basis.

Oli Barrett:

So tell us then, particularly in terms of the changes that are here to stay. What have the best companies now started doing?

Stéphane Crosnier

A couple of things. There are companies that have really used the crisis to do things a lot quicker and the new capabilities a lot more quickly. The example we always quote is the example around the ventilator challenge at the beginning of the pandemic, when the UK government asked private companies to stand up and produce ventilators.

We were able to help together, with a consortium of industry companies to stand up a manufacturing line and produce a ventilator in less than 40 days. And doing this that quick, standing up new capabilities in mission systems such as, for instance, a supply chain control tower to get visibility around the floors and the productions, creating it that quickly, it's the new expectations in the business.

Oli Barrett:

You really think that sort of muscle memory is still there? It won't be sort of confined to - oh well, that was needs must because it was a pandemic.

Stéphane Crosnier

No, I think that there are learnings around that. People have realised that you can do things a lot quicker. You can go to the essential and get things done a lot quicker. And then the second thing that companies are doing, which is really

interesting, the best ones, is they are not looking only at fixing the problems. They are saying, OK, strategically, what do I need to do now to prevent the next crisis and change?

So if I look at my supply base, for instance, where do I need to think about qualifying new suppliers to have what's called dual sourcing on some critical parts and in some industries, this takes time because you need to qualify products for safety reasons, for instance. So it's something that you decide now and that you're going to be implementing in three, four months.

Oli Barrett:

Yeah, so much greater visibility, but also many more fallback plans if required.

Stéphane Crosnier

Absolutely. What we are doing as well with companies and a number of leading companies, is stress testing their supply chains. So we create what we call a digital twin. So a digital representation of the supply chain and play a number of catastrophic scenarios in this digital twin, see where the points of failure are and the type of mitigating actions you can take. It can be dual sourcing, it can be strategic buffering, it can be having alternative routes, all kinds of alternative actions that they can take.

Oli Barrett:

So new ways of doing things. Digital twins Maddie, I'm learning, how does that play out in manufacturing then, what does the future of that look like?

Maddie Walker

Oh, my goodness. Digital twins and manufacturing is a huge topic at the moment. I mean, in effect, a digital twin or a digital thread is about really creating a mind map or a thread of data across multiple different systems to give



you that end-to-end visibility of production. And if you can't measure something, you don't know how to improve it.

So really, at its most basic level, creating that concept of a digital twin or a digital thread is really about how you get that end-to-end visibility and you can measure things. And once you start to measure things, you can start to really pinpoint and do proper root cause analysis to work out how you improve it.

Oli Barrett:

Stéphane, it couldn't be more topical because I sense the consumer demand for this has never been louder.

Stéphane Crosnier

No and I think you mentioned where and how before. I think there are lots more questions around how things are made. And to give you an example, we are partnering with a technology company to identify child labour, working to identify within company supply chains where there is a risk having, not direct suppliers, but supply of the suppliers, actually being breaking the rules on this point.

Oli Barrett:

Interesting, because to your point on visibility in previous years, perhaps ignorance was bliss. Now there's no excuse.

Stéphane Crosnier

Absolutely. The tools are there. Now, the real challenge is the data, right? Collecting the data, especially around this end tier supplier, is really a challenge. So you have companies that are really forcing their supply base to provide this information. And we're also working with different technology partners that are using artificial intelligence type of techniques to mine publicly available data. And based on this publicly available data, being able to identify specific zones of risks.

Oli Barrett:

Yeah. Interesting, because, Maddie, I'm also getting across this conversation the sense that the manufacturers themselves have this sort of renewed sense of the importance of the impact they have on the world around them. How does that play out in the conversations you're having?

Maddie Walker

Well, I mean really, all manufacturers are being motivated by both government and the consumer to actually make a change and make shifts. So a lot of the conversation is if you can get the targets in place and get the focus in place, is how do we achieve them? So obviously there's a shift in plans. The plan of the future is much more around robotics.

It's much more around, actually, how do you increase productivity and efficiency? And throughput which obviously will mean that you can lower your emissions in that way. So that's probably a big element of a conversation we're having really is around, how do we do this in the most sustainable way to deliver the best outcome to both planet and the company and the consumer?

Oli Barrett:

Yeah. And of course, I want to talk to you about reskilling around that. But that will have to be a conversation for another day. Stéphane, my final question to you. How do we avoid some of these log jams? So what are your clients calling for to avoid the challenges?

Stéphane Crosnier

I think it's about simulation and see why you have issues in your supply chain and be very proactive in terms of addressing them before the issues are happening. And again, digital technologies, simulation technologies are here to help.



Oli Barrett:

Excellent. Well, I hope that we will be having a similarly positive conversation next time we meet. And indeed, that you get all that you want for Christmas. Stéphane and Maddie, thank you both very much.

Maddie Walker

Thank you.

Stéphane Crosnier

Thanks Oli.