The Growth of Supply Chain: 2016 Update
April 4, 2017

The article “The Growth of Supply Chain Over the Last Ten Years” appears in the March-April 2017 issue of SupplyChainBrain. The annual reports for the S&P 500 companies from 2005 through 2015 provide the basis for this study. From these annual reports, sentences containing the phrase “supply chain” were counted. To assess the quality of each “supply chain” mention, a scoring system categorized each phrase as either a Basic, Transforming or Advanced “supply chain” mention. The following is an update on the companies that have released their 2016 annual report.

S&P 500 Update

As of April 4, 2017, 425 of the S&P 500 companies had released their 2016 annual report. These 425 companies had a 1% decrease in supply chain mentions from 1247 in 2015 to 1233 in 2016. After three years of 7% or more annual growth in supply chain mentions, this 1% decrease was surprising. Assuming the remaining S&P 500 companies have the same number of supply chain mentions in 2016 that they had it 2015, we have projected the 2016 supply chain mentions in Figure 1.

Figure 1: Actual and Projected Supply Chain Mentions
Company Updates

UPS held the top spot in 2015 with 68 supply chain mentions and remains in the top spot in 2016 with 65 supply chain mentions. Ryder was in the second position in 2015 with 62 supply chain mentions and remains in the second position with 54 supply chain mentions in 2016. Likewise, Hanesbrands stays steady at 40 supply chain mentions maintaining its third position.

The largest increase in supply chain mentions from 2015 was 6 mentions with three companies achieving this mark: Expeditors International (12 in 2016), Express Scripts (12 in 2016) and The Hershey Company (24 in 2016).

The largest decrease in supply chain mentions from 2015 was 20 mentions by Molson Coors Brewing Company. The company’s 2015 annual report was dominated by discussion of its “strategic review of our supply chain network” in which the closure or sale of facilities in Eden, Hampshire and Vancouver were discussed. Some of this discussion remained in the company’s 2016 annual report, but not to the extent that it existed in 2015. Also missing from Molson Coors’ 2016 annual report is discussion of “joint venture and industry agreements” and ensuring “that our supply chain capacity is aligned with the needs of the business” that appeared in 2015.

Simplify and Streamline in 2016

An emerging theme in 2016 is simplifying and streamlining the supply chain. A number of companies discussed the importance of streamlining the supply chain and actions intended to create a simpler supply chain. Water, hygiene and energy technology company Ecolab is “leveraging and simplifying our global supply chain.” Agricultural product company Monsanto stated that “actions include streamlining and reprioritizing some commercial, enabling, supply chain and research and development efforts.” Diesel and natural gas engine company Cummins stated that its joint ventures are intended to allow the company to “streamline our supply chain management and develop technologies.” At consumer products company Colgate-Palmolive, it is in the process of “simplification and streamlining of the Company’s research and development capabilities and oral care supply chain.”

“Our manufacturing joint ventures are intended to allow us to… streamline our supply chain management and develop technologies.” - Cummins Inc.

These results are based on the 425 S&P 500 member companies that have released a 2016 annual report as of April 4, 2017. The data will continue to be updated as additional companies make their 2016 annual report available.

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