Gartner

Press Release

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Gartner Announces Rankings of Its 2013 Supply Chain Top 25

Winners Announced at Gartner Supply Chain Executive Conference 2013, 21-23 May, in Phoenix, AZ

PHOENIX, AZ, May 23, 2013 — Gartner, Inc. has released the findings from its ninth annual Supply Chain Top 25. The goal of the Supply Chain Top 25 research initiative is to raise awareness of the supply chain discipline and how it impacts the business.

Analysts announced the findings from this year's research at the Gartner Supply Chain Executive Conference 2013, which is being held here at the JW Marriott Desert Ridge Resort and Spa through today.

"At the heart of the Supply Chain Top 25 is the notion of demand-driven leadership," said Debra Hofman, managing vice president at Gartner. "We've been researching and writing about demand-driven practices since 2003, highlighting the journey companies are taking: from the old 'push' model of supply chain to one that integrates demand, supply and product into a value network that orchestrates a profitable response to ever-shifting changes in demand."

Alongside some perennial leaders with new lessons to share, Gartner's 2013 Supply Chain Top 25 offers three new companies, a growing group of industrials from which to learn, and two newcomers to the Top five. The Top five includes three from last year — Apple, McDonald's and Amazon — and two that are new to the Top five but have been rising steadily — Intel and Unilever — while the three new companies joining the top 25 this year are Ford, Lenovo and Qualcomm.

Apple tops Gartner's ranking for a record-breaking sixth year in a row, continuing to outpace everyone else by a wide margin on all five measures used (see Table 1). Apple was ranked No. 1 again by the peer voters, capturing 75 per cent of the highest possible points a company can get across the voting pool. Nos. 2 and 3 switched places this year, with McDonald's capturing the No. 2 slot and Amazon coming in at No. 3. This, however, was not reflected in the peer voters' opinion. Amazon ranked a very close second behind Apple in the peer vote, almost completely closing the opinion gap from previous years and fast gaining on Apple's voting position.

Table 1: The Gartner Supply Chain Top 25 for 2013

Rank	Company	Peer Opinion (1) (172 voters) (25%)	Gartner Opinion (1) (33 voters) (25%)	3-year weighted ROA (2) (25%)	Inventory Turns (3) (15%)	3-year weighted Revenue Growth (4) (10%)	Composite Score (5)
1	**Apple**	3203	470	22.3%	82.7	52.5%	**9.51**
2	**McDonald's**	1197	353	15.8%	147.5	5.9%	**5.87**
3	**Amazon.com**	3115	475	1.9%	9.3	33.6%	**5.86**
4	**Unilever**	1469	522	10.5%	6.5	9.0%	**5.04**
5	**Intel**	756	515	15.6%	4.2	11.4%	**4.97**
6	**P&G**	1901	493	8.6%	5.8	3.6%	**4.91**
7	**Cisco Systems**	1167	517	8.5%	11.2	7.8%	**4.67**

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8	**Samsung Electronics**	1264	298	11.6%	18.5	15.7%	**4.35**
9	**Coca Cola Company**	1779	278	11.7%	5.5	14.0%	**4.33**
10	**Colgate-Palmolive**	794	324	18.9%	5.2	3.6%	**4.27**
11	**Dell**	1409	342	6.2%	30.7	-0.6%	**4.05**
12	**Inditex**	745	221	18.0%	4.2	13.4%	**3.85**
13	**Wal-Mart Stores**	1629	282	8.8%	8.1	4.9%	**3.79**
14	**Nike**	955	236	14.1%	4.2	10.6%	**3.62**
15	**Starbucks**	808	159	16.5%	4.8	11.5%	**3.41**
16	**PepsiCo**	810	314	8.6%	7.8	10.5%	**3.41**
17	**H&M**	399	41	28.2%	3.7	6.7%	**3.22**
18	**Caterpillar**	714	247	5.8%	2.8	23.4%	**2.91**
19	**3M**	999	105	13.3%	4.2	6.9%	**2.87**
20	**Lenovo Group**	397	211	2.5%	22.2	29.8%	**2.75**
21	**Nestlé**	679	112	13.3%	5.1	-0.6%	**2.51**
22	**Ford Motor**	552	231	5.7%	15.1	3.1%	**2.51**
23	**Cummins**	74	139	13.3%	5.3	13.5%	**2.48**
24	**Qualcomm**	122	45	12.7%	8.5	25.9%	**2.37**
25	**Johnson & Johnson**	730	144	9.6%	2.9	3.3%	**2.35**

Notes

1 **Gartner Opinion and Peer Opinion** based on each panel's forced-rank ordering against the definition of "DDVN Orchestrator"

2 **ROA:** ((2012 net income/2012 total assets)*50%) + ((2011 net income/2011 total assets)*30%) + ((2010 net income /2010 total assets)*20%)

3 **Inventory Turns:** 2012 cost of goods sold /2012 quarterly average inventory

4 **Revenue Growth:** ((change in revenue 2012-2011) *50%) + ((change in revenue 2011-2010) *30%) + ((change in revenue 2010-2009) *20%)

5 **Composite Score:** (Peer Opinion*25%) + (Gartner Research Opinion*25%) + (ROA*25%) + (Inventory Turns*15%) + (Revenue Growth*10%)

2012 data used where available. Where unavailable, latest available full-year data used. All raw data normalized to a 10-point scale prior to composite calculation. "Ranks" for tied composite scores are determined using next decimal point comparison.
Source Gartner (May 2013)

Gartner analysts highlighted three standout trends for supply chain leaders this year:

A New Frontier of Performance

Many companies are working on building out the foundational components of an end-to-end supply chain across disparate businesses, focusing on improving core supply chain functions, and creating more common processes and systems across them. More-advanced companies describe a wide range of initiatives that build on the foundation, including end-to-end supply chain segmentation, simplification, cost-to-serve analytics, multitier visibility and supply network optimisation.

"What differentiates the top companies is where they are in the life cycle of these innovations," said Stan Aronow, research director at Gartner. "The leaders have gone beyond the theory and are now deploying the capabilities that others are just starting to consider. In doing so, they are finding new and creative ways to use these capabilities, exploring synergies and opportunities they hadn't necessarily anticipated in advance. Leaders are discovering that the combination of capabilities they are now implementing brings them to a new frontier of performance, and affords them an entirely new toolbox with which they can orchestrate the optimisation of their business and leap ahead of the competition."

A New Imperative for Smarter Growth

Against a backdrop of slow growth, many companies might have been expected to retrench and slip back to focusing their supply chains solely and exclusively on delivering cost reductions and efficiency gains to corporate bottom lines. Instead, in 2013, leaders are embracing a new imperative for growth, realising they have to get smarter about how they do it.

"At leading companies in diverse industries, the supply chain organisation is no longer narrowly focused on driving efficiencies and cost cutting; it sees itself, and is seen by its CEO, as a growth enabler," said Ms

Hofman. "Part of 'getting smarter' about growth is partnership across the business. Leading high-tech and consumer product companies, for instance, are approaching new markets with cross-functional teams that include sales, marketing, operations and IT to holistically design a synchronised entry strategy: starting with the customer and designing the right product, pricing, margin targets, service levels, and supply chain network design and tradeoffs that will all work together to achieve the goal."

Getting to the Heart of Talent
Acquiring, developing and retaining supply chain talent continues to be a major focus area for companies, and Gartner continues to publish extensive research in this area. Companies are investing time and resources in expanded university relationships, rotational programmes, enhanced career progression planning specific to supply chain, multichannel learning options, supply chain certification programs, supply chain leadership development, and others.

"Leading supply chain organisations are going beyond specific talent initiatives to look at the fundamentals of motivation in their supply chain teams," said Mr Aronow. "For them it's about engaging hearts, not just minds; it's about igniting passion and excitement for the work, not just compliance. These organisations use terms such as wanting to be a 'destination company,' or an 'employer of choice' in supply chain. They're finding ways to connect individual activity not only to their corporate goals, but to a larger aspirational goal."

More detailed analysis is available in the report "The Gartner Supply Chain Top 25 for 2013." A complimentary copy of the report is available at http://www.gartner.com/technology/supply-chain/top25.jsp. This site includes various reports related to the Supply Chain Top 25, as well as the overall supply chain industry.

About the Gartner Supply Chain Top 25
The Supply Chain Top 25 rankings comprise two main components: financial and opinion. Public financial data gives a view into how companies have performed in the past, while the opinion component provides an eye to future potential and reflects future expected leadership, a crucial characteristic. These two components are combined into a total composite score.

Gartner analysts derive a master list of companies from the Fortune Global 500 and the Forbes Global 2000, with a revenue cut-off of $10 billion. Gartner then pares the combined list down to the manufacturing, retail and distribution sectors, thus eliminating certain industries, such as financial services and insurance.

About Gartner Supply Chain Executive Conference
Analysts are discussing the future direction of the supply chain industry at the Gartner Supply Chain Executive Conference. The US event is taking place through today at the JW Marriott Desert Ridge Resort and Spa in Phoenix. For more information about the conference, please visit http://www.gartner.com/technology/summits/na/supply-chain/.

The Gartner Supply Chain Executive Conference 2013 will also be held 12-13 August at the Grand Hyatt Melbourne. For additional information about this conference, please visit http://www.gartner.com/technology/summits/apac/supply-chain/. Members of the media can register to attend this event by contacting susan.moore@gartner.com.

The Gartner Supply Chain Executive Conference 2013 will also be held 23-24 September at the Lancaster London. For additional information about this conference, please visit http://www.gartner.com/technology/summits/emea/supply-chain/. Members of the media can register to attend this event by contacting laurence.goasduff@gartner.com.

Additional information from the events will be shared on Twitter at http://twitter.com/Gartner_inc and using #Gartnerscc

About Gartner
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