



Press Release

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Gartner Announces Rankings of Its 2011 Supply Chain Top 25

Apple Maintains the Top Position for Fourth Year in a Row

Analysts to Discuss Supply Chain Discipline at Gartner Supply Chain Executive Conference 2011, 14-15 September, London

Scottsdale, Ariz., 2 June 2011 — Gartner, Inc. has released the findings from its seventh 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 (<http://www.gartner.com/technology/summits/na/supply-chain/>), which is being held at The Phoenician Resort & Spa in Arizona, USA, through 3 June.

"Four key themes emerged this year among the leaders, including how they deal with volatility, their approaches to value chain network integration, their focus on sustainable execution and their abilities to orchestrate," said Debra Hofman, research vice president at Gartner.

Gartner analysts said one of the trends they've seen over the last several years is a move from the notion of "supply chain" to "value chain" and a concomitant increase in the span of control of the supply chain organisation.

"The old image of a supply chain organisation limited to either inbound materials management or logistics, with procurement, planning, manufacturing, and customer service as totally separate functions, is fading," Ms Hofman said. "What's replacing it is a supply chain organisation, often reporting at the board level, that includes the functions of plan, source, make and deliver. It also increasingly includes functions such as customer service and new product launch, and links them through the cross-functional processes and roles that are so critical to being demand-driven. The consumer-oriented companies, with their need to renew product lines constantly and their appetite for downstream data, have led the way in this change, which may at least partially explain the steady drift away from industrial companies making the list."

Apple held onto the No. 1 position for the fourth year in a row (see Table 1). The company continued to post strong financials and top-of-the-line voting scores. Research In Motion, which was new to the list last year, rose to No. 4 this year with enviable financials and solid votes. Amazon, another newcomer last year, rose five spots to No. 5 in the 2011 ranking. Colgate-Palmolive, rising steadily since 2009, moved to No. 13 this year.

Table 1: The Gartner Supply Chain Top 25 for 2011

Rank	Company	Peer Opinion ¹ (156 Voters) (25%)	Gartner Opinion ¹ (32 Voters) (25%)	Three-Year Weighted ROA ² (25%)	Inventory Turns ³ (15%)	Three-Year Weighted Revenue Growth ⁴ (10%)	Composite Score ⁵
1	Apple	2,950	536	17.9%	49.3	40.9%	8.50
2	Dell	1,909	457	6.6%	38.9	4.1%	5.14
3	P&G	1,726	660	9.6%	5.6	2.4%	5.13
4	Research In Motion (RIM)	550	215	25.1%	17.7	43.9%	5.10
5	Amazon	2,267	402	6.6%	11.2	34.0%	5.07
6	Cisco Systems	1,501	550	10.2%	11.8	5.5%	4.82
7	Wal-Mart Stores	1,755	449	9.0%	8.5	3.6%	4.40
8	McDonald's	711	161	15.3%	141.8	2.6%	4.35
9	PepsiCo	740	445	12.0%	7.8	18.8%	4.11
10	Samsung	857	361	9.8%	16.9	22.5%	3.98
11	The Coca-Cola Company	1,305	265	15.3%	5.3	7.9%	3.96
12	Microsoft	566	128	21.4%	16.6	6.1%	3.72
13	Colgate-Palmolive	560	239	20.0%	5.1	3.0%	3.62
14	IBM	994	238	12.5%	21.1	0.8%	3.60
15	Unilever	449	459	11.5%	5.3	5.2%	3.53
16	Intel	871	247	13.6%	4.5	9.7%	3.37
17	HP	949	331	7.0%	14.3	6.7%	3.28
18	Nestle	389	62	22.6%	5.5	0.8%	3.05
19	Inditex	376	180	16.9%	4.4	10.5%	3.05
20	Nike	781	144	13.0%	4.7	3.3%	2.72
21	Johnson & Johnson	548	121	13.4%	3.6	-0.3%	2.38
22	Starbucks	544	127	10.6%	8.6	5.1%	2.35
23	Tesco	524	190	5.3%	18.3	8.0%	2.34
24	3M	760	7	13.2%	4.6	5.8%	2.25
25	Kraft Foods	471	192	4.4%	5.9	15.6%	2.03

Notes:

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

2. **Return on Assets (ROA):** ((2010 net income / 2010 total assets) * 50%) + ((2009 net income / 2009 total assets) * 30%) + ((2008 net income / 2008 total assets) * 20%)

3. **Inventory Turns:** 2010 cost of goods sold / 2010 quarterly average inventory

4. **Revenue Growth:** ((change in revenue 2010-2009) * 50%) + ((change in revenue 2009-2008) * 30%) + ((change in revenue 2008-2007) * 20%)

5. **Composite Score:** (peer opinion * 25%) + (Gartner opinion*25%) + (ROA*25%) + (inventory turns * 15%) + (revenue growth * 10%)

2010 data was used where available. Where 2010 data was unavailable, latest available full-year data was used. All raw data was normalized to a 10-point scale prior to composite calculation.

Source: Gartner (June 2011)

The leaders took some very clear lessons from the events of the past couple of years, with one of them being the need for supply chain resilience: the ability to deliver predictable results, despite the volatility that many have pointed out is now here to stay. Gartner analysts said speed, agility, efficiency, responsiveness and innovation all remain critical, but equally important is a resilient supply chain. Companies like Cisco, Dow Chemical, RIM, Unilever and others are actively designing in structures, processes and methodologies to create and expand this resiliency not only in their own supply chains, but in those of their trading partners, as well.

Gartner analysts said they see companies such as Samsung, which have always been vertically integrated, weathering the ups and downs through ownership of supply, and others like The Coca-Cola Company and PepsiCo becoming more vertically integrated with the acquisition of their largest bottlers. On the other hand, companies such as Microsoft and Cisco are managing an extensively outsourced network of trading partners. "The key isn't whether a company owns all the pieces of its network — it's how well it controls the outcome of the activities that take place in the network that end in the delivery of a final product to a customer," Ms Hofman said.

Industry leaders are setting their sights beyond the articulation of a clear vision to the need for sustainable execution against that vision. These companies understand that, although a long-term supply chain vision is critical to communicate future value, the ability to replicate, scale and continually build on best practices across the organization in a sustainable way — going beyond a one-time success or pockets of excellence — is just as critical.

"The leaders have been moving steadily up the demand-driven maturity curve over the last several years," Ms Hofman said. "What differentiates the companies that are true 'orchestrators' is that they go beyond simply borrowing and adapting others' best practices. They create new ones altogether, often defying 'conventional wisdom' to rewrite the rules and increase the gap between themselves and others."

More detailed analysis is available in the report "The Gartner Supply Chain Top 25 for 2011." The report is available on Gartner's website at <http://www.gartner.com/resId=1709016>.

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 a combination of sources, including the Fortune Global 500, the Fortune 1000 and the Forbes Global 2000. The primary source is the Fortune Global 500, which is pared down to the manufacturing and retail sectors. Analysts then supplement this group with companies from the Fortune 1000 that fall between \$10 billion in revenue and the smallest revenue on the Global 500 list, as well as select companies from the Forbes Global 2000.

About Gartner Supply Chain Executive Conference

Analysts will discuss the future direction of the supply chain industry at the Gartner Supply Chain Executive Conference 2011, 14-15 September in London. For additional information about this conference, please visit <http://www.gartner.com/technology/summits/emea/supply-chain/>.

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

About Gartner

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