

The School Of Higher Commercial Studies



Final Dissertation for the Master of Business Science Degree

Option : International Affairs

Theme :

**The impact of the supply process on the
commercial performance in a
multinational
Case: Nestlé Algeria SPA**

Prepared by :

M^s Bouzenad Afaf

Supervised by :

**Dr . Bahmed Asma
Lecturer at The school of Higher
Commercial studies**

11th promotion

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Abstract

Today, achieving commercial performance is paramount for any company. Effective supply process management is crucial for ensuring continuity in a competitive market.

Nestlé Algeria SPA, like many companies, strives to optimize its supply process to deliver high-quality service to its customers in the right time with the right quantity. However, the company faces challenges in reaching its commercial performance goals due to inaccuracies in predicting and managing supply process issues.

This study aims to investigate the role of enhancing supply process management within Nestlé Algeria SPA to improve overall commercial performance.

Key words : Supply process, supply planning; commercial performance

Résumé

Aujourd'hui, atteindre une performance commerciale est primordial pour toute entreprise. Une gestion efficace des processus d'approvisionnement est cruciale pour assurer la continuité dans un marché compétitif.

Nestlé Algérie SPA, comme de nombreuses entreprises, s'efforce d'optimiser ses processus d'approvisionnement pour offrir un service de haute qualité à ses clients au bon moment et avec la bonne quantité. Cependant, l'entreprise rencontre des difficultés à atteindre ses objectifs de performance commerciale en raison des prévisions incorrectes et la gestion des problèmes liés aux processus d'approvisionnement.

Cette étude vise à examiner le rôle de l'amélioration de la gestion des processus d'approvisionnement au sein de Nestlé Algérie SPA pour améliorer la performance commerciale globale.

Mots clés : Processus d'approvisionnement, planification de l'approvisionnement ;
performance commerciale

ملخص

اليوم، تحقيق الأداء التجاري هو أمر بالغ الأهمية لأي شركة. إدارة فعالة لعملية التوريد هي أمر حيوي لضمان الاستمرارية في سوق تنافسية.

تسعى شركة نستله الجزائر SPA، مثل العديد من الشركات، إلى تحسين عملية التوريد لتقديم خدمة عالية الجودة لعملائها في الوقت المناسب بالكمية المناسبة. ومع ذلك، تواجه الشركة تحديات في تحقيق أهدافها في الأداء التجاري بسبب عدم دقة التنبؤ وإدارة مشكلات عملية التوريد.

تهدف هذه الدراسة إلى التحقيق في دور تحسين إدارة عملية التوريد داخل شركة نستله الجزائر SPA لتحسين الأداء التجاري العام.

الكلمات المفتاحية: عملية التوريد، تخطيط التوريد؛ الأداء التجاري

Dedications

To my mother, you have always supported me, even in the most difficult moments. You have taught me the importance of education and perseverance. You are my best friend, and I am so grateful for everything you do for me.

To my father, you have always encouraged me to be myself, and you have taught me the importance of independence. I am proud to have you as my father.

To my brother, Abd Ennour, you are my best friend. You have always made me laugh and supported me. I am so happy to have a brother like you.

To my sisters, Malak and Nour El Iman, you are my best friends. You have always supported and inspired me. I am so happy to have sisters like you.

To my aunt, Soumaia Bahi, for your wisdom and precious advice.

To my best friends, Meriem, Ouala, Youssra, and Nour, you are my chosen family. You are always there for me in both good and bad times. I am happy and proud to have reached this point with you, and I am very honored by your presence in my life.

This work is the result of your love and support. I dedicate it to you with all my affection.

Remerciements

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Liste de abréviations, sigles and symboles

- **BCG** : Boston Consulting Group
- **CHF**: Swiss franc
- **COF**: Customer Order Fulfillment
- **DC**: Distribution Center.
- **DSP**: Demand And Supply Process
- **FEFO**: First Expired First Out
- **FIFO**: First In First Out
- **HR**: Human Resources
- **I/E**: import / export. .
- **KPI**: Key Performance Indicators
- **KSI**: Key Success Indicators
- **MNCs**: Multinational Companies
- **OPL**: One Point Lessons
- **POS**: Point Of Sales data
- **SAP**: Systems Applications and Products in Data Processing
- **SCM**: Supply Chain Management
- **SPA**: Société Par Action
- **SKU**: Single Key Unit
- **SWOT**: Strengths, Weaknesses, Opportunities, and Threats.

Summary

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Introduction

General Introduction

Introduction

In the dynamic landscape of multinational corporations, Commercial Performance is the cornerstone of organizational success. At its core, commercial performance encompasses the effectiveness of a company's strategies in generating revenues, profit margins and market competitiveness across diverse geographic markets and business segments. It encompasses a multi-faceted set of measures and indicators, from market share and sales growth to customer satisfaction and brand value. Understanding and optimizing business performance is imperative for multinational companies seeking to thrive in an increasingly competitive global marketplace, where agility, innovation and customer focus are paramount. Through strategic planning, meticulous execution and ongoing performance evaluation, multinationals can open up new avenues for growth, profitability and long-term sustainability.

However, the implications of supply processes extend far beyond the limits of the warehouse or factory, permeating every facet of commercial performance within multinational companies. From sales and profit margins to market share and customer satisfaction, the ripple effects of supply decisions impact the entire organizational ecosystem. A well-managed supply chain not only strengthens operational efficiency, it also acts as a powerful catalyst for revenue growth, enabling the organization to take advantage of market opportunities and outperform its competitors.

Moreover, the integration of supply processes with commercial performance measurement frameworks allows for a holistic assessment of organizational effectiveness. By tracking key performance indicators (KPIs) related to supply chain efficiency, such as lead times, inventory turnover, and order fulfillment rates, companies can identify areas for improvement and optimize their supply chain operations to better support commercial objectives. Additionally, the ability to adapt supply planning strategies in response to changing market dynamics enables multinational corporations to stay agile and responsive, ensuring sustained growth and competitiveness in the global marketplace.

The relationship between supply process and commercial performance in multinational companies is highly symbiotic, and integral to the success of the organization. Supply process is the strategic key that links operational efficiency to business objectives, ensuring that the right products are available at the right time and in the right place to meet customer demand.

By aligning supply capabilities with commercial objectives, such as sales targets and market expansion initiatives, companies can optimize inventory levels, minimize costs and improve customer satisfaction. Effective supply process enables companies to capitalize on revenue opportunities, mitigate risks and adapt to dynamic market conditions, thereby boosting business performance and maintaining competitiveness in the global marketplace.

In its most essential sense, the mutually reinforcing relationship between supply processes, supply planning and business performance underlines the interconnected nature of organizational success in multinational companies. By prioritizing strategic supply chain management and using supply process as a driver of commercial excellence, companies can open up new pathways for value creation, improve customer satisfaction and foster sustainable growth in an increasingly complex and competitive business environment.

A central question is at the heart of our research:

**«How can the supply process help improve the commercial performance of Nestlé
Algeria SPA?»**

The following questions arise from these issues:

- How does Nestlé Algeria SPA ensure that it has the right amount of stock, minimizing storage costs while meeting customer demand?
- How does the company ensure the availability of its products to meet customers' needs, while at the same time achieving its market share in the industrial market?
- How does the timing of product availability impact customer satisfaction and loyalty?

To answer these questions, we proposed the following three hypotheses:

- **Hypothese1:** Accurate forecasting directly impacts commercial performance by ensuring optimal stock levels and meeting customer demand effectively.
- **Hypothese2:** Maintaining optimal stock coverage is crucial for ensuring product availability to meet customer demand, which in turn supports the company's goal of increasing market share in the industrial market.
- **Hypothese3:** accurate lead time estimations enhances customer satisfaction by meeting delivery expectations thereby increasing customer loyalty.

Having identified the key points of our research, we thought it wise to our work into three chapters:

The first chapter comprises two theoretical sections:

- The first section is general information about the supply chain management
- The second section is about the general information on supply process in a multinational

The second chapter is based on the commercial performance

- The first section is about general information on the performance
- The second section is about general information on the commercial performance

The third chapter is based on the impact of the supply process on the commercial performance in Nestle Algeria SPA:

- The first section is about the company Nestlé Algeria SPA.
- The second section is devoted to studying Nestlé's practices in order to understand how supply chain activities and processes influence the company's overall business success.

To carry out this work, we based our analysis on the existing literature on this subject in our school, our own documentation, as well as documentation and qualitative research (semi-structured interviews).

Chapter 01 : General information on the supply process in a multinational

Chapter 01 : General information on the supply process in a multinational

Chapter 01 : General information on the supply process in a multinational

Introduction:

Within all companies especially the multinational companies, the supply process plays a critical role in ensuring the smooth operation of companies, At its core, the supply process is dedicated to transforming forecasted demand into a comprehensive plan. This involves meticulous inventory management to determine optimal stock levels, and efficient logistics to deliver products to customers swiftly and cost-effectively. The ultimate objective is to prevent stock outs and minimize expenses, all while maintaining high customer satisfaction. By balancing these elements, companies can not only meet customer expectations but also achieve operational efficiency and competitiveness in the market.

In this chapter we are going to trait the supply planning process and its components;
It consists of two sections:

- ✓ The first aims to explain the concepts SCM its importance and objective.
- ✓ The second section aims to define the supply and the mission of the supply.

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Section1: Introduction to the Supply Chain Management (SCM):

In this section we will deal with a general aspect of the SCM (its main mission, its objectives, its importance and its functions)

1.1.The definition of a multinational company:

Multinational companies (MNCs) are large organizations that operate in more than one country. They span across borders and continents, with a workforce that includes employees from a variety of cultures and backgrounds.

MNCs are often global leaders in their industries, with a strong presence in multiple markets. They have the scale and resources to compete against smaller local businesses, as well as other MNCs. They usually have a central headquarters, which may be located in the country where the company was founded. However, many MNCs have shifted their operations to countries with lower labor costs or taxes, or locations that offer other advantages.¹

1.2.Supply chains management (SCM) definition:

Several definitions have been found in several articles concerning the concept SCM:

- Supply chain management (SCM) is the oversight of materials, information, and finances distributed from supplier to consumer. The supply chain also includes all the necessary steps between the supplier and the consumer. Supply chain management involves coordinating this flow of materials within a company and to the end consumer.
- The Council of Supply Chain Management Professionals defines supply chain management as follows: “Supply chain management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities”. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party

¹ www.oboloo.com/blog/what-is-a-multi-national-company-mnc-in-procurement/ consulted 16/05/2024 at 10:16 am

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service providers, and customers. In essence, supply chain management integrates supply and demand management within and across companies.

- SCM is also called the art of management of providing the right product, at the right time, right place and at the right cost to the customer.
- Supply chain management can be divided into three main flows: ,
 - **The Product** flow includes moving goods from supplier to consumer, as well as dealing with customer service needs. ,
 - **The Information** flow includes order information and delivery status. ,
 - **The Financial** flow includes payment schedules, credit terms, and additional arrangements.
- Supply chain management is a set of approaches utilized to efficiently integrate suppliers, manufacturers, warehouses, and stores, so that merchandise is produced and distributed at the right quantities, to the right locations, and at the right time, in order to minimize system-wide costs while satisfying service level requirements.²

In short, Supply Chain Management (SCM) involve the integrated planning, coordination, and control of all activities encompassed in the flow of goods and services, from sourcing raw materials to delivering finished products to the end customer. This includes activities like demand forecasting, inventory management, production planning, sourcing and procurement, supply planning, logistics and transportation, and information sharing throughout the entire supply chain network. The goal of SCM is to optimize efficiency, cost effectiveness, and customer satisfaction by ensuring the right product is delivered at the right time and in the right quantity.

² JNU, Supply Chain Management, Jaipur National University, Jaipur First Edition 2013, Page 4

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1.3.Objective of Supply Chain Management :

- A supply chain is a global network of organizations that cooperate to improve the flows of material and information between suppliers and customers at the lowest cost and the highest speed. The final objective of a Supply Chain is Customer satisfaction;
- The supply chain management takes into consideration every facility that has an impact on cost and plays a role in making the product match to customer requirements: from supplier and manufacturing facilities through warehouses and distribution centers to retailers and stores;
- The main purpose of the supply chain is to maximize overall value generated. Value is the difference between what the cost supply chain incurs and the worth end product has to the customer. Value of the commercial supply chain is correlated with its profitability generally known as supply chain surplus;
- The supply chain management has to be efficient and cost-effective across the entire system; from transportation and distribution to inventories of raw materials, work in process, and finished goods, are to be minimized. The emphasis is not on simply to minimize transportation cost or reducing inventories but, rather, on taking a systems approach to supply chain management;
- The objectives of supply chain management can be listed below:
 - Enhancing customer service;
 - Expanding sales revenue;
 - Reducing inventory cost;
 - Improving on-time delivery;
 - Reducing order to delivery cycle time;
 - Reducing lead time;
 - Reducing transportation cost;
 - Reducing warehouse cost;
 - Reducing supplier base;

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multinational

- Expanding depth of distribution³.

1.4. Supply Chain Management activities⁴:

Supply Chain Management is a cross-functional method to control the transfer of raw materials into and completed items out of a business to the end consumer.

There are three levels of activities of supply chain management that different parts of the company will focus on:

- **Strategic:** At this level, strategic decisions concerning the whole organization, such as the size and location of manufacturing sites, partnerships with suppliers, products to be manufactured and sales markets are taken. Such decisions have a long-lasting effect on the firm. This includes decisions regarding product design, what to make internally and what to outsource, supplier selection, and strategic partnering and the flow of material through the logistics network.
- **Tactical:** Tactical decisions focus on adopting measures that will produce cost benefits such as using industry best practices, developing a purchasing strategy with favored suppliers, working with logistics companies to develop cost effective transportation and developing warehouse strategies to reduce the cost of storing inventory. Such decisions are typically updated anywhere between once every quarter and once every year. These include purchasing and production decisions, inventory policies, and transportation strategies, including the frequency with which customers are visited.
- **Operational:** Decisions at this level affect how the products move along the supply chain. Operational decisions involve making schedule changes to production, purchasing agreements with suppliers, taking orders from customers and moving products in the warehouse. Such decisions refer to day-to-day decisions such as scheduling, lead time quotations, routing, and truck loading.

³ JNU, OP.CIT , Pp 5.

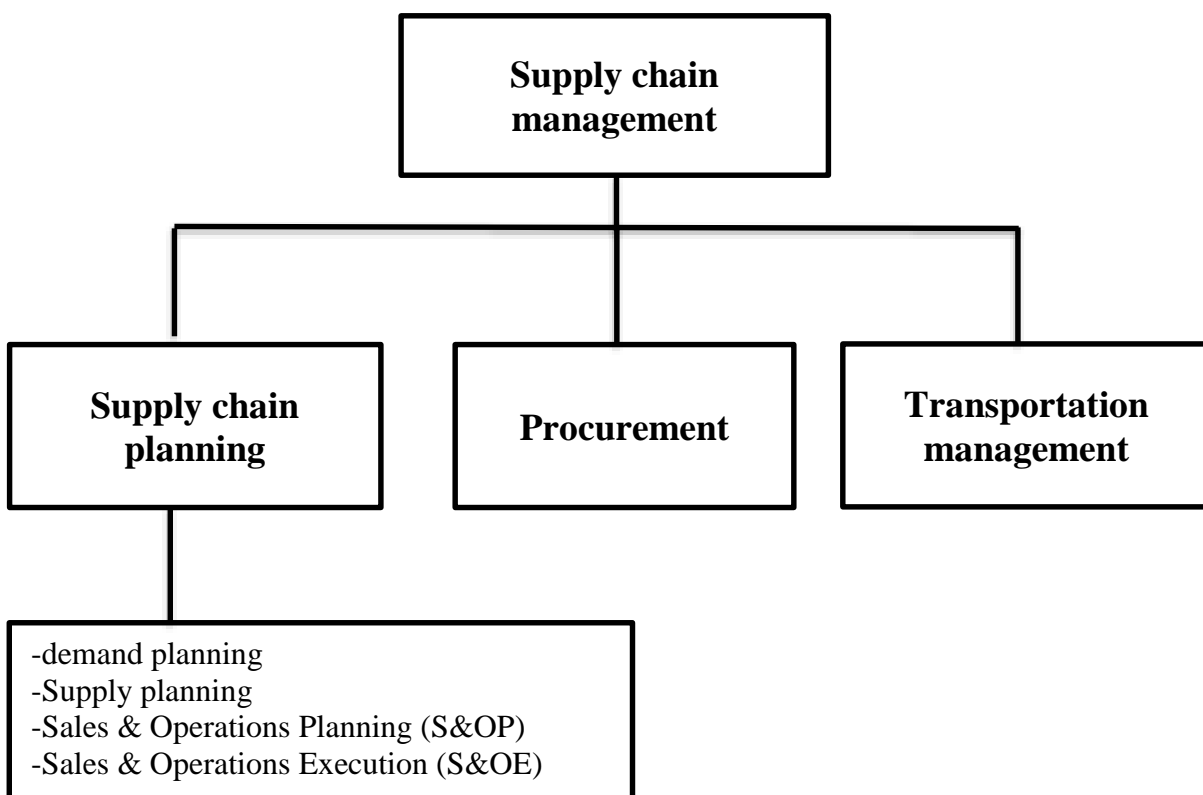
⁴ JNU OLE; Jaipur First Edition 2013, Supply Chain Management, Pp 6.

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1.5. Supply chain management function

Supply Chain Management provides the necessary functionality to support the planning of needed materials and services, procurement of these materials and services, stocking and shipping preparation, and transportation to their final destination

Figure 1 : Supply Chain Management Functions



Source : www.ilsa.kz/etom/main/diagram8b5e2966a15711e2a691f04da23a38c8.htm

- Supply chain planning:

Supply chain planning is a part of supply management that coordinates assets to optimize the delivery of goods, services, and all information flowing from a supplier to a customer while balancing supply and demand. It refers to the whole process of planning a product from

⁵ www.ilsa.kz/etom/main/diagram8b5e2966a15711e2a691f04da23a38c8.htm 14/04/2024 3:00 AM

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its raw material stage to the final one delivered to the consumer. It is inclusive of supply production and demand planning as well as sales and operations planning.⁶

- Supply chain planning its components are:
 - demand planning
 - Supply planning
 - Sales & Operations Planning (S&OP)
 - Sales & Operations Execution (S&OE)

- Procurement :

Procurement is the whole process, involved in the acquisition of goods and services; Procurement involves all the activities involved in acquired the goods and services a company needs to support its daily operations, including sourcing suppliers, negotiating terms, purchasing items, receiving and inspecting goods as necessary and save all the steps in the process.

The objective of such process is to enable orders to be placed and delivered on schedule at the lowest possible overall cost.

- Transportation management :

It involves moving inventory from one point in the supply chain to another point. A number of decisions have to be taken in designing a supply chain regarding transportation. The six basic modes of transportation are: Air, Truck (road), Rail, Ship, Pipeline, Electronic transportation (the newest mode for music, documents etc....)

1.6. Importance of Supply Chain Management:

- Efficient supply chain management is required to ensure effective Market Coverage and the availability of the correct product at the right time in diverse parts of the country.

⁶ www.spotfire.com. (consulted_ 03/04/2024 at 2:47).

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- The importance of supply chain management is that inventory control and visibility are two crucial factors in every corporate operation; Inventory control and visibility have a direct influence on production costs and, as a result, on the organization's profitability. The lower the amount of capital held in inventory, the higher the profitability, and vice versa. Any inventory loss, regardless of where it occurs in the supply chain, will result in a loss. As a result; Inventory control is a key aspect of the supply chain management function.⁷
- Good SCM can directly improve customer service. The right product and the correct quantity must be delivered in a timely manner, to appease both producers and distributors. Consumers want to be able to know the location they must go to obtain the goods that they want.
- Supply chain management (SCM) is the active management of supply chain activities to maximize customer value and achieve a sustainable competitive advantage. It represents a conscious effort by the supply chain firms to develop and run supply chains in the most effective & efficient ways possible. Supply chain activities cover everything from product development, sourcing, production, and logistics, as well as the information systems needed to coordinate these activities.⁸
- Supply chain management is an ideal way to optimize the organization of logistics operations. In addition to quality service, companies gain productivity and profitability. With effective supply chain management, it is possible to anticipate the different flows to make the right decisions. The processes put in place take risks into account in order to limit them as much as possible. This is reflected in various ways across all stages of the logistics service:
 - Cost reduction with elimination of unnecessary expenses;
 - Reducing delivery times to the customer;

⁷ www.nios.ac.in/media/documents/258-LSCM/Lesson-13.pdf, (consulted at 12/05/2024 at 7:32).

⁸ Khairi Kleab, International Journal of Scientific and Research Publications, Volume 7, Issue 9, September 2017, pp 398.

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- Optimized use of resources;
- A gain in employee productivity;
- A service that better meets customer needs for increased satisfaction.⁹

1.7. Characteristics of supply chain management in multinational corporations:

The supply chain management of multinational corporations has very obvious characteristics. Firstly, the root system of the supply chain is vast, and management tasks are very heavy. Secondly, multinational corporations play a dominant role in the supply chain. Thirdly, in the integration of the supply chain, the difficulty is very high. Fourthly, in the continuous development of information technology, it has provided technical support for multinational corporations in supply chain management and brought new characteristics to their supply chain management, such as flexibility, informatisation, high integration, and rapid response.¹⁰

⁹ www.supplychaininfo.eu/chaine-logistique-limportance-de-sa-gestion. Consulted (06/04/2024 at 01:53).

¹⁰ Zhu Zhaopeng, op.cit, Pp 48.

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Section 2: The supply process in a multinational :

In this section we will deal with a general aspect of the supply process (its main mission; its objective and the relation of the supply with the other function of the company)

2.1. Definition of supply function:

Several definitions have been given concerning the notion of supply:

- The “supply” function is located above production in the company's operating cycle. It can therefore be defined as the function responsible for acquiring the goods or services required for the company's day-to-day operations.
- **DURAN. J.P:** “supply consists in triggering deliveries according to the needs of internal customers (production) and external customers”.¹¹
- **PERSON. H :** “supply refers to the function of supplying production sites”.¹²

The supply function covers the following operations :

- calculating the quantity to be ordered and the date on which this quantity must be delivered ;
- placing orders;
- monitoring deliveries;
- inventory management;

The aim of the Supply is to meet the company’s needs in terms of products or services required for its operations. It consists in buying, at the right time and at the best price, the necessary quantities of quality products from suppliers who will respect the deadlines. It therefore includes both a purchasing and an inventory management component. This function is all the more important for a company's competitiveness, as the quality-cost ratio of supplies has an impact on the quality-cost ratio of production.

¹¹ DURAN. J.P, « Les approvisionnements », édition Gualino , France, Paris, 2003, Pp 12.

¹² PERSON. H, « Guide pratique de la fonction achat et approvisionnement en PME/PMI », édition. Maxime, France, Paris, 2000, Pp 24.

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The goal of supply is to avoid any disruptions to production or stock shortages, i.e. to constantly supply both upstream and downstream flows.

2.2. Supply process missions

The supply function's mission is to supply the production sites on a daily basis, unlike the procurement function, so it is truly anchored in the short term. Where the procurement function has to determine which product to buy from which supplier and under what conditions, the supply function determines when and how much to order?

In other words, the mission of this function is to manage the day-to-day flow of materials entering the company for production.

To fulfill this mission, it must guarantee two apparently contradictory conditions:

- Supply production with sufficient quantities (and at the right times);
- Reduce stocks to avoid costly financial immobilization.

2.3. Supply process objectives

The objective of a multinational enterprise's (MNE) supply process is to effectively and efficiently acquire goods and services from global sources to meet business needs while optimizing costs, ensuring quality, managing risk, aligning with strategic objectives and encouraging innovation within the organization.

This objective is surrounded by complementary goals, such as obtaining appropriate materials in line with quality standards and requirements, finding a good supplier who honors his commitments, purchasing at the right price and in sufficient quantity, and receiving these goods and services at the right place and at the right time, with satisfactory service provision.

It's up to the decision-maker to prioritize objectives according to the company's strategy, while striving to achieve greater satisfaction.

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The objectives of the supply function are defined as follows:

❖ Ensuring a continuous flow of materials and services :

Every company's core business requires materials; goods and services either for resale, in the case of a commercial enterprise, or for the costs retained in the production process, in the case of a productive enterprise. Therefore, a break in supply will lead to a stock shortage which will cause an immediate halt in the company's activities, with consequences such as loss of production advantage, costs relating to the inability to meet commitments to customers, loss of markets and sales.

- Cost objectives

Reduce purchasing and storage costs. The means used by the supply department are varied: pressure on suppliers to obtain the best prices and long payment terms, purchasing in large quantities but very fine-tuned stock management: not having too much without running out, as a stock shortage is often detrimental.

- Quality objectives

Prioritizing supply quality means reducing defects and waste, and thus improving final product quality.¹³

2.4. Organization of the supply function:

There are a large number of possibilities for organization and structures of this function; it can be organized according to the size and structure of the company on the one hand, and according to its industrial or commercial type on the other hand.

According to MORIN (Michel) who proposes three positions for the supply function in the company :¹⁴

¹³ Joëlle Bonenfant, Jean Lacroix, Comprendre le monde de l'entreprise, Ressources pour les enseignants et les formateurs en français des affaires, France, Paris, 2016, Pp 1.

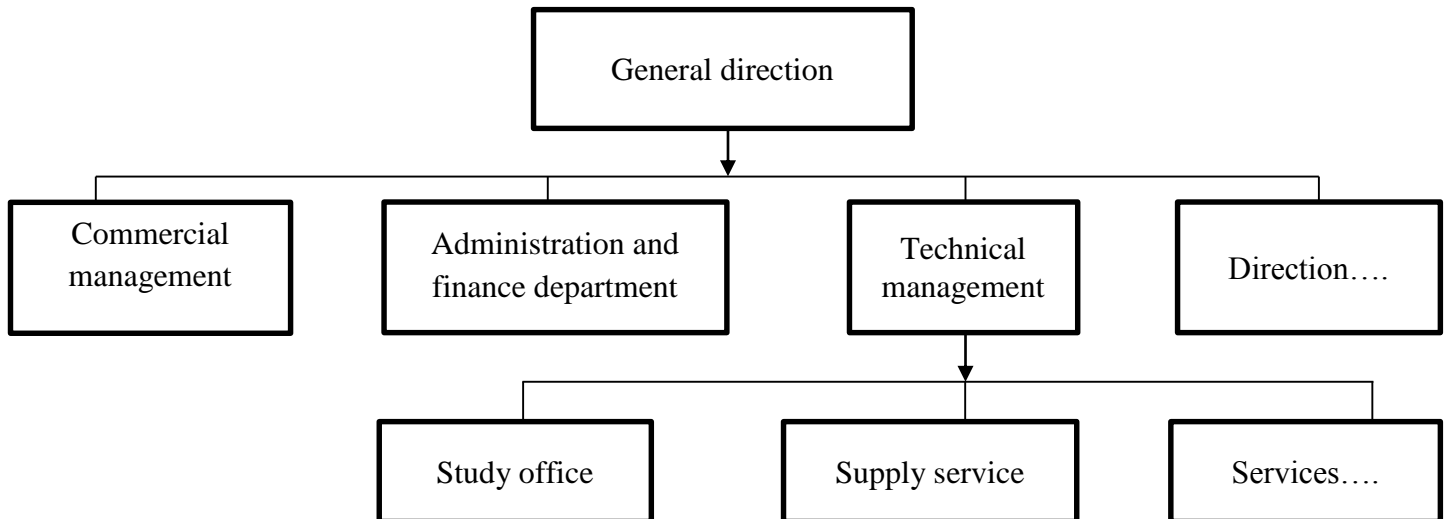
¹⁴ MORIN(M), Comprendre la gestion des approvisionnements, les éditions d'organisation, 2ème édition, paris 1985, Pp13.

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2.4.1. Service or department attached to technical management :

This type of structure is generally found in large companies.

Figure 2 : Service supply attached to technical management:

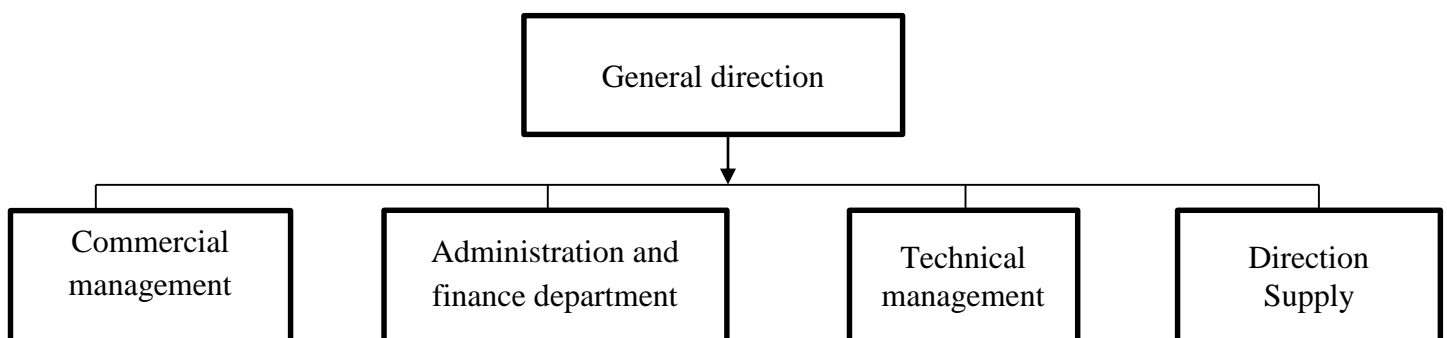


Source: MORIN (Michel): op.cit.,Pp13.

2.4.2. Direction attached to the executive management :¹⁵

In the case of large companies, the supply function is considered to be a department which brings together all the services linked to the function and which spends a very large proportion of sales.

Figure 3 : Service supply attached to technical management:



Source: MORIN (Michel): op.cit.,Pp13.

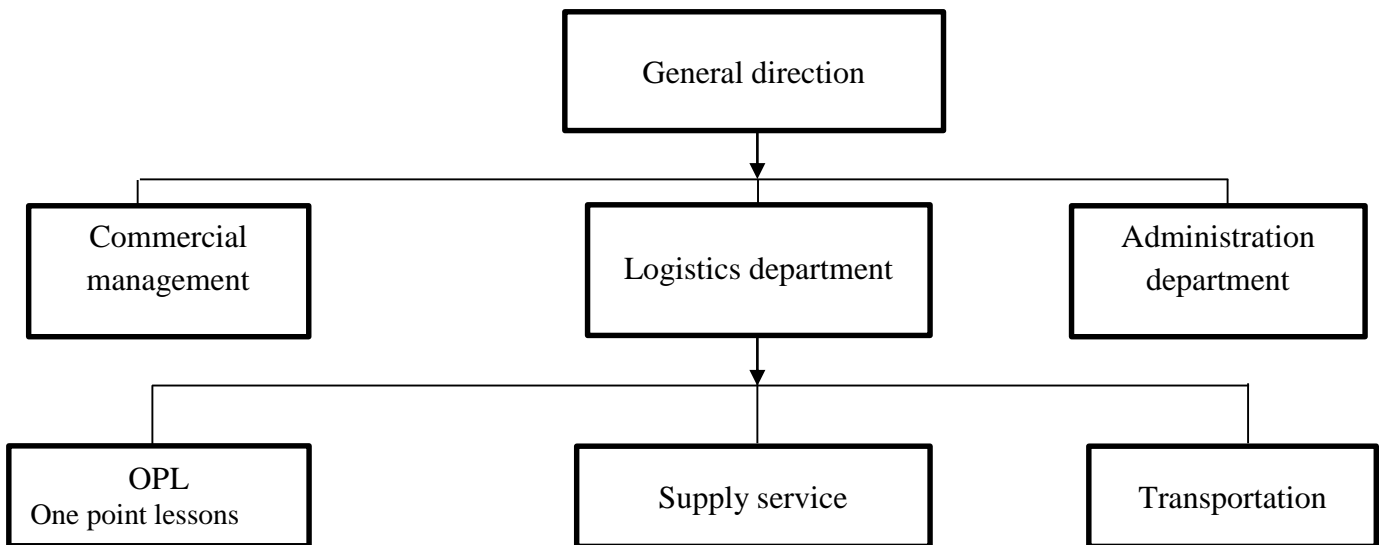
¹⁵ MORIN (Michel): op.cit.,Pp13.

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2.4.3. The rattachement of the logistics department:

Some companies have decided to set up a logistics function whose mission will be to optimize flows within the company, and to arbitrate between functions that are too often in conflict.

Figure 4 Service supply attached to executive management:



Source: MORIN (Michel): op.cit.,Pp13

2.5. The supply process :

2.5.1. Defintion:

The supply process in a multinational company can vary depending on the size of the company, the industry sector, and the complexity of its operations. However, here are generally the main steps found in this process:

This step involves analyzing the company's supply needs, forecasting future demand, assessing risks, defining goals and priorities, and identifying potential suppliers.

2.5.2. Supply process steps :

An effective supply process integrates planning throughout to ensure the company has the right materials, in the right quantities, at the right time.

So generally we are going to get to know the full process in the following steps:

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1. Demand Planning:

The first step to start the supply process in a multinational is to prepare a demand planning. On a weekly basis, Demand planner updates Supply planner on any significant changes in the forecast. This is important because the ultimate goal is to deliver products to customers.

The demand planning team of a business requires obtaining the necessary data from other teams related to sales and demand drivers such as market trends, innovation and social media strategy.

A company must be knowledgeable about numerous factors that are related to the demand forecast predicts, including the following:

- Past demand
- Lead time of product replenishment
- Planned advertising or marketing efforts
- Planned price discounts
- State of the economy
- Actions those competitors have taken¹⁶

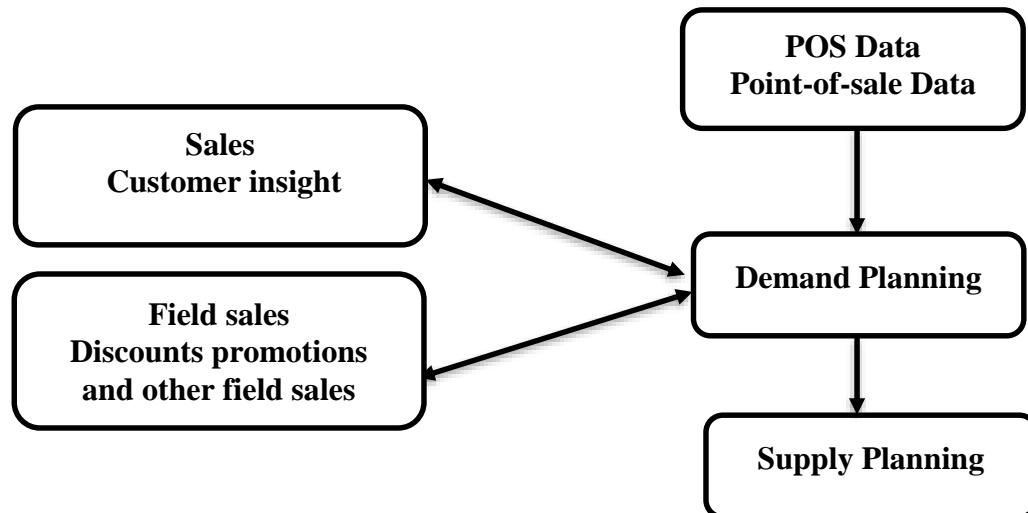
The final stage of demand planning involves validating forecasts, understanding the sources of demand, taking variability into account and reviewing customer service policies. It also includes the inclusion of promotional plans, one-off events and new product and customer launches.

Between field sales and demand planning the data exchange is mainly through sharing of excel files and some levels of SAP. The forecast put by the demand planning function further goes to supply planning via SAP

¹⁶ Sunil Chopra • Peter Meindl, Supply Chain Management Strategy, Planning, and Operation, page 192

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Figure 5 : Overview of the Case functions Interaction



Source: JENNIFER LAKTENA; Balancing Demand and Supply Planning in the Food Supply Chain; pp 24.

2. Supply planning :

Supply planning involves translating the demand plan (forecasting) into an appropriate supply plan. Among its tasks are determining inventory targets, safety stock levels, and production methods for level loading and demand chase. It also includes assessing the ability to meet demand by reviewing available capacity, inventory, and operations scheduling.¹⁷

This step sets the foundation for all subsequent actions :

a- Approved the demand planning:

The supply planning starts post an approved demand plan. The demand plan is a sum of all the sales reviewed and approved channel, regional and/or customer forecasts. The approved demand plan goes through a demand translation step.

b- Master production schedule:

Once the translation step is complete, the supply plan is run to generate a finished goods master production schedule by item and by location.

¹⁷ www.demandcaster.com/implementing-sales-and-operations-planning-sop/ 23:32 25/02/2024

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The supply plan includes all item related attributes and data such as inventory on-hand, inventory in transit, lead times; open orders, minimum order quantities MOQ, inventory cover, forecast; safety stocks, level loading and demand chase.

c- Requirement and capacity review:

Software now enables the user to run a requirement review and capacity review to assess the impact of the demand on supply plans.

d- Transmission of Supply Planning :

The transmission of supply planning from a supply planner « subsidiary» to the holding company's factory typically involves several steps and communication channels. Here's a general overview of how it might work:

3. Supplier Selection

Once the needs are defined, the company conducts research and evaluates potential suppliers. The supplier selection process is one of the most important tasks for every company to achieve an effective supply chain. In competitive environment, it is critical task for firms to select right supplier because potential supplier helps organizations to produce high quality product at reasonable price¹⁸.

Supplier selection may include analyzing the supplier's reputation, ability to meet the company's requirements, reliability, geographic location, quality standards, environmental and social practices, that's also includes negotiate contracts and pricing with suppliers and manage supplier relationships to ensure consistent performance.

In some company supplier selection is consider as a step done by the procurement department, depending on the company structure and culture.

¹⁸Mircea Constantin (D); Nicoleta Valentina (F); Anisoara (D), Selecting the Right Suppliers in Procurement Process along Supply Chain- a Mathematical Modeling Approach, Valahia University of Targoviste, Romania, 2018, Pp48.

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4. Inventory Management:

“Inventory management consists in implementing procedures to answer the two fundamental questions of when and how much to buy.”¹⁹

Inventory management consists of planning and implementing a method to maximize profitability; it constitutes a factor of flexibility for the company.²⁰ It therefore consists on Determine optimal inventory levels based on demand forecasts and lead times, having the necessary quantity at the right time while maintaining the financial health of the company and to obtain a smooth planning, implement inventory control systems to track stock levels and manage stock replenishment to avoid stock outs or excess inventory.

5. Order placement

Order placement is the process of initiating a purchase order for goods or services in the supply process. It typically involves identifying the need for a product or service, and issuing a purchase order to the selected supplier.

Place purchase orders with suppliers based on inventory needs and production schedules. The schedule deliveries are to optimize inbound logistics and production flow.

A purchase order is the official confirmation of an order. It is a document sent from a buyer to a seller that authorizes a purchase; it should generally include the following information:

- Company buyer name and address;
- Order number and date;
- Name and address of the supplier;
- Description and quantities of items or supplies ordered;
- Prices for articles;
- General instructions (package markings, number of copies of invoice, etc.);
- Delivery instructions (recipient, mode of transport, route);
- Date of delivery;

¹⁹ BEAULIEU, (Jean-Pierre) et PEUGY, (André), Audit et gestion des stocks, 1985, pp18.

²⁰ www.swiver.io/blog/gestion-de-stock-definition-roles-et-enjeux/ consulted (13/05/2024 at 17:37).

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- Payment terms.²¹

The purpose of order placement is to formalize the agreement between the buyer and the supplier and to provide a clear, detailed record of the goods or services being purchased.²²

6. Track the order²³

Once the order has been sent to the supplier; supply must ensure that the supplier respects the delivery date and the quantity ordered.

When the supplier sends an order confirmation or an order acknowledgement, it is simple necessary to check that the terms of the confirmation comply with those of the order. Particular attention must be paid to prices, quantities and delivery times.

Once the order has been placed, it is necessary to monitor it until delivery of the goods.

➤ Confirmation of the order or acknowledgment of receipt:

As a general rule, suppliers confirm orders received by a letter is done on

The acknowledgment of receipt is obviously useless in the event that delivery of the merchandise is immediate, but in order cases:

- ✓ It confirms receipt of the order by the supplier
- ✓ It represents an element of arbitration in the event of a dispute between the customer and the supplier.

➤ Order monitoring at the (supplier) :

The purchasing department reserves the right to visit the supplier in order to control the manufacturing of products and items ordered.

7. Receiving & Inspection goods :

Goods receipt and inspection are the processes of receiving, verifying, and recording the items that are delivered by the supplier based on the purchase order.

Goods receipt involves checking the quantity, condition, and documentation of the items, while goods inspection involves testing the quality, functionality, and compliance of the

²¹ Olivier (B), Pascal (M), livre « politique d'achat et gestion d'approvisionnements », édition 5, Pp 138.

²² www.supplychaintoday.com. Consulted (13/05/2024 at 19:24).

²³ PERSON (Hélène), op.cit., Pp 236.

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items. Both processes aim to ensure that the items meet the specifications and expectations of the buyer.

This stage is generally handled by a Receiving department (part of the Supply Chain organization), whose role is:

- Receive deliveries from carriers or suppliers themselves;
- identify, control and register all incoming goods;
- sign delivery notes presented by carriers or suppliers;
- Make goods available as quickly as possible to the warehouse or to the recipients (production units, etc.).²⁴

Suppliers dispatch goods followed by or accompanied by a document called the dispatch note or delivery note. If, on receipt, any anomaly is found concerning the quantity or quality of the goods received, a claim must be made to the supplier concerning the non-conformity of the products.

8. Receipt and verify the invoice:

In principle, invoices are sent directly to the company and to the Accounts Payable department, so that the department always has an overview of all invoices received and being processed (commitment tracking).

As soon as receipt checks have been carried out, payment must be processed as quickly as possible, in accordance with the agreed payment terms: respecting contractual commitments is an important part of the ethical obligations of any client.

9. Invoice payment and archiving:

Once the products have been received and the corresponding invoices have been verified, the company proceeds with payment to the suppliers according to the terms agreed in the contracts.

Supplier payment process involves payment and then archiving the invoice, occasionally, the buyer may need to secure supplies of products or services from a country other than his own. When paying the supplier's invoice, the latter should use a documentary letter of credit.

²⁴ Olivier (B), Pascal (M), op.cit, Pp 140.

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This is a payment guarantee issued by a bank (issuing bank) on behalf of the buyer, and remitted to the seller or supplier (beneficiary). Under the terms of the letter, the bank undertakes to pay the invoice against delivery of the contractual documents within the stipulated period.²⁵

Once everything has been settled, there are both management and justifications legal reasons for this. From a legal point of view, orders and invoices need to be kept for the most part, for reasons of possible future recourse in relation to warranty conditions, as well as for fiscal's reasons. As for internal management, the aim is to enrich the document supplier database and, in particular, to update the supplier's operational performance with a view to a subsequent selection process.²⁶

10. Warehousing & Storage:

After receipt, products are stored securely and efficiently within the company's warehouses pending their use or further distribution, implement proper inventory rotation procedures (e.g., FIFO - First In, First Out, FEFO- First expired first out “ agro alimentary product”).

11. Supplier Performance Evaluation:

The company regularly evaluates the performance of its suppliers based on predefined criteria such as product quality, adherence to delivery deadlines, responsiveness to customer service, etc. This evaluation can influence future decisions regarding supplier selection and retention.

12. Order Fulfillment & Delivery:

When customers place orders, warehouses are responsible for picking, packing, and shipping the products. With efficient inventory and order management systems in place, warehouses can minimize order processing time and ensure accurate and speedy delivery to end customers. This is crucial for maintaining customer satisfaction and loyalty.²⁷

²⁵ Paul Fournier, Jean-Pierre Ménard, Gestion de l'approvisionnement et des stocks, Montréal (Québec) ;Canada , 4^{ème} édition, 2^e trimestre 2014, Pp 315.

²⁶ Olivier (B), Pascal (M), op.cit., pp 142.

²⁷ www.tvsscs.com, consulted (15/5/2024 at 11:40).

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13. Track KPIs:

Monitor and analyze supply chain performance metrics (e.g., lead times, inventory levels, delivery accuracy). Quantity time and quality. Identify areas for improvement and implement changes to optimize the supply process.

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Conclusion:

The supply process is a critical component of any business, as it ensures that the necessary goods and materials are available to meet customer demand. By understanding the general information about the supply process, businesses can optimize their operations, reduce costs, and improve efficiency.

Supply plays a crucial role in proactively aligning the procurement process with the broader business environment and anticipating potential challenges that could impact the entire supply chain. Supply is the essential ring in the supply chain; the supplier gains a comprehensive understanding of stock levels, anticipated demand fluctuations, and potential disruptions. This enables them to optimize ordering decisions, minimizing the risk of both stock outs and excess inventory, which are every company objectives.

The supply function represents a considerable globalization of financial resources.

By analyzing historical data and current trends, it facilitates informed decisions about order quantities and timing. This proactive approach ensures the company has enough stock to meet demand while avoiding excessive inventory holding costs. It determines how to best allocate resources and meet customer demand. Supply planning involves creating and executing the supply plan, based on the demand forecast, the capacity, the inventory, and the sourcing strategy.

The supply department must be able to rely on a multi-disciplinary expertise capable of satisfying all the wishes of those making a request

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Introduction

The commercial performance refers to a company's ability to meet and exceed its sales, revenue and profitability targets. It is a key indicator of a company's global health and its ability to perform in an ever-changing competitive environment. To achieve and sustain this performance, companies rely on **Key Performance Indicators (KPIs)**.

Key performance indicators are essential for a company that wants to grow, they provide to the manager measurable information about how an organization is performing against its strategic goals. By tracking KPIs, businesses can assess their commercial function's effectiveness, identify areas for improvement, and make data-driven decisions to optimize sales, revenue generation, and ultimately, achieve commercial success.

This chapter will be presented in three sections:

- The first section will explore the characteristics and different types of company's performance.
- The second section will focus on the commercial function itself and its key performance indicators.

Chapter 02 :General information on the commercial performance

Section 1: Basic concepts of the company's performance:

The performance of a commercial team depends on a number of factors, including action plans, objectives, recruitment and training, remuneration and motivation.

1.1.Performance design :

The purpose of this section is to provide clarification regarding the concept of performance then to generally present its related notions; finally we will advance the dimensions of performance

1.1.1. Performance definition :

Company performance is most often defined in terms of improving competitiveness and results. While this may be the right approach, it is incomplete. In fact, company performance is achieved first and foremost in relation to the targets set out in the company's own strategic objectives

DIDIER NOYER considers that performance is to "achieve the goals that you have given in convergence with the company guidelines" and that performance is not simply finding a product but rather is the result of a comparison result and objective.

Performance can be defined as "a state of competitiveness of the company, reached a level of effectiveness and efficiency (productivity) that it provides a sustainable market presence"

NICULESCU

According to WEISS.D,

"Performance for an employee, for a business manager, or perhaps for a management team, is the overall result, the profit assessed over one or several years, objectively measuring the effectiveness of management." ²⁸ A company's performance is anything and only that which, contributes to improving the value-cost ratio, conversely, not everything that contributes to reducing costs or increasing value is necessarily performance.

²⁸ Assist. Mirela-Oana Pintea Ph.D Student, PERFORMANCE - AN EVOLVING CONCEPT, Faculty of Economics and Business Administration Cluj-Napoca, Romania, Cluj-Napoca, Romania, pp 5-6.

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PERSON suggests that:²⁹

“The performance of a center of productivity (workshop, unit, service, company, branch etc.) Refers to the efficiency and production in which this center of responsibility has achieved the objectives that had accepted.”³⁰

For this author, performance therefore reflects two phenomena:

- The degree of satisfaction (achievement) of the objective or objectives set: which is translated by the term **effectiveness**;
 - The way in which this (these) objective(s) is (are) achieved is translated by the term **efficiency**.
- ✓ **Etymologically**, the word "performance" comes from the Old French "parformer" which, in the 13th century, meant "to accomplish, to execute" (Petit Robert).

Performance, therefore, manifests in two phenomena;

Effectiveness and **efficiency**, which appear to be synonymous with performance, but sometimes also with the results to be achieved. In fact, it is preferable to refer to these notions rather than to productivity, which refers to an industrial approach and therefore remains connotative.

- Anthony (1965) gave a general definition and well-crafted definition of performance, sharing the concept of two primary components, efficacy and effectiveness. Efficiency refers to performance in terms of inputs and outputs so that the resulting higher volume for a given amount of inputs, means greater efficiency. Effectiveness refers to the performance by the degree to which competitiveness efficiency effectiveness Competitive advantage Performant company planned outcomes are achieved (for example: objective to avoid interruptions of supply over a period of time can be regarded as an efficient outcome).

²⁹ DILMI Nasredine, Essai d'analyse de l'impact du processus d'approvisionnement sur la performance commercial de l'entreprise; Mémoire de fin de Cycle en vue De l'obtention du diplôme de Master en sciences commerciales, EHEC Kolea, 2017, pp37.

³⁰ Bouarab G, Le contrôle de gestion au service de la performance commerciale; Mémoire de fin de Cycle en vue De l'obtention du diplôme de Master en sciences de gestion, Université Mouloud Mammeri de tizi-ouzou faculté des sciences économiques, commerciales et des sciences de gestion, 2018, pp39.

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- A company's performance is whatever, and only whatever, contributes to improving the value-cost ratio. Conversely, anything that contributes to reducing costs or increasing value is not necessarily performance.
- Company performance is everything that contributes to achieving strategic objectives.

These definitions are based on the concepts of value, costs and strategic action.

- **Value** is the judgment made by society (in particular the market and potential customers) on the usefulness of the services offered by the company as a response to needs. This judgment takes the form of sales prices, quantities sold, market share, revenues, quality image and reputation.
- **Cost** is the monetary measure of the consumption of resources, which generally occurs as part of a process designed to deliver a well-defined result.
- **An action lever** is a cause of performance (a factor having an influence on process performance issues, and therefore on strategic objectives) on which the company has chosen to act.

Performance remains a matter of perception, and is relative to its use. In fact, the term performance conveys different meanings to different users.³¹

In general, the performance in relation to the business is understood as the results of activities of an organization or investment over a given period of time. It refers to the accomplishment of a given task measured against pre-set known standards of accuracy, completeness, cost, and speed.

1.1.2. Related notions of performance

The word "performance" is often confused with the terms "effectiveness", "efficiency" and "efficacy". Considered to be related notions, despite the differences that exist between these concepts.

Efficiency, effectiveness and efficacy, in formal management discussions, take on very different meanings and were originally industrial engineering concepts that came of age in the early twentieth century. Peter Drucker, an expert of the management, in his book "the effective executive" developed these concepts.³²

³¹ DILMI Nasredine, op.cit, pp 39.

³² www.clinmedjournals.org , Consulted 19/05/2024 at 13:55.

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a. Efficacy:

Efficacy is the ability to achieve objectives, and therefore the ability to do the right thing. It's "the maximum degree of realization of the objectives set for the company", and an activity is considered efficient if the results obtained are identical to or better than the objectives defined. In a shorter form, we can summarize efficiency in the following formula:

$$\text{Efficacy} = \text{Results achieved} / \text{Objectives}$$

b. Effectiveness:

Effectiveness is doing "the right" things, for example setting right targets to achieve an overall goal (the effect). It is the extent to which planned outcomes, goals, or objectives are achieved as a result of an activity, intervention or initiative intended to achieve the desired effect, under ordinary circumstances (not controlled circumstances such as in a laboratory).³³

According to LE MOIGNE, "It's a question of checking whether we're actually doing what we want to do". We can therefore conclude that the concept of effectiveness is closely linked to satisfaction with the results obtained.

According to Samset, effectiveness measures the realization of the project's purpose, or the project's long-term consequences.

It is therefore easy to summarize in the following formula:

$$\text{Effectiveness} = \text{satisfaction level obtained} / \text{obtained results}$$

c. Efficiency

It assesses the ability to obtain a given result from minimum resources, and therefore the "ability to do well". The notion of efficiency is similar to that of productivity. "EFFICIENCY expresses the relationship between the objectives targeted and the means employed to achieve them." efficiency is related to doing things in the right way and is an internally focused measurement.

In other words, efficiency is concerned with the quality of the factors used to achieve objectives (number of machine hours, number of working hours, costs of intermediate consumption used in production, etc.). Certain economic indicators (average cost) and

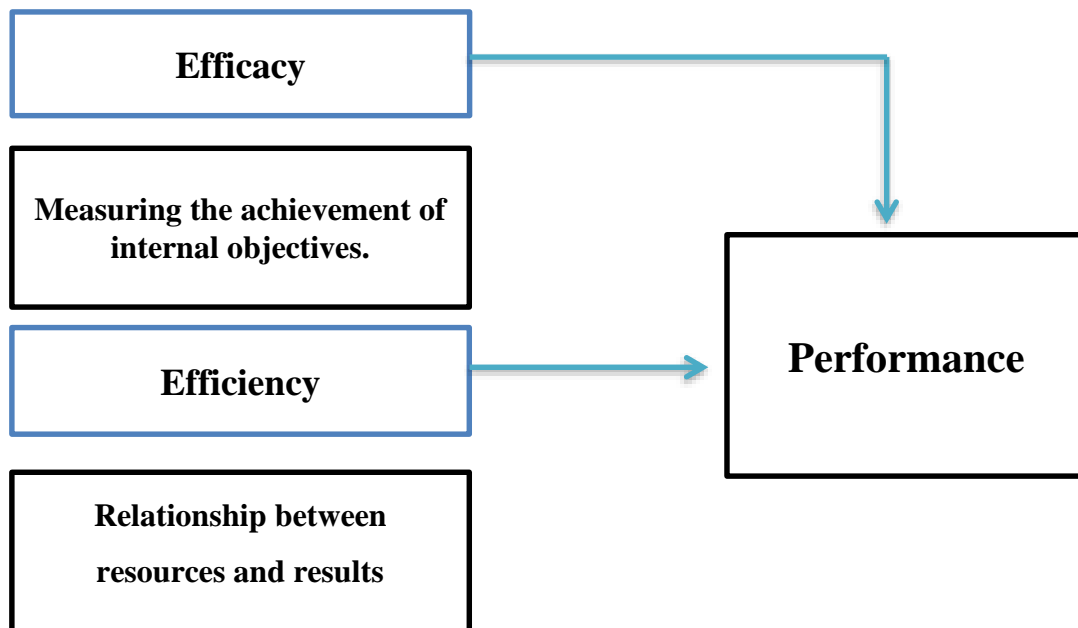
³³ International Archives of Public Health and Community Medicine, January 25, 2020, Spain, E. Burches,

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technical indicators (factor productivities) provide a measure of this. As with effectiveness, we speak of efficiency in terms of degree.³⁴

$$\text{Efficiency} = \text{target objective} / \text{means used}$$

Figure 6: The concept of efficacy, efficiency, and performance:



Source : BESCOS P.L ET AL, « contrôle de gestion et management », 4ème éd, Montchrestien, paris, 1997, pp42.

Efficiency introduces the notion of optimization. For Drucker, effectiveness is about doing the right things, and efficiency is about doing things the right way (Drucker).

(Drucker) Effectiveness represents compliance with the objective result, while efficiency implies conformity with resource constraints; cost and time are certainly among the most constrained – and therefore most important – resources necessary for developing new products.³⁵ i.e. negotiated means (Commarmond and Exiga). Being performant therefore implies being both effective and efficient, in a given situation.

In a clear way, according to Yamin and Sim who defined the project efficiency as the extent to which the project incurred the lowest possible expenditure to meet the objectives of the project, while project effectiveness was defined as the extent to which the project was able to meet its objectives,

³⁴ DILMI Nasredine, op.cit, pp 42.

³⁵ ,International Journal of Managing Projects in Business, Defining project efficiency, effectiveness and efficacy, 2017, Pp630.

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1.2.Performance characteristics:

Performance encompasses a set of characteristics that can be listed in the following points:

- **Performance is a matter of perception.** For an executive, it may be the profitability or competitiveness of his company; for an employee, it may be the working climate; and for a customer, it may be the quality of services rendered: “Performance has become an increasingly complex notion to understand, as it seems difficult today to be in a good position on all criteria at once.” **MORIN; GUINDON; BOULIAN.**
- The components of performance develop over time as evaluation criteria change. For example, factors that determine a company's success during an innovation phase may be incompatible with those required during a development phase.
- **Advocating a global approach to performance**, many others provide managers with an overview of the company, including indicators that complement and clarify each other and are linked to multiple objectives: “financial criteria alone complement the first ones, they are the driving force behind future success, and they provide pilots with an indispensable global vision of performance in several areas simultaneously.”³⁶ **SAULQUIN (J.Y).**

1.3.The factors of performance :

A company's performance factors need to be identified, analyzed and adapted on an ongoing basis, as well as being interdependent and maintaining a balance between them. Any major change in one or more performance factors will have consequences for the other factors. What's more, if one performance factor is weaker than the others, this creates an imbalance and the company's performance will be affected.

These factors are as follows:

- ✓ **Customers** “The first step on the agenda is therefore to listen to customers and make their lives easier; to do everything possible to offer them simple, fast and less costly purchasing processes.” *HAMMER (M)*³⁷, the company, for its part, must satisfy and retain them, and involve them in improving its products and services;
- ✓ **The mission and objectives** must be clear, known and shared by all personnel;

³⁶ DILMI Nasredine, op.cit, p48.

³⁷www.sites.google.com/site/barometredegestionstrategique/Accueil/definitions/facteurs-de-performance, consulted 25/04/2024 at 13:23.

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- ✓ **The process:** according to *HAMMER (M)* "The more complex the work, the more necessary the processes".³⁸
- ✓ **Products and Process** must be effective and efficient;
- ✓ **Information:** Information about the external environment will be the most important information for a manager; they must be of high quality, useful and shared by all stakeholders at all times and in all places;
- ✓ **Information, communication and production technologies** must be high-performance, integrated and user-friendly;
- ✓ **Human resources:** according to *PETER (D)* "The scarcest resources in any organization are high-performing people".³⁹This is why the company must recruit competent, responsible people, motivated, empowered and shared by the same values;
- ✓ **Management style:** "Without organization, there is no management. Without management, there is no organization" *PETER (D)*⁴⁰. The management framework (policy, organization chart), atmosphere and work environment must foster innovation, collaboration, teamwork and customer orientation.

Performance indicators must cover quality, time and cost, just as they must be balanced and aligned; with the company's objectives.

1.4.The sources of performance :

The performance; perceived and measured at the group and company level; finds its origin in two sources of combined impact; One is internal; the other is inherited from the environment :

1.4.1. Internal source :

They contain three types of performance (human performance, technical performance financial performance);

1.4.2. External source :

It's an intrinsic or inherited environmental performance that takes into account all external evolutions.

³⁸Idem.

³⁹ www.sites.google.com/site/barometredegestionstrategique/Accueil/definitions/facteurs-de-performance, consulted 25/04/2024 at 13:23.

⁴⁰ Idem.

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Table 1 : External and internal performance

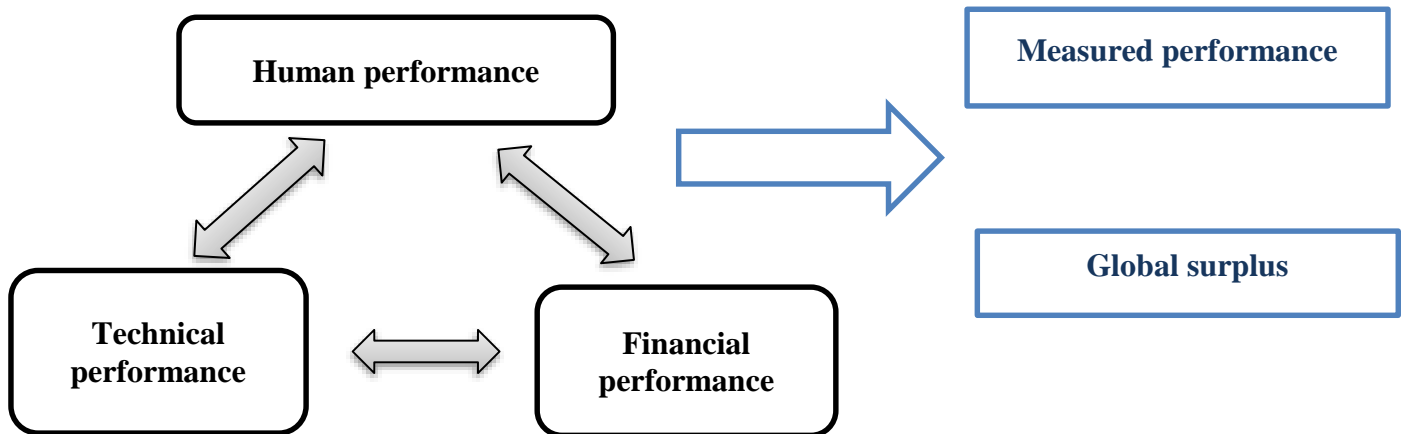
Internal performance	External performance
Is focused on managers.	Focuses primarily on shareholders and shareholders and external bodies.
Is concerned with the process of building results from the organization's resources.	Relates to results, present or future.
Requires the provision of information for decision-making.	Requires the production and communication of information.
Leads to the definition of action variables.	Generates analysis of major balances.
Requires a single vision of performance in order to coordinate everyone's actions towards the same goal.	Give rise to debate between the various stakeholders.

Source : DORIATH, B et GOUJET, CH : gestion prévisionnelle et mesure de la performance Edition Dunod , Paris, 2002 p.p.168.169.

- On the one hand, intrinsic or company performance, this is itself the result of a combination of human, technical and financial performance.
- On the other hand, extrinsic performance, or performance inherited from the environment, which is the result of all external developments. A salesperson sees the opening up of very profitable markets, the sale price of a subsidiary rises, a company benefits from the temporary exploitation of a patent - these are all examples of rents that are not attributable to internal efficiency (although some would say that it's also a performance to know how to place an organization in a position to perceive the benefits of a new market.

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Figure 7 Sources of performance :



Source: OUACHRINE H., « gestion de la force de vente et performance de la fonction commerciale de l'entreprise », thèse de magistère INC, 2003, Pp34.

1.5. Typologies of performance:

- Economic and financial performance ;
- Social performance ;
- Organizational performance ;
- Technological performance ;
- Strategic performance ;
- Managerial performance ;
- Commercial performance.

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Section 2 : The commercial performance

At this stage of the work, it is important to master the notion of commercial. This which leads us in this section to define commercial performance, the criteria to be considered when to be taken into account when setting objectives, the determinants and levers of commercial performance.

2.1. Definition of the commercial performance:

Commercial performance defined as the company's ability to satisfy its customers by offering them high-quality goods and services that meet their expectations. To meet and exceed its sales, revenue and profitability targets. It is a key indicator of a company's global health and its ability to perform in an ever-changing competitive environment.

Commercial performance, which is closely tied to commercial effectiveness, is determined by the ability of a company to implement optimal organization with the aim of offering a product or service that meets the expectations of consumers and customers.⁴¹

Commercial effectiveness is the ability of a company, a department or an individual to achieve its or their objectives and expected results. The notion of commercial effectiveness thus covers issues of costs, deadlines, quality and profitability. It is measured using qualitative and/or quantitative KPIs (key performance indicators)

According to HALLUT Céline, sales performance is:⁴²

- Sales achieved.
- Sales volume.
- Cost of sales.
- Gross margin on sales (profit).

Commercial performance is therefore the set of elements that enable us to measure the results of a company's commercial activity. These include: growth in the number of customers, penetration rate, sales growth, market share, customer satisfaction and improvement in the company's image.

⁴¹ www.creg.ac-versailles.fr/l-evaluation-de-la-performance-commerciale ,(consulted 24/04/2024 at 17:18.)

⁴² KOTLER, (P) et DUBOIS, (B) et MANCEAU, (D) : Marketing management, 11ème édition, Paris, Pearson Education, France, 2003, Pp 736.

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According to the definitions we have established, the aim of a company's commercial performance is to achieve the objectives initially set by the company, and more specifically, to satisfy customers and win their loyalty.

This requires the identification of the various levers that can be exploited to increase the company's commercial performance

2.2. Determinants of commercial performance⁴³

In this section, we look at the factors that generally determine commercial performance, and those that make it possible to assess it,

Many factors can contribute to commercial performance; components with a direct influence on commercial performance are as follows:

2.2.1. Service quality

Service or product quality is one of the key factors in the attractiveness of a product or service offering. It encompasses all the characteristics of a product or service that determines its ability to satisfy needs, whether expressed or implied. There is therefore a very close link between service quality and customer satisfaction, which is why management must pay particular attention to this decisive factor.

2.2.2. Resellers' financial capacity

This refers to the financial resources available to resellers of a product or service to ensure the smooth running of their business. It influences almost all sales performance indicators. It is an essential element for the operation of commercial activities.

2.2.3. Production capacity

This is the quantity of product offered by the company to satisfy a given demand or over a given period. A significant increase in inventories is considered to be a decrease in production not offset by current consumption, while a chronic decrease in inventories reflects an excess of consumption over current production. Out-of-stocks, as well as overstocks of a product, therefore handicap the commercial performance of a distribution network.

⁴³ Mr. AMRANI Rabah, Mr. AMRANI Essaidh, op.cit, Pp 48.

Chapter 02 :General information on the commercial performance⁴²

2.2.4. Offer diversity

The company's policy of diversifying its product range was set up to meet the needs of the various segments of the market. The multiplicity of product or service ranges available to the consumer has a direct impact on customer satisfaction and therefore on sales volume.

2.2.5. The extent of the distribution network:

Product availability is a key factor in customer satisfaction, and also has an undeniable influence on sales performance, so the more extensive the network, the greater the company's chances of reaching the maximum number of consumers, who will be able to judge product quality according to their needs and expectations. The number of dealers also has a direct impact on the network's overall sales.

2.3. Key Performance Indicator:

In this section, we will discover the definition of the key performance indicators for variables, supply planning and commercial performance. We will also discuss their importance to the company, its objectives, and KPIs to follow to achieve commercial performance.

2.3.1. Key Performance Indicator definition:

A Key Performance Indicator, or KPI, also called Key Success Indicators (KSIs) is a measure of productivity that helps organizations shape and track growth relative to their goals. The KPI requires reflecting on the goals and mission of the business. The application of KPI is seen as a solution to help organizations evaluate their success in management of business operations. Identifying the factors that influence and set goals, the business needs to measure growth against the set goals. KPI is a measure of this growth⁴⁴:

- **Key:** is important to evaluate the performance of the business management system.
- **Performance:** only relating to performance when it can be clearly measured, quantified as well as being sensitive to improvement by the organization.
- **Indicator:** an indicator provides fact-based information on a recorded performance and should provide leading information on future performance or early signal.

Efficacy, effectiveness and efficiency are important parameters to be considered to identify the right KPIs:

⁴⁴ Le Thi Khanh Ly^{1,2}, Ho Tan Tuyen³, KPI In Evaluating Organization's Recruitment and Selection Practices, Page 74.

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- **Efficacy:** the relationship between the achieved results and the pursued objectives; it is related to the level of customer satisfaction with respect to the resources committed for this purpose;
- **Efficiency:** the relationship between efforts and resources involved in the operation and the actual utility value as a result of the action; it is linked to the achievement of objectives at a lower cost;

Performance measurement provides the information needed to assess the extent to which an organization delivers value and achieves excellence;

Performance measurement can be financial or non-financial:

- **Financial:** expressed in monetary units or linked to a financial aspect (sales growth profit) ;
- **Non-financial:** expressed in units that are only financial and do not demonstrate transformations originating in monetary units; e.g. number of customer complaints, absence rate,

2.3.2. Key Performance Indicator criteria:⁴⁵

The criteria for performance indicators are:

- ❖ **Quantifiable:** you must be able to measure your indicators precisely;
- ❖ **Actionable:** a key indicator should enable decision-makers to take action;
- ❖ **Simple:** a good indicator should be simple to construct and understand;
- ❖ **Reliable:** decision-makers must have confidence in the indicators they are provided with;
- ❖ **Controllable:** the indicator must highlight performance;
- ❖ **Qualifiable:** (feelings, reactions, perceptions, opinions).

2.3.3. Supply key performance indicators:

Key performance indicators (KPIs) are quantifiable measures that assess the success of a specific process or activity. In the context of demand and supply planning, KPIs provide valuable insights into the effectiveness of forecasting and supply chain management practices. Here is some of the main KPI that are important for the demand and supply planner to look for:

⁴⁵ www.journalducsm.com/kpi/ consulted (21/05/2024 at 11:36 AM).

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➤ **Demand planning accuracy:**

Forecast accuracy is the most important demand planning KPI. It measures how close actual demand is to forecast demand

➤ **Lead Time:**

Lead time is the time it takes to fulfill an order. A shorter lead time is better for customer satisfaction and can help to reduce inventory carrying costs.

➤ **Stock cover:**

In the book *Stock management: Excel as an analysis tool*, logistics consultant and professor Mikel Mauleón defined stock coverage as “the number of days a business can meet demand with the average stock.”⁴⁶ Stock cover is an inventory management formula that let the supply planner know the exact amount of inventory available in the warehouse to cover demand. Knowing the precise stock coverage ratio is essential to ensure that the company can fulfil customer orders without experiencing stock outs.

➤ **Ageing stock:**

Ageing stock or Ageing inventory is a term for goods that haven't sold quickly or haven't sold for their suggested retail price. The supply planner has to see the level of the ageing stock before he made the supply planning

➤ **Customer order fulfillment:**

COF are metrics used to track the efficiency and effectiveness of the process that gets products from the moment a customer clicks "purchase" to when they receive it.

➤ **Freshness on inventory:**

Freshness on inventory is the percentage of sold products within freshness dates is a handy inventory management KPI for businesses that sell perishable goods. You can use this metric over a specific time and period to help determine accurate stock levels and reduce spoilage and waste.

⁴⁶ www.mecalux.com/blog/stock-coverage#:~:text=In%20the%20book%20Stock%20management,are%20nuances%3A%20%E2%80%9CWarehouse%20managers%20prefer (consulted 6/6/2024 at 10:31)

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➤ **On time clearness:**

On time customs clearance deliveries is a key performance indicator KPI that measures the proportion of customs clearance operations that are completed within the specific time frame it helps evaluate the efficiency and effectiveness of customs clearance processes in ensuring timely delivery of goods.

Table 2 : the KPIs of the supply and demand planning:

KPIs	Supply planning	Demand planning
Demand planning accuracy (DPA)	X	X
Cover stock	X	
Ageing stock	X	X
Lead time	X	X
COF	X	X
Freshness on inventory	X	
On time clearances	X	
Document on time	X	

Source: Made by us, we rely on the supply planning manager;

As the table2, the supply planner also considers KPIs relevant to sales, customs clearance, inventory management, and marketing. By incorporating this holistic view, the planner can create a comprehensive and accurate supply plan that minimizes the risk of stock outs, excess inventory, and associated problems like ageing stock.

2.3.4. The importance of key performance indicators of supply for commercial performance:

- KPIs are essential for making informed decisions based on facts and evidence, rather than assumptions and intuition. They enable to evaluate the efficiency and effectiveness of the stock management system and processes, identify and address issues that affect the inventory performance, optimize inventory levels, and reduce inventory costs, ultimately enhancing customer satisfaction and loyalty. By doing so, companies gain a competitive edge in the market.
- KPIs are crucial for avoiding the pitfalls of overstocking or understocking, which can lead to significant financial losses. By monitoring these indicators, companies can

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minimize holding, ordering, and carrying costs, ensuring that orders are fulfilled on time and accurately. This reliability in supply chain operations directly translates to delivering value and quality to customers, which is a cornerstone of commercial success.

- Key performance indicators (KPI) are financial and non-financial indicators that organization uses to testify how successful they were in achievement of long lasting goals.
- KPI are static and stable indicators that carry more meaning when comparing, they help to remove the emotion away from object of the business, and get one focused on the thing that job is really about, and that is making profit.

2.3.5. Key performance indicators of the Commercial function:

There are several KPIs for the commercial performance but The KPIs we are going to mention are the essential KPIs to track for a better commercial performance;

There are two types of commercial performance indicators: quantitative and qualitative indicators:

a. Quantitative indicators:

These are concrete figures on commercial performance that you can track from month to month and/or year to year to check that your sales productivity is progressing.

Quantitative indicators include: quantity sold, sales, commercial margin and market share.

➤ Quantity sold:

Quantity sold is the quantity of products sold at a given price over a given period. In this case, commercial performance is measured by the difference between forecasts and actual sales. If forecasts are higher than actuals, the company has not achieved its objectives. If the opposite is the case, we're talking about an increase in sales and, consequently, a good commercial performance.

$$\text{Performance (P)} = \text{achievement} - \text{forecast}$$

- $P = 0$ or $P < 0$, implies poor performance.
- $P > 0$, implies good performance.

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➤ **Sales revenue (turnover) :**

SALES are the amounts realized by the company with third parties in the course of its business activities.⁴⁷

Sales are the sum of a company's sales of goods and services. It is equal to the total amount (excluding tax) of all transactions carried out by the company with third parties in the course of its normal, everyday business. Its formula:

$$\text{Sales} = \text{selling price} * \text{quantity sold.}$$

Sales represent the company's commercial success. Unlike sales quantities, prices play a key role in calculating sales. Its evolution is therefore linked to two components: the quantities sold and the prices charged by the company.

$$\text{Performance} = \text{Forecast sales} - \text{Actual sales}$$

Sales can be calculated for any period, but are often calculated on a monthly, quarterly or annual basis. This concept is the primary indicator of a company's sales performance.

➤ **Commercial margin:**

A sales margin calculation measures the amount of profit you make on the sale of a product or service after all costs related to the item are accounted for. The higher the sales margin, the higher the potential for profit on that product or service. “It represents the additional value added by the company to the cost of goods sold during the financial year.” DEREEP (Y) and GEFFROY (M)⁴⁸:

$$\text{Sales margin} = (\text{Revenue} - \text{Cost of goods sold})/\text{Revenue}$$

The calculation is mainly applicable to commercial enterprises purchasing products intended to be sold in the state without undergoing transformation. For these companies it is then equivalent to an overall margin before any other financial or exceptional operating expenses.

The amount corresponding to the commercial margin must cover all operating costs, In order to improve the trade margin, the recovery must:

⁴⁷ DEREEP (Y) and GEFFROY (M): Gestion de la relation commerciale pour BTS MUC, édition le génic des glaciers, France, 2012, p 204.

⁴⁸ MANDOO, (C) : Comptabilité générale de l'entreprise, instruments et procédures, édition de Boeck, 1ème édition ; Bruxelles, 2003, p 137.

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- ❖ Decrease the price of products;
- ❖ Reduce the cost of purchasing goods;
- ❖ Increase the selling price;
- ❖ Increase the quantities sold.

We speak of good commercial performance when the results are higher than the result expected (forecasts).

➤ **Market share:**

The simple test of the company's turnover is not sufficient to know its position in relation to its competitors in order to position itself on the markets.

Market share is the percent of total sales in an industry/market generated by a particular company. Market share is calculated by dividing a company's sales by the total sales of the industry over a period. “It is a percentage which expresses the place occupied by a given producer or brand in the market where it operates.”⁴⁹

This KPI is used to give a general idea of the size of a company in relation to its market and competitors.

Market share = the company sales/ the total sales of the market

b. Qualitative indicators:

➤ **quality of service**

Service quality is the company's translation “service to the customer”. Service quality is a measure of how well an organization understands its users' needs and meets their expectations. Understanding how to improve product service quality is the key growth step for any organization. Because customers don't just rate a company on its products, but also on its quality of service;

⁴⁹ M. NACER Mohamed Rédha, cours de Marketing touristique, pp 8.

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➤ customer satisfaction:

Satisfaction can be defined as the positive or negative impression a customer feels about a purchase and/or consumption experience. It is the result of a comparison between the customer's expectations of the product and its performance.⁵⁰ Three possibilities:

performance = expectations: satisfied customer ;

performance > expectations: very satisfied customer ;

performance < expectations : dissatisfied customer

Measuring customer satisfaction helps to create a strong, lasting relationship with customers, which is why the company must develop this relationship by exploiting satisfaction surveys, dealing immediately with complaints, and even making visits or telephone calls to as many customers as possible.

The only truly loyal customers are totally satisfied customers” (Jones & Sasser). Completely satisfied customers are more loyal and buy more than simply satisfied customers;

➤ the company's image:

Gray and Balmer; define the company' image by “what comes to mind when one hears the name or sees the logo of the firm, Corporate image is perceived as having an intrinsic meaning derived from the associations and impressions a consumer has about a company (Keller).

The behavior of the company's representatives, salespeople and managers are factors that build the company's image in the customer's mind, playing an attractive role and creating customer confidence.

2.4. The objective of commercial performance:

- ✓ Get the sales force on board with strategy.
- ✓ Reward employee performance.
- ✓ Mobilize teams around an objective.
- ✓ Develop sales.
- ✓ Strengthen win-win relationships with partners.
- ✓ Build customer loyalty.
- ✓ Manage brand performance.
- ✓ Turn customers into influencers.

⁵⁰ KOTLER, KELLER, Marketing management, Pp 130.

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2.5. The assessment of the commercial performance:

Assessment of commercial performance is the process of evaluating a company's success in achieving its sales and marketing goals.

2.5.1. The role of commercial performance assessment:

According to Jean-Michel MOUTOT: “Evaluation consists in carrying out measurements to determine whether or not an operation is performing well, and what corrective and improvement actions need to be taken”⁵¹.

We can say that performance evaluation is therefore: the process by which managers ensure that resources are obtained and used effectively and efficiently to achieve the entity “s objectives.

According to NAKHLA (M): “Performance evaluation is not an objective in itself, but a means used by the company to progress. The purpose of this evaluation system must then be to steer the implementation of the strategy, communicate the project and the company's vision”.⁵²

Evaluating commercial performance is of double interest:⁵³

- From a scientific point of view, the aim is to check whether objectives have been achieved.
- From an operational point of view, the primary interest is to provide new information that has led to changes in results. In short, it enables the company to direct its actions and, above all, to reactivate the process in the event of a problem.

2.5.2. Commercial performance evaluation methods:

According to LANGE (M) and MOUTOT (J.M): “Evaluation consists in carrying out measurements which enable us to say whether or not an operation is performing well, and what corrective and improvement actions need to be taken”.⁵⁴

There are two ways of evaluating sales performance: using an indicator and a dashboard:

⁵¹ Jean-Michel Moutot, book "Mesurer la performance de la fonction achats" (Measuring the Performance of the Purchasing Function), published by Editions d'Organisation in 2010.

⁵² NAKHLA, (M) : L'essentiel du management industriel : Maîtriser les systèmes - Production, logistique, qualité, Supply Chain, édition DUNOD, Paris, 2006, P.44

⁵³ SAVALL, (H) et ZARDET, (V) : maitriser les couts performances cachées, édition Economica, 3e édition, 1995, P.331.

⁵⁴ LANGE, (M) et MOUTOT, (J.M) : mesurer la performance de la fonction commerciale, éditions d'organisation, Paris, 2008, pp 16.

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❖ Indicator-based assessment :

Indicator-based evaluation can be divided into three categories, depending on the type of information transmitted and the expectations of the decision-maker:⁵⁵

- **Balancing indicator:**

This type of performance indicator, closely linked to objectives, is the decision-makers compass. It provides information on the state of the system under control, in relation to the objectives being pursued.

- **Anticipatory indicator:**

A dashboard is also an instrument of perspective. With a few indicators of anticipation, a good dashboard enables you to see a little further than the end of your screen, and to envisage the current situation with a better basis.

- **Warning indicators**

This type of “all-or-nothing” indicator signals an abnormal state in the system under control, requiring action, whether immediate or not. The crossing of a critical threshold, for example, falls into this category.

❖ Evaluation through the dashboard:

“The dashboard is based more on the notion of indicators than on that of information; it is a system made up of indicators, built and organized for a specific purpose: to achieve the mission and objectives of its owner.”⁵⁶

It is not just about achieving financial goals. It also sheds light on the non-financial objectives that an organization must achieve in order to reach its financial targets. There isn't one dashboard for all corporate functions; each department has its own dashboard and appropriate indicators. One of these is the commercial dashboard, which tracks the progress of the company's commercial activities and its sales force against set objectives.

⁵⁵ www.piloter.org/mesurer/tableaubord/indicateur-performance.html consulted (21/05/2024 at 11:55 AM).

⁵⁶ SAVALL, (H) et ZARDET, (V) : Op.cit, pp 85.

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The dashboard consists of combining the different types of indicators with the objectives that managers set themselves according to a given strategy, in order to produce results that can be corrected or improved, and create potential.

In this section, we will see that the company is required to evaluate its business performance in order to know whether its objectives are being achieved effectively and efficiently. The company “s performance must be assessed using quantitative or qualitative determinants and indicators, or by means of a dashboard.

Performance measurement plays a very important role, and consists in establishing the link between objectives, means and results.

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Conclusion :

Performance is still a complex word that encompasses a whole range of concepts (Economy, effectiveness, efficiency, profitability, etc.).

The commercial function, representing an interface between the company and its customers, aims to develop the customer portfolio and improve sales.

To measure the performance of this function, a set of qualitative and quantitative indicators is made available to managers.

Once we have presented the supply function and commercial performance through documentary research, we have reached the end of the commercial section, noting that our case study will be based on the Nestlé Algeria Company.

Chapter 03 :The impact of supply process on the commercial performance of a multinational company

Chapter 03 : Practical stud the impact of supply process on the commercial performance of Nestlé Algeria SPA

Chapter 3: Practical study the impact of supply process on the commercial performance of Nestlé Algeria SPA

Introduction

After having presented the theoretical aspects of the supply process and sales performance in the previous chapters, we will study in this third chapter the effect of the supply process on the performance of Nestlé Algeria SPA's sales function

This chapter is divided into three sections:

In the first section we present the Nestlé Group, and then present Nestlé Algeria SPA and the supply process and the commercial performance of Nestlé Algeria SPA

The second section is reserved for presenting our study

Finally the third second we will analyze the data collected through our study.

The objectives of this chapter are :

- Investigate the impact of the supply process on the commercial performance of Nestlé Algeria SPA.
- Understand how accurate forecasting influences commercial performance, specifically in terms of stock holding costs and product availability.
- Analyze the role of optimal stock coverage in maintaining market share and preventing stock outs or overstock situations.
- Evaluate how effective lead time management enhances operational efficiency, product availability, and competitiveness.

Chapter 3 : practical study the impact of supply process on the commercial performance of Nestlé Algérie SPA

Section1: Presentation of the host organization

A Swiss multinational, founded 150 years ago by Henri Nestlé, and now headed by Mark Schneider. Nestlé is the world's leading food group specializing in the agro-food industry. With sales of CHF 89.5 billion in 2016.

It processes and markets a wide range of products and beverages for human and animal consumption. The latter exceeds 10,000 product types manufactured in 418 plants in 86 countries. Its head office is in Vevey, Switzerland.

1.1. Nestlé Group:

Nestlé continues to play a significant role in shaping the global food industry, providing nutritious and flavorful products to consumers worldwide while upholding its commitment to sustainability and social responsibility.

1.1.1. Nestlé Group presentation:

Nestlé was founded in Switzerland in 1866 by Henri Nestlé, a German pharmacist who first marketed infant formula to combat infant mortality. Since then, the company has grown to become the world's leading food company, with sales of over 80 billion euros in 2017.

Nestlé is one of the world's leading players in the food industry. It was the world's leading food company in 2012. It produces and markets a wide range of products and beverages for human and animal consumption. It is one of Europe's leading innovators in this field, with products such as Nescafé instant coffee, Bolino freeze-dried meals and frozen foods. Its head office is in Vevey, Switzerland. Its 2009 consolidated sales rank it 48th among the world's largest companies. From the outset, the company's logo has featured a nest occupied by three, then two small birds fed by an adult. The name comes from the patronymic of the company's founder, Henri Nestlé.⁵⁷

Nestlé is one of the world's leading food companies, with annual sales of 10.00 billion francs. , the multinational company is represented in several countries, including the Arab Maghreb countries of Algeria, Morocco and Tunisia.

⁵⁷ www.etudes-et-analyses.com/marque/nestle, (Consulted 19/05/2024 at 16:49.)

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1.1.2. Key dates in the Nestlé Group :

The table below shows the most important key dates for the global Nestlé Group:

Table 3 Key dates for the Nestlé Group:

Key dates
1865 First launch of MAGGI culinary products in Paris
1866 Nestlé founded in Switzerland by Henri Nestlé, a Swiss pharmacist of German origin
1828 Launch of GERVAIS Esquimaux ice cream
1939 Launch of NESCAFE in France
1961 Launch of NESQUIK in France
1962 Acquisition of FINDUS.
1970 Launch of KIT KAT.
1978 Acquisition of CHAMBOURCY
1986 Acquisition of HERTA.
1988 Acquisition of BUITONI, PERUGINA, DAVIGEL, ROWNTREE MACKINTOSH (confectionery and chocolates).
1990 Creation of CPF: CEREAL PARTNERS France, a joint venture between Nestlé and GENERAL MILLS.
1991 Launch of NESPRESSO in France.
1992 Acquisition of the PERRIER Group
1997 Creation of Nestlé CLINICAL NUTRITION
1998 Creation of FRISKIES.
2000 Sale of FINDUS
2006 Creation of the LACTALIS Nestlé fresh Products joint venture.
2008 Launch of NATURNES
2010 Launch of SPECIAL T

Source: : www.nestlé.com consulted at (31/05/2024 at 11:23)

1.1.3. Achievements:⁵⁸

Founded over 150 years ago, Nestlé is a corporate and product brand known as the world's leading food and beverage group, covering all facets of human food and animal nutrition, and growing rapidly in Switzerland and around the world.

⁵⁸ www.lsa-conso.fr/nestle-l-histoire-d-un-geant-de-l-agroalimentaire (consulted 31/05/2024 at 11:28).

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This food empire managed to mitigate the impact of the crisis in 2008 thanks to its 400 subsidiaries worldwide.

Nestlé Waters, one of the Group's key subsidiaries, is also the world leader in bottled water, with 67 brands of natural and spring mineral water and 102 production sites.

Nestlé is not only active in the food sector, but also in cosmetics and pharmaceuticals. The Group holds shares in Galderma (skin care products) and in L'Oréal (29.7% shareholder, almost as much as the Bettencourt family), a major company in the cosmetics sector.

Bettencourt family), a large company with several brands of shampoo, perfume and other products (Vichy , Sanoflore, Lancôme , Yves Saint Laurent , Biotherm , Diesel , Cacharel , Garnier , Maybelline , The body shop ...).⁵⁹

From the outset, its logo has featured a nest (Nest in German; Nestle = small nest in Swabian dialect) occupied by three, then two (to remain representative of the average family) small birds fed by an adult.

Nestlé's development priorities are:⁶⁰

- ✓ **Products:** adding nutritional value to products, while preserving their organoleptic qualities.
- ✓ **Science:** develop research to better understand the interactions between diet and health.
- ✓ **Communication:** guide consumers in their quest for a balanced diet.
- ✓ **Employees:** raise the level of nutritional knowledge of all employees.

1.2. Nestlé in Maghreb:

Nestlé, a global leader in nutrition, health, and wellness, has a strong presence in the Maghreb region, encompassing Algeria, Tunisia, and Morocco. Known for its commitment to quality, innovation, and sustainability, Nestlé offers a diverse range of products tailored to the local markets.

1.2.1. History of Nestlé in Maghreb

Nestlé Maghreb covers Morocco, Algeria and Tunisia. The creation of a distribution company for Nestlé products in Morocco in 1927, and then in Tunisia in 1964, were the first steps in

⁵⁹ www.consoglobe.com/entreprise-nestle_2054.htmL (consulted 31/05/2024 at 11:35).

⁶⁰ www.nestle-mena.com/en/aboutus (consulted 31/05/2024 at 23:53.)

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the Group's establishment in the region. The creation of a unified Maghreb region (Algeria, Morocco, Tunisia) in 2007, the establishment of the head office in Morocco and the official creation of Nestlé Algérie S.A. confirm Nestlé's foothold in the Africa, Middle East zone, where the Group's business is based, Middle East zone, where the Group has seen its strongest growth in recent years.

1.2.2. Nestlé Maghreb missions⁶¹

From the world's leading food group, Nestlé has evolved into a leader in nutrition, health and wellness, employing over 260,000 people and with factories or operations in almost every country.

All their products are of the highest quality, satisfying specific nutritional needs in relation to consumer requirements, and complying with high quality and safety standards.

They remain guided by standards of integrity and professionalism, and by a strong sense of respect for their employees and local legislation, following their 'Nestlé Corporate Business Principles'. They are committed to maintaining the reputation for excellence for which Nestlé and its products are renowned, and which has earned the trust of its consumers.

1.3. Presentation of Nestle Algeria SPA :

Nestlé Algeria SPA, a subsidiary of the global Nestlé Group, is a prominent player in the Algerian food and beverage industry.

1.3.1. History of Nestlé Algeria:

Nestlé products have been available to consumers in Algeria for over 50 years before the company established its first direct operation in the country in 2005 with the opening of Nestlé Waters Algeria SPA, which includes a water bottling plant for the Nestlé Pure Life brand in Sidi El Kébir, in the province of Blida.

Nestlé's presence was further expanded in 2010 when Nestlé Algérie SPA was created to import and market Nestlé products directly, and the Nestlé Industrie Algérie plant was set up in Oued Smar, manufacturing dairy products and coffee. The plant currently produces Gloria and Nespray Full Cream Milk Powder sticks, Nesquik and Nescafé 3in1 for the Algerian and Tunisian markets.

⁶¹ www.nestlemaghreb.com/aboutus (consulted 04/06/2024 at 12:00.)

Chapter 3 : practical study the impact of supply process on the commercial performance of Nestlé Algérie SPA

Nestlé currently employs 400 people in its offices and two factories in Algeria, where it has invested over \$30 million since 2010. It provides indirect employment for a further 300 people; and works with 16 partner entities to distribute its products through 50,000 retail outlets, grocery stores, pharmacies and the catering industry.

Nestlé has established several collaborations with local governments, NGOs, authorities and the private sector, with whom it aims to create shared value in areas such as general health, environmental sustainability and career development for young people.

Nestlé in Algeria is part of the company's regional presence in the Middle East and North Africa, which dates back over 100 years. Nestlé operates 25 food and beverage factories in the 19 countries of the Middle East and North Africa region. The company provides direct employment for over 15,000 people, all of whom are committed to contributing to Nestlé's ambitious design to improve the quality of life.

1.3.2. Nestlé in Algeria :

Nestlé products had been available to consumers in Algeria for more than 50 years before the company established its first direct operation in the country in 2005 with the opening of Nestlé Waters Algeria SPA, in the Blida province's Sidi El Kébir. Since 2010, Nestlé also operates a local food and beverage factory manufacturing dairy and coffee products.

The creation of these factories has led to the creation of jobs, as Nestlé now hires hundreds of young Algerians to manage its industrial units, Nestlé employs 400 people at its office and two factories in Algeria and provides indirect employment to 300 more people; and works with 16 partner entities to distribute its products across 50,000 retail outlets, grocery shops, pharmacies, and the food service industry.⁶²

Nestlé Algérie is one of the brand's subsidiaries, which markets its products in various towns across the country, and owns two factories dedicated to the licensed production of water and milk powder (Gloria and Nespray).

The company's main products are coffee (Nescafé), baby foods such as infant cereals, chocolate powders and a wide range of dairy products.

The company is committed to offering other necessary products such as bottled spring water, culinary products and bakery doughs.⁶³

⁶² www.nestle-mena.com/en/aboutus (consulted 31/05/2024 at 11:40.)

⁶³ www.francealumni.fr/fr/poste/algerie/partenaire/24633, (consulted 5/19/2024 at 5:09.)

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Nestlé Industrie's production capacity varies between 10,000 and 12,000 tonnes for milk, and between 1,000 and 1,500 tonnes a year for Nescafé and Nesquik. It currently has 17 distributors covering the whole of Algeria.

- **Nestlé Waters Algérie:** markets the NESTLE VIE PURE brand of bottled water. This entity has been present in Blida since 2005. Nestlé Waters Algeria is part of the Nestlé Waters division, the world leader in bottled waters, present in 130 countries with 72 of the most prestigious water brands (VITEL, PERRIER, CONTREX, SAN PELLIGRINO, POLAND SPRING, etc.).
- **Nestlé Algérie SPA:** is a company created in July 2010 to market the food and beverage categories of the Nestlé SA group, whose main brands in Algeria are: NESCAFE, MAGGI, NAN, NESPRAY, NESQUIK, CRUNCH, CHOCAPIC, GLORIA.
- **Nestlé industrie Algérie ex SIPAD SPA:** is a company created in August 2010 to repackage milk powder for the Algerian market under the : GLORIA and NESPRAY and the production of the latter since 2015.
- **Key dates for Nestlé Algérie:**

The table below represents the most important key dates of the Nestlé Algeria group:

Table 4: Key dates for Nestlé Algeria.

Key dates	
1930	Nestlé products available through importers
1978-1989	Nationalization of all SODIPRAL SPA entities.
1992	Opening of SEPN (company for the export of Nestlé products).
1994	Closure for safety reasons NEW NUTRY SPA
2002	Reopening of SEPN (company for the export of Nestlé products).
2004	“STAR GOODS” exclusive distributor.
2010	Creation of Nestlé Algeria SPA

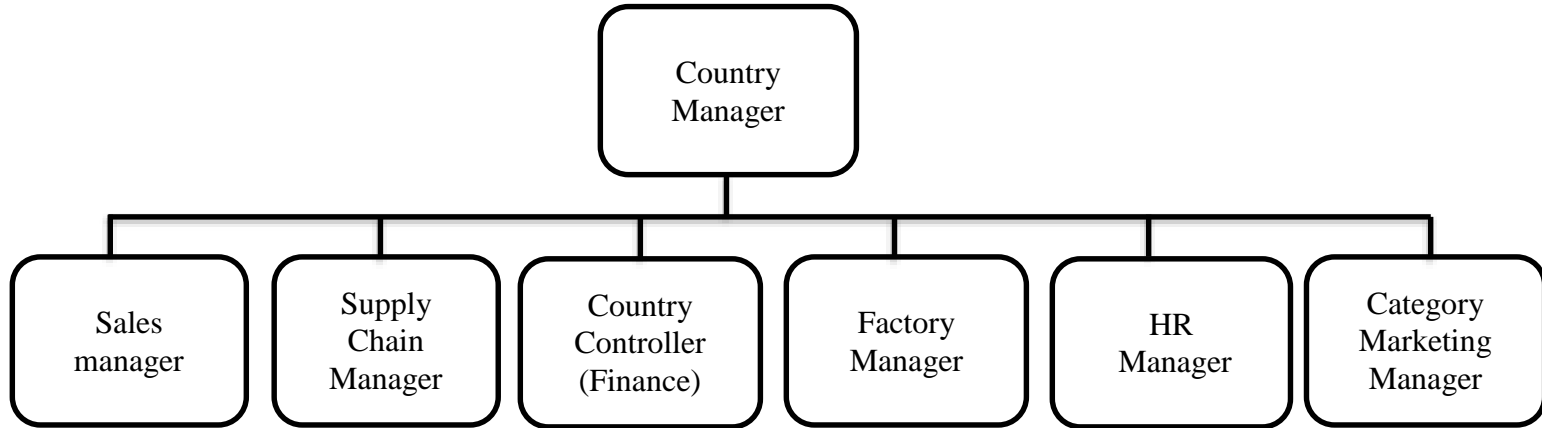
Source: Documents provided by the marketing department

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1.3.3. Nestlé Algeria organization chart

Nestlé Algeria employs around 160 people, distributed as follows:

Figure 8: Nestlé Algeria organization chart



Source: Documents provided by the HR department

The following table shows the main missions of Nestlé Algeria's various divisions:

Table 5 : Main missions of Nestlé Algeria's various departments:

General Management (Country Manager):	General Management defines the company's overall strategy and supervises its execution. It is responsible for both strategic and operational responsibilities.
Marketing department (Category Marketing Manager):	The marketing department steers the company's growth strategy, which largely determines its success and development. Its priorities are: to define the positioning of Nestlé and all its products on the Algerian market, and to determine the objectives and means for developing brand awareness, the company's competitive position and knowledge of its customers.
Technical management (Factory Manager):	Represents the factory: Nestlé industry Algeria (ex SIPAD) for the packaging NESQUICK chocolate powder and NESCAFE 3 EN 1 CREM for local consumption and export to Morocco (soon Tunisia: project underway).
Finance and Accounting Department (Country Controller):	Its mission is to determine and distribute financial budgets and to account for the various operations in order to achieve the accounting balances in relation to the other departments.

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Human Resources Department (HR Manager):	Its mission is to monitor the company's workforce in terms of compensation, training and career management. Its members include: a recruitment manager, a compensation and salary manager and a general resources manager.
Commercial department (sales Manager):	This function plays a key role in the company, as it is responsible for: defining the role of sales channels, steering and managing teams in order to develop the company's sales and margins.
Direction Supply Chain (supply chain Manager):	plays a support role for all the other departments, its mission is to provide the two entities (Nestlé Algeria SPA and Nestlé Algeria industry) with everything they need for their activities, by managing the physical and informational flows that circulate. It manages the supply and distribution of products (including finished products/raw materials/supplies), distribution encompasses logistics and transit, and ensures that products are delivered to customers with optimum quality of service, thus guaranteeing the optimization of the production flow, from sales forecasts through to distribution.

Source : documents provided by the HR department

1.3.4. Nestlé's Algeria SPA business sectors :

Nestlé's portfolio in Algeria includes innovative products in a wide range of categories: dairy products, infant nutrition, coffee, bottled water and breakfast cereals, among others. Gloria, Nespray, Nesquik, Nescafé, Nestlé Cerelac, Nestlé NAN, Nestlé Fitness, Nestlé Lion Cereals, Nestlé Crunch Cereals, Nestlé Gold Corn Flakes Cereals, Nestlé Pure Life, Pure Fizz and Guigoz are just some of the brands available in the country.

1.3.5. Strategic business areas:

Nestlé Algeria's strategic business area is the marketing of finished products and the import of raw materials required for the operation of the factory (Nestlé industry Algeria).

All the finished products that Nestlé Algeria markets, and the raw materials that it imports, come from foreign suppliers, which means that it depends on imports as a complement.

Previously, Nestlé Algeria imported milk from Iceland and did the packaging in Algeria. Since 2015, after the opening of its milk factory, it has been producing two products: Nespray

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and Gloria milk. Today, it has started to produce another product in Algeria which is Nescafé 3 EN 1 cream. And they have recently begun production of Nesquik in Algeria (55% of Nestlé's turnover comes from local production).

1.3.6. Nestlé locations in Algeria:

Nestlé is present in Algeria through three entities:

- Nestlé Algeria SPA, created in 2010, located on the 6th floor of the CMA-GCM tower in Algiers' Bab Ezzouar business district, distributes food products.
- Nestlé Waters Algeria SPA, created in 2007, which markets the Nestlé Pure Life brand of water from its factory in Blida.
- SIPAD SPA, created in 2010 to package milk powder for the Algerian market under the Gloria and Nespray brands, located in Oued Semar.

1.3.7. Nestlé Algeria's organizational structure:

Nestlé Algeria's organizational structure is functional and decentralized, with formalized work rules and specialized work (skill-based specialization facilitates the development of expertise within each function): the division of labor is both vertical (hierarchical lines: the length of the organization chart) and horizontal (depending on the number of departments: sales, marketing, supply chain, etc.); the coordination of work takes place through the definition of objectives to be achieved and shared values; communication between company members is both vertical (hierarchy) and horizontal (cooperation of parallel hierarchical levels).

Communication between company members is both vertical (hierarchy) and horizontal (cooperation between parallel hierarchical levels).

The management of each department is autonomous, and its functional and operational departments work closely together to ensure that the company runs smoothly and achieves its objectives.

1.3.8. Structure of Nestlé Algeria:

Nestlé Algeria SPA's internal organization is structured into several "Categories" or Businesses. The specific products of each department can be imported, locally produced or imported AND locally produced.

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Table 6: the products of Nestlé Algeria SPA:

Categories	Brands	Their nature
Dairy	Gloria, Nespray, Nesquik, Nestlé lait concentré sucré	Imported from the NL and reconditioned here. Locally produced. Imported from Europe.
Coffee	Nescafé, Nescafé Gold, Nescafé 3in1	Imported from Europe. Locally produced.
Nutrition	NAN, GUIGOZ, Cérélac and Gloria Junior.	100% imported from Europe.
Cereals and confectionary	NESQUIK, CRUNCH, LION, CHOCAPI, GOLD CORN FLAKES, FITNESS, KITKAT, DOLCA...	100% imported from Europe.
Nestlé professional	Brings together everything to do with corporate catering.	

Source: made by the student from the information of the commercial manager;

As you may have noticed, most of our products are imported, so all we do is market them and adapt them to the Algerian market.

This is why the categories are mainly managed by Marketing and Sales, although there is also the Supply Chain or Logistics department, Finance, HR and the General Manager, as in any company

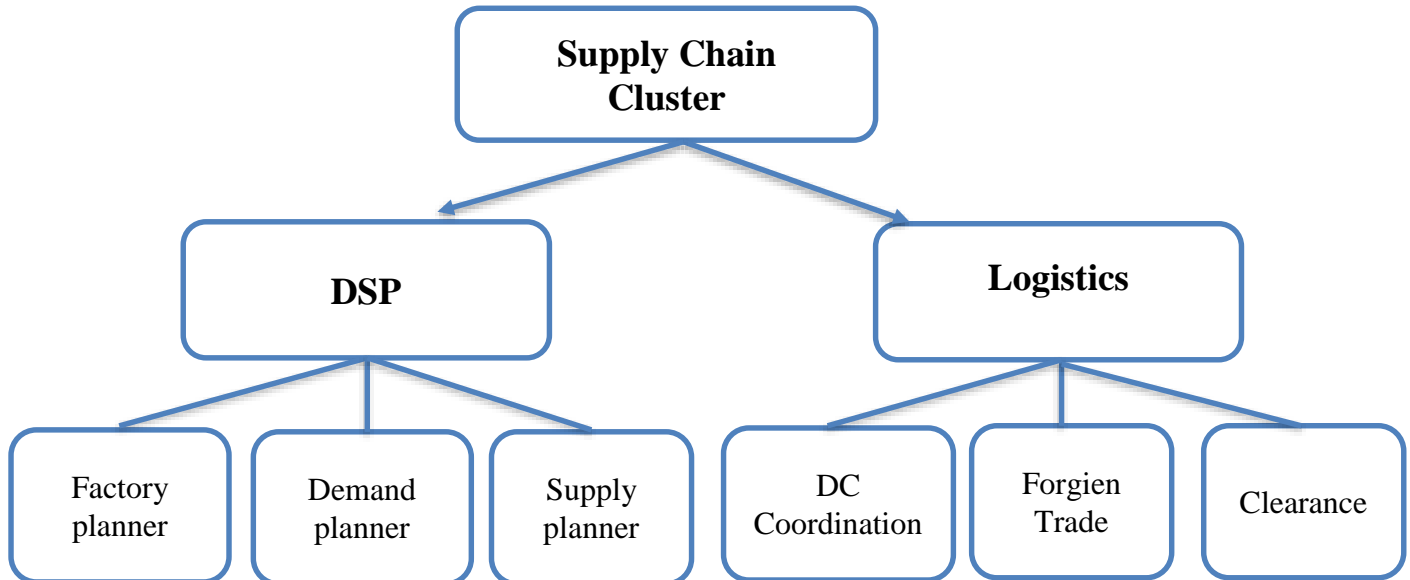
1.4. The supply chain process within Nestlé Algeria SPA:

This section examines the critical foundation of Nestle Algeria's operations: its supply chain. We will explore the organigram of the supply chain, the processes involved in getting products from suppliers to customers, highlighting the importance of this function in ensuring the company's success.

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1.4.1. Organigram of the supply chain of Nestlé Algeria

Figure 9 : Organigram of the supply chain of Nestlé Algérie SPA.



Source: made by me relying on the supply planning manager.

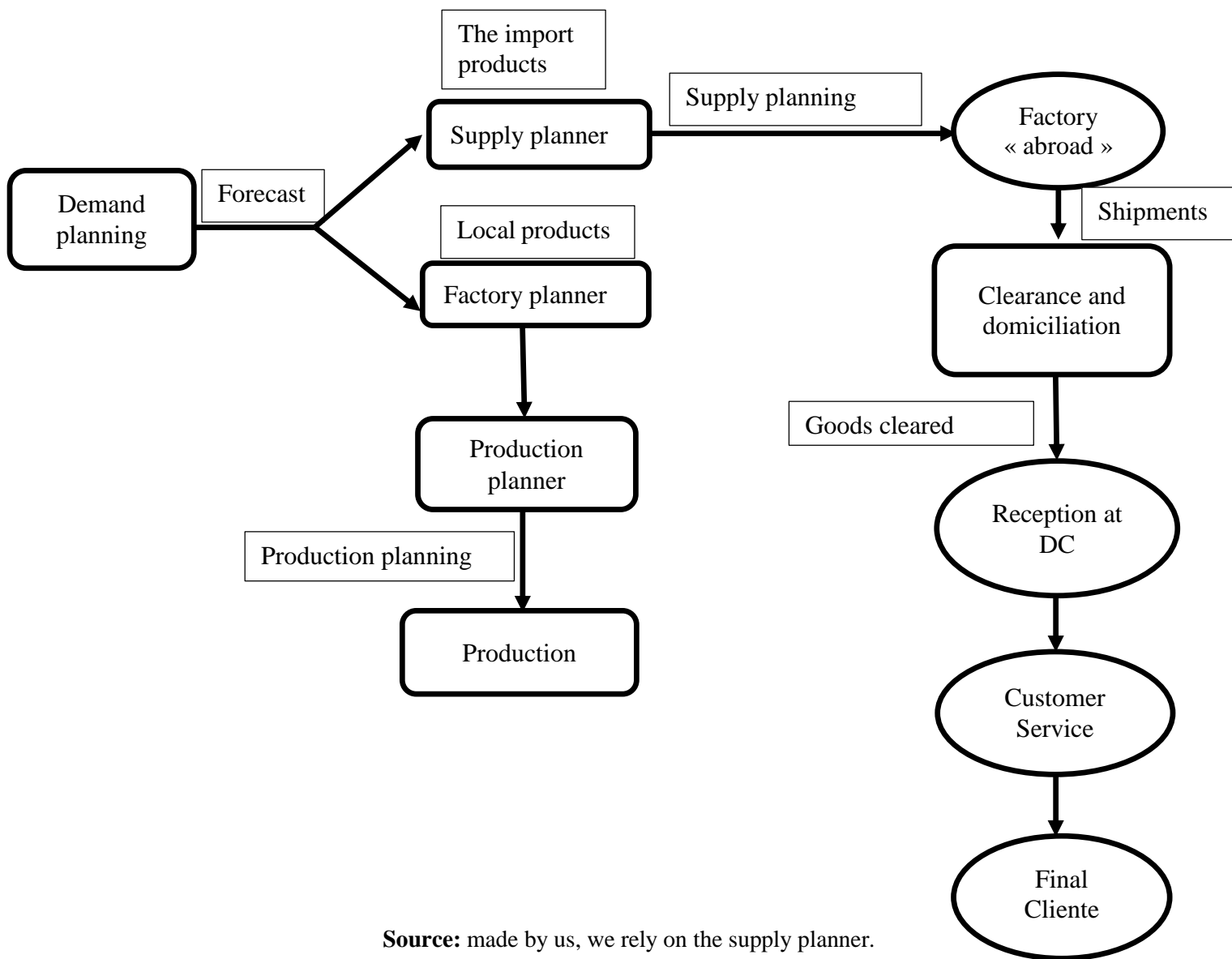
The figure above represents the organizational chart of Nestlé Algérie Spa for the Supply Chain Cluster department, as they term it. It consists of two departments: DSP (Demand and Supply Planning), which comprises three roles - Factory Planner, Demand Planner, and Supply Planner. In Nestlé Algérie SPA, one employee handles all the responsibilities of factory, demand, and supply planning, serving as the Supply and Demand Planning Manager. The second service is logistics, which also encompasses three roles: delivery client coordination, external commerce, and clearance. (See Annex 1)

1.4.2. Overview of Nestlé Algérie SPA DSP process:

Nestlé Algérie SPA likely sources from a variety of countries to meet their procurement needs. While Switzerland, the headquarters of the Nestlé Corporation, might be a supplier, Nestlé Algérie SPA, as a commercial entity, relies on a well-defined import process to acquire the products it sells. This process ensures a steady flow of goods to meet customer demand.

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Figure 10: Process of the supply chain for Nestlé Algeria (DSP):



Source: made by us, we rely on the supply planner.

As part of our end-of-study project, we focused on the company's key processes supply process and the commercial performance of the company, which are detailed in the following section.

As the purchasing process is managed at Nestlé Maghreb level, it will not be taken into account.

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1.4.3. DSP process at Nestlé Algeria SPA:

In this section we're going to explore the steps of the supply process at Nestlé Algeria, the relation between the supply and demand planning and the inventory.

The steps involved in the supply process typically include:

1. Demand Planning (what is the market asking for?).
2. Inventory Analysis.
3. Production Planning. (for the local products) Or Supply planning (for the import products) in our case we are going to focus on the supply planning process.
4. Transmission of supply planning.

I. Demand planning process:

- **Demand planning process definition:**

Demand planning is a critical function in the operation of a successful supply chain. It serves as the link between sales and supply planning, with the goal of ensuring that the right products are available in the right quantities at the right time.

The goal of demand planning is to collect as much information as it can about what the customers are likely to buy and when they are likely to buy it, so that you can be prepared to sell it to them good, fast, and cheap.

- **Demand planning steps:**

Here are the steps to ensure accurate demand planning:

1. Modeling:

The first step to demand and supply planning is modeling requires the demand planning team of a business to obtain the necessary data from other teams related to sales and demand drivers such as market trends, innovation and social media strategy. This data is then either analyzed manually or entered into a demand planning software.

2. Forecasting:

Forecasting, a demand forecast predicts, or forecasts the future demand for a product, by various different methods of data analysis. These include:

- **Time-series analysis:** A time-series analysis involves analyzing historical sales patterns and data to identify trends, seasonal patterns, and similar recurring patterns.

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- **Regression analysis:** This type of analysis involves using statistical models to identify the relationship between different variables, such as sales and marketing spend, and using this relationship to predict future demand.
- **Causal analysis:** Causal analysis involves identifying the factors that influence demand, such as consumer behavior or economic conditions, and using this information to make predictions.

A company must be knowledgeable about numerous factors that are related to the demand forecast, including the following:

- Past demand.
- Lead time of product replenishment.
- Planned advertising or marketing efforts.
- Planned price discounts.
- State of the economy.
- Actions those competitors have taken.⁶⁴
- Price changes (decrease/increase).

3. Demand planning:

Demand planning includes validating forecasts, understanding sources of demand, accounting for variability, and revising customer service policies. Additionally, it encompasses the inclusion of promotion plans, one-time events, and new product and customer launches.⁶⁵

Between field sales and demand planning the data exchange is mainly through sharing of excel files and some levels of SAP. The forecast put by the demand planning function further goes to supply planning via SAP.

Updating sales and inventory projections when new information becomes available to the respondent is another aspect of demand planning's work. Usually created for a period of one or three months ahead of time, these forecasts are updated every week as new data becomes available.

⁶⁴ Sunil Chopra • Peter Meindl, Supply Chain Management Strategy, Planning, and Operation, page 192

⁶⁵ <https://www.demandcaster.com/implementing-sales-and-operations-planning-sop/> 23:36 25/03/2024

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II. Inventory Analysis :

Inventory analysis helps to determine the right amount of the stock to keep on-hand to fill demand while avoiding spending too much on inventory storage.

III. Supply planning process :

Once the production line is set to work based on a demand plan to meet the forecasted product demand, and after analyzing the inventory, it's time to focus on the other half of the equation: supply planning and logistics.

The demand plan is designed to meet the demands in the forecasting stage and the supply plan is designed to meet the demands laid out by the demand plan.

The supply plan's main objective is to ensure that the required materials, products, and services are available in the right place at the right time and at the lowest cost possible. So, it's all a game of inventory management and logistics from this point onward.

Head of Supply will be responsible for the creation of the Supply Plan. Key staff from manufacturing, operations, logistics, and finance should be consulted for input and verification.

- Supply planning process steps :

a. Approved the demand planning:

The supply planning starts post an approved demand plan. The demand plan is a sum of all the sales reviewed and approved channel, regional and/or customer forecasts. The approved demand plan goes through a demand translation step.

b. Master production schedule:

Once the translation step is complete, the supply plan is run to generate a finished goods master production schedule by item and by location.

The supply plan includes all item related attributes and data such as inventory on-hand, inventory in transit, lead times; open orders, minimum order quantities MOQ, inventory cover, forecast; safety stocks, level loading and demand chase.

c. Requirement and capacity review:

Software now enables the user to run a requirement review and capacity review to assess the impact of the demand on supply plans.

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IV. Transmission of supply planning :

The transmission of supply planning from a supply planner « subsidiary» to the holding company's factory typically involves several steps and communication channels. Here's a general overview of how it might work:

1. Communication:

Once the supply plan is completed, the supply planner would communicate this information to the holding company's factory. This communication could happen through various channels such as video conferences, phone calls, email, or collaborative platforms.

2. Supply Chain Management Systems:

Many companies use supply chain management software to facilitate the transmission of supply planning data. The supply plan could be entered into the system by the supply planner "subsidiary," making it available to pertinent holding company stakeholders;

3. Feedback and Iteration:

Recommendations for the supply plan may come from the holding company, depending on things like local market conditions, resource availability, and production limitations. In order to ensure supply and demand alignment, the supply planner "subsidiary" would take this feedback into account as needed in the plan.

4. Execution and observing:

Once the supply plan is agreed upon, the parent company factory's would execute the production according to the plan. The "subsidiary" supply planner would monitor the plan's implementation and track on key performance indicators (KPIs) such production output, inventory levels, and fulfillment rates.

1.4.4. Steps for Domiciliation and Import/Export Process of Nestlé Algeria SPA:

- 1.** Receive PFI for domiciliation from Suppliers. Price cannot be changed. Import / export team (I/E)
- 2.** Pay the tax for the domiciliation. (Tax - 0.3% of the proforma in local currency. Timeline should be between 10 & 15 days (currently taking 45 days due to system bug) (I/E)
- 3.** Pre domiciliation- CITIBANK and BNP Platform - (timeline 24 to 48hrs.)Post the PFI via online to bank. Print the acknowledgement letter.
- 4.** Prepare Domiciliation request and act of provision. I/E

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5. Sign the documents by country Manager (tax) and other documents signed by same class signatories - AA, AB not BB.
6. Submit to the bank . timeline is between 4 & 5 days. After having the prior domiciliation the supplier must wait 30 days to send the goods.
7. Receive Stamped PFI from the Bank after 5 days. The PFI sent to Supplier planner.
I/E
8. Trigger production with producer (optional). Supply Planner can decide the prior production depends on capacity constraint.
9. Confirm the despatch to supplier respecting the 30 days from Domiciliation (as per Elias file), Supply Planner
10. Confirmation on closure of Domiciliation for split / partial/ short shipments to be sent to import / export. To ensure that all discrepancies or issues related to these types of shipments are resolved, documented, and communicated to the import/export team. This ensures that the financial and logistical records are accurate and complete, facilitating smooth operations and compliance with local regulations.
11. Receive full set of copy or draft documents before loading to the vessel. I/E
12. Receive copy of the original documents 48H after vessel departure. Priority to receive BL (annex 5) and invoice (annex 2) to start final domiciliation process.
13. Prepare the request of report and sign by two managers before sending it to bank.
(Receive 2 Original Bill of lading and 2 Original invoice)
14. Final Domiciliation (timeline 4-7 days) approved. (BL and invoice will be stamped)I/E
15. Receive original docs within 4 days before vessel arrival (exception for Swiz due to shorter time)I/E
16. Handover Original Bill of Lading and invoice stamped by the bank to clearance team
I/E
17. Pay for the freight or fees in order to collect the delivery note from shipping lines
18. Book for sanitary Inspection (Annex 3)
19. Book commercial inspection
20. Inspection takes place (samples collection)
21. Collect approval from sanitary authoirty and commercial authoirty. I/E
22. Prepare custom declaration I/E
23. Schedule customs inspection I/E
24. Receive the custom approval I/E

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25. Prepare custom clearance cheque and obtain signature I/E
26. Coordinate between clearing agent and warehouse to schedule the delivery / offloading of the container. I/E
27. Coordinate for the return of the empty container before the demurrage starts. (must be returned day +1)I/E
28. Receive invoice from clearing agent, validate and sent to finance for payment. I/E

1.4.5. Reception at DC:

After the products arrive at the port and undergo all the necessary clearance steps and verification, they are delivered to the distribution center (DC). Initially, the products are transported to an Aramex deposit, where they are organized and stored according to their shelf life to ensure optimal inventory management and timely distribution.

1.4.6. Customer service :

The customer service team is responsible for managing customer inquiries, handling complaints, and providing support throughout the ordering and delivery process

1.4.7. Final client :

The main clients of Nestlé Algeria SPA are distributors, who play a crucial role in ensuring that the products reach the end consumers effectively. These distributors act as intermediaries between Nestlé and the retail outlets, pharmacies, and other points of sale. Ensuring that these distributors are well-supplied and satisfied is vital for maintaining the overall efficiency and success of the supply chain.

1.5. Performance commercial of Nestlé Algeria SPA:

1.5.1. Turnover from 2019 to 2023:

The analysis of turnover is necessary to characterize Nestlé Algeria SPA's position in its sector of activity, its position in the market, its ability to develop different activities in a profitable manner, etc.

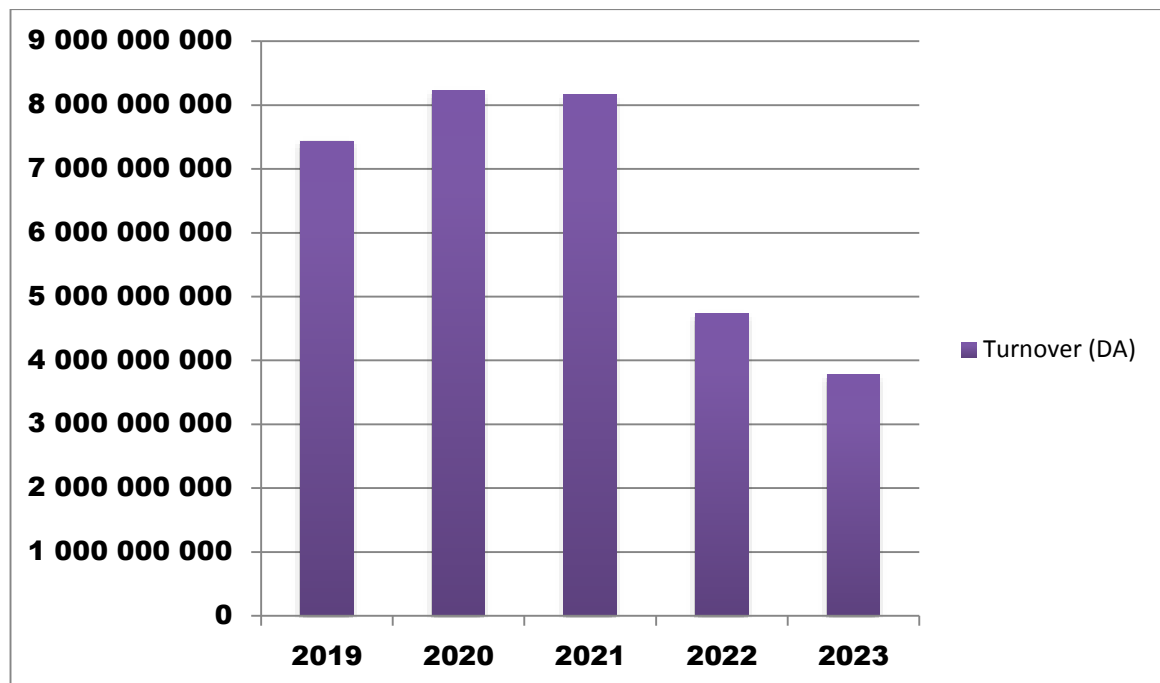
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Table 7 : Estimated turnover over the years (2019-2023)

The year	Turnover (DA)
2019	7,434,953,426
2020	8,230,918,524
2021	8,157,394,372
2022	4,732,924,940
2023	3,781,318,431

Source: Nestle Algeria SPA internal document

Figure 11 : Turnover evolution in value (2019-2023)



Source : Realized by us based on the document;

Interpretation:

From documents collected within the Nestle Algeria SPA, we note that:

Turnover growth in [2019-2020] was rapid, reaching a value of 8,230,918,524 DA, thanks to the continuous increase in the quantity sold and the profit margin.

Turnover growth in [2020-2021] decreased than the previous period slightly, dropping to 8,157,394,372 DA

Turnover growth in [2021-2023] decreased sharply from 8,157,394,372 DA to 3,781,318,431 DA due to several reasons: Changes in customs clearance procedures, Algerian authorities implemented import quotas and outright bans on specific products.

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1.5.2. Summary of commercial performance results:

To assess Nestle Algeria SPA's commercial performance, we selected a number of quantitative indicators. The company agreed to provide us with information on only one indicator, namely turnover. The results were as follows:

- Turnover is increasing during the years [2019-2020]: Nestle Algeria SPA has seen an increase in sales results over the years.
- The turnover is decreasing during the years [2020-2023]: Nestle Algeria SPA has experienced a decrease in sales over the years

1.5.3. The company's commercial objectives of Nestlé:

- **Customer Satisfaction:** One of Nestlé's primary commercial objectives is to enhance customer satisfaction; this includes ensuring that products meet customer expectations in terms of quality, availability, and reliability.
- **Market Presence:** Nestlé aims to maintain and expand its market presence in Algeria. This involves strategic decisions regarding product assortment, pricing strategies, and distribution channels to effectively reach and serve customers across the region.
- **Operational Efficiency:** Nestlé focuses on optimizing its supply chain processes, including forecasting, demand planning, and inventory management, to reduce costs, minimize stock outs, and enhance overall service levels.
- **Brand Reputation:** Preserving and enhancing the Nestlé brand reputation is critical. This includes ensuring that all products marketed and distributed in Algeria maintain the high standards associated with the Nestlé brand globally.
- **Credibility with Distributors:** Preserving credibility with distributors is important for Nestlé. This objective focuses on building strong partnerships with distributors to ensure efficient product distribution and availability in the market.
- **Sales Team Satisfaction:** Ensuring satisfaction among its sales team members is also a priority. Nestlé aims to support and motivate its sales force to effectively promote products and achieve sales targets.

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Section 2: Presentation of the research methodology:

In this section, we will present the study and the information collection tool that we have chosen to conduct our research and we have presented the objectives of choosing this technique.

2.1. The Choice of Study

Qualitative study consists in analyzing and understanding phenomena, group behaviors, facts or subjects. The objective is not to obtain a large quantity of data, but to obtain quality data.

According to VANDERCAMMEN and GAUTHY-SINÉCHAL, "qualitative studies are intensive studies that use an open, non-directive, permissive and indirect approach to collecting data from the people interviewed".

Indeed, due to the nature of our research topic, we have chosen to conduct our research using a qualitative study. Qualitative study allows us to explore in depth the experiences, perceptions, and opinions of the key stakeholders, such as the heads of the supply chain and commercial departments. This approach provides valuable insights into their methods for measuring commercial performance through supply key indicators and the impact these indicators have on their operations. By understanding their perspectives, we can gain a comprehensive view of the factors influencing commercial success and the role of the supply process in achieving it.

2.2. Data Collection Tool

To carry out this study, we have recommended a methodological approach that we believe is adapted to the nature of our research. We have chosen to conduct individual interviews.

Moreover, there are three types of individual interviews depending on the degree of directivity: (non-directive interview, directive interview, semi-directive interview). We have chosen in our study a semi-directive interview as a tool for collecting information, because it is characterized by the fact that it leaves the interviewee with a fairly large space to give his point of view. The interviewer asks questions and allows the interviewee to answer freely.

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2.3. The Objective of the Interview

The main objective of this survey is to try and gather the necessary information on the impact of the supply process on the commercial performance of the company, in order to answer our problems and sub-questions.

2.4. The Profile of the Interviewees:

In the context of this study, we interviewed one key group from Nestlé Algeria SPA, focusing on understanding the impact of the supply process on the company's commercial performance.

2.4.1. The Profile of the Interviewees in the Host Company:

We interviewed key personnel from Nestlé Algeria SPA for this study to analyze the impact of the supply process on commercial performance and gather concrete, relevant information that aligns with our survey objectives. The interviewees included:

- The Demand and Supply Planning Manager.
- The Commercial Development Manager.
- The Distribution Center Coordinator.

The interviewees were interviewed face-to-face in individual interviews lasting one week, with an average duration of 1 hour per interview. These interviews were conducted using one interview guide for Nestlé Algeria SPA services managers.

2.5. Design of the Interview Guide

The interview questions simplify the exchange and conduct of the interview. They are based on a sequence of questions, and therefore lead to more targeted and detailed responses; in addition, their focusing nature will be apparent in the analysis of the results. Our theoretical reflection has enabled us to construct the various questions that guide our interview.

Our interview took place along 2 axes:

The axis N°1: are designed to involve understanding how goods or services move from suppliers to customers in terms of

- ✓ The choice of the right quantity

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- ✓ Choice of the Right Moment to Order
- ✓ Right Management of Inventory

The axis N°2: are designed to understand the sales and financial results of a product, service, or company in terms of :

- ✓ Figuring out how well something is performing in the market.
- ✓ Ensuring the right quantity of products to meet market demand.
- ✓ Offering products with a long shelf life.

2.5.1. Questions put to the demand and Supply planning manager:

Axe N°1: Analyzing the supply process:

- How do you ensure the quality of the supply service?
- How do you ensure efficiency and reliability in the supply chain?
- In your opinion, what is the importance of lead time and product stock coverage?
- What are the main factors to build an accurate forecasting?
- What is the main reason for the excess inventory? What actions are taken in this case?
- How do you know that the supply planner is accurate to the demand?
- How does supply planning affect product availability?
- What are the effects of the supply planning on costs and profitability?
- How do you minimize foreign purchasing costs and lead times?
- What are the anticipated solutions that you take?
- What are the results of these delays?
- What are the anticipated solutions that you take?

Axes N°2: Understanding the commercial performance:

- How does the supply planning influence customer satisfaction?
- How important is supply planning to the company's commercial performance? How does supply planning contribute to achieving the company's business objectives?
- What key performance indicators (KPIs) are used to measure the impact of supply planning on commercial performance?
- Are there any concrete examples where good supply planning has had a positive impact on sales or company growth?

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2.5.3. Questions put to the Commercial manager:

AXES N°1: Analyzing the supply process:

- How do you manage the demand with the lead time of the products?
- How do you insure the availability of products from the supply chain?
- Are there any time where you had to buy with low price because of the shelf life of the product?
- Can you quantify the impact of forecast accuracy on lost sales or excess inventory due to miscalculations?
- What strategies are in place to manage aging stock, in order to minimize their impact on profitability? And how does it impact the profitability?
- How would you adjust ideal stock coverage levels for different product categories to balance availability and storage costs?
- Given our current inventory coverage levels, how often do stock-outs result in lost sales or delayed deliveries to customers?

AXES N°2: Understanding the commercial performance:

- How do you perceive the relationship between the supply process and commercial performance within the company?
- From your perspective, what are the key factors influencing commercial success in Nestlé Algeria?
- How do you collaborate with the supply management team to align commercial goals with supply chain strategies?
- How do you incorporate market demand forecasts into commercial planning and supply chain management?
- What metrics or analytics do you rely on to evaluate the commercial impact of supply chain decisions?
- How do you manage relationships with key clients and customers to ensure their needs are met through the supply process?
- Can you provide examples of instances where supply chain issues impacted sales or Customer satisfaction?

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2.5.3. Questions put to the DC coordinator responsible

AXES N°1: Analyzing the supply process :

- What position do you hold? Can you please describe your position to us?
- What role do you see for the supply function within Nestlé?
- How efficiently does the current supply process deliver products to your final client?
- How do you handle the costs associated with holding excess inventory?
- What delays in the process that impact inventory excess?
- How does the lead time variability of the product affect your department's work?
- What procedures are followed when a product is out of stock?
- What procedures are followed when you are over-stocked?
- How do accurate forecasts contribute to improved efficiency in Nestlé's warehouses?

AXES N°2: Understanding the commercial performance:

- How can the supply process be improved to ensure customer satisfaction?
- How does the supply process impact customer satisfaction with delivery times and order accuracy?
- How do supply chain costs impact the overall profitability of Nestlé product?
- How well does the distribution team communicate with the sales team regarding the product availability and delivery timelines?
- How would you describe the general availability of Nestlé products?

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Section 03: Analyze the impact of the supply process on the commercial performance within Nestlé Algeria Company

3.1. Analyze of interview guide answers:

- Interview guide of the Supply Planning Manager:

AXES N°1: Analyzing the supply process:

Question 1 : What position do you hold? Can you please describe your position to us?

Answer 1 :

My current position is supply and demand planner

- I lead the development of accurate sales forecasts by analyzing historical data, market trends, and sales projections.
- Collaboration with the marketing and sales teams to incorporate promotional plans and market intelligence into our forecasts.
- I ensure that our inventory levels are optimized to meet customer demand without incurring excess holding costs.
- By maintaining a balance between supply and demand, I aim to minimize both stock-outs and overstock situations.
- I work closely with procurement, production, and logistics teams to ensure timely and efficient product availability.
- Effective lead time management is essential to ensuring that products are replenished on time and meet market needs.
- I use these KPIs to assess the effectiveness of our supply planning and make data-driven decisions to improve our processes.
- My goal is to enhance profitability by reducing excess inventory and optimizing supply chain efficiency.

Question 2: How do you ensure the quality of the supply service?

Answer 2:

The quality of the supply process depends on maintaining optimal inventory levels, ensuring zero out-of-stock situations and zero overstock situations.

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Question 3: In your opinion, what is the importance of lead time and product stock coverage?

Answer 3:

The importance of lead time and product stock coverage is crucial to building a healthy inventory. Good lead-time management ensures that stocks are replenished on time, thus avoiding stock-outs and production delays. Accurate product stock coverage ensures that inventory levels are sufficient to meet demand, keeping operations running smoothly and satisfying customer needs without excess or shortages.

Question 4: What are the main factors to build an accurate forecasting?

Answer 4:

Forecast accuracy is predicated on several key factors, including sales history, the company's marketing vision and plans, and precise supply planning for product availability. These elements interact to anticipate future demand and ensure effective inventory management.

Question 5: How do you ensure the accuracy of the supply plan against actual demand?

Answer 5:

Updating forecasts on a monthly basis involves analyzing recent data trends.

Question 6: What are the main reasons for the excess inventory? What actions are taken in this case?

Answer 6:

The main reasons for overstocking are forecast volatility (an over-estimated forecast leads to an under-achievement) and inventory management problems such as lead time (approximated lead time leads to an excess inventory).

The measures taken in such cases consist in adjusting the supply plan in line with the forecasts, in particular by stopping production where possible, postponing orders or reducing them.

Question 7: How does supply planning affect product availability?

Answer 7:

Supply planning significantly impacts product availability through several key mechanisms:

- An accurate lead time: ensuring an accurate lead time facilitates timely procurement and production, minimizing delays and ensuring products are available when needed

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- An accurate forecast: enables the alignment of inventory levels with anticipated demand, preventing stock-outs or excess inventory.
- Respecting the stock policy such as maintaining minimum stock levels, ensure consistent supply to meet customer demand without overloading warehouse capacity or tying up capital in excess inventory.

Question 8: What are the effects of the supply planning on costs and profitability?

Answer 8:

In the case of excess stock storage and transportation costs diminishing product profitability, Aging inventory necessitates promotional efforts such as discounts, which impact the price of the product that diminish the profitability.

The ageing stock necessitates the implementation of promotional strategies. While these promotions aim to reduce storage and other holding costs associated with the ageing inventory, they can also lead to a decline in overall profitability.

Question 9: What are the delays that usually happen and interrupt the supply process?

Answer 9: Serval problems usually happen to us; those are the main:

Customs Clearance Delays: Delays can occur due to stringent customs regulations, incomplete or incorrect documentation, or inspections that take longer than expected.

Transportation Disruptions: Issues such as port congestion, strikes, or transportation network disruptions can significantly delay the supply process

Supplier Delays: Delays from suppliers in delivering raw materials or finished goods can impact our supply chain timeline.

Inventory Management Issues: Mismanagement of inventory, such as errors in stock counts or inadequate forecasting, can lead to delays in fulfilling orders.

System Synchronization Issues: Problems with the synchronization between our internal SAP system and our logistics partner's system (e.g., WMS Optilog) can cause delays in order processing and inventory updates.

Question 10: What are the results of these delays?

Answer 10:

- The primary impact of delays is stock-outs: When products become unavailable for customers due to delays, it results in lost sales and a potential loss of customer loyalty.

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- Excess inventory to be held for longer periods, increasing storage and holding costs.
- Frequent delays can negatively impact customer satisfaction due to late deliveries and unmet expectations.
- Delays can affect the overall profitability due to increased costs and lost sales opportunities.

Question11: What are the anticipated solutions that you take?

Answer 11:

We aim to resolve issues with minimal risk. If that isn't possible, we inform our distributor of the potential delay. If the distributor urgently needs the products, they may cancel the order, resulting in the loss of a client. If the distributor is not in a hurry, they may choose to wait, in which case we offer a discount as compensation for the delay.

AXES N°2: Understanding the commercial performance:

Question 1: How does the supply planning influence customer satisfaction?

Answer1:

Supply planning has a direct impact on customer satisfaction by ensuring product availability and freshness. When products are in stock and readily available, customers can find what they need. What's more, we take the shelf life into account, so customers don't find out-of-date or spoiled products.

Question 2: How important is supply planning to the company's commercial performance?

Answer 2:

Supply planning is essential to commercial performance, as it ensures that the right products are available, at the right time, with sufficient shelf life.

Furthermore, by having the products customers need, when they need them, we avoid stock-outs and lost sales, while minimizing the risk of the ageing stock.

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Question 3: What key performance indicators (KPIs) are used to measure the impact of supply planning on commercial performance?

Answer 3:

The mainly keys performance indicators (KPIs) are used to measure the impact of supply planning on commercial performance are:

- Ageing stock
- Accurate forecasting
- Stock cover
- Customer order fulfillment

Question 4: How the Commercial Manager proactively influences supply planning to meet commercial goals?

Answer 4:

To ensure a good forecast, the sales manager provides the necessary input to the demand planner to be able to fix the most accurate forecast and to avoid any last-minute deviations.

The commercial manager have a direct contact with the demand planer, the demand planner create a reliable forecast which is then communicated directly to the supply planner,

Overall summary of the guide 1:

- Quality and inventory management: the focus is on balancing out out-of-stocks and overstocks, with forecast accuracy and lead-time management being essential.
- Impact on costs and profitability: highlighting the financial implications of supply planning, particularly with regard to surplus and ageing stocks as well as the need to take into account the impact of the supply chain on customer satisfaction and commercial performance.
- Customer satisfaction and commercial performance: showing how supply planning directly affects customer satisfaction and overall commercial success, as measured by key performance indicators.
- Collaboration and communication: The role of commercial managers in facilitating effective supply planning through proactive communication and accurate forecasting ;

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- Interview guide of the Commercial Development Manager:

AXIS N°1: Analyzing the supply process :

Question 1 : What position do you hold? Can you please describe your position to us?

Answer 1 :

CDM: Commercial development manager nutrition category

Managing the categories through channeling distribution (direct sales, whole sales, modern trade “ big shops as UNO, Carrefour” in particular the e-commerce) , managing all what’s is promotion and activation in the market so we are speaking about trade marketing, visibility market share, shelf part in the market, with agencies and internally in marketing and commercial.

The main activity that we do is to have integral commercial p for the category (ICP: integrale commercial plan which mean having the forecast volume of all the product and the category “category, sub category and SKU (Single Key Unit)”

Category are the infant category, the sub category we can find infant formula (powder milk for babies, infant cereals and growing up meals “its milk for toddler for 1 to 3years) managing this category in term of volume forecast and also visibility of the market (shelf branding, and annual promotion or activities)

Question 2: How do you manage the demand with the lead time of the products?

Answer 2:

We need to know and understand lead time to anticipate product availability.

Question 3 : How do you insure the availability of products from the supply chain?

Answer 3 :

- 1- Forecats accuracy
- 2- Have visibility of lead time
- 3- Have long period forecast
- 4- Stabilité in plans commercial

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Question 4 : Given our current inventory coverage levels, how often do stock-outs result in lost sales or delayed deliveries to customers?

Answer 4 :

I can assure you that we place great importance on maintaining optimum stock levels to minimize the risk of stock-outs. However, despite our best efforts, stock-outs do occur, resulting in lost sales or delayed deliveries.

We constantly monitor our stock coverage and work closely with our supply chain and logistics teams to resolve any issues quickly. Our aim is to ensure that our customers receive their orders on time and in full, maintaining a high level of satisfaction and trust.

Question 5 : How would you adjust ideal stock coverage levels for different product categories to balance availability and storage costs?

Answer 5 :

I would focus on improving forecast accuracy to adjust ideal stock coverage levels for different product categories.

Question 6 : What strategies are in place to manage aging stock, in order to minimize their impact on profitability? And how does it impact the profitability ?

Answer 6 :

- Sales out in term of volume and distribution performance: We analyze sales data in terms of volume and distribution performance to identify slow-moving or dead stock. This analysis helps us to understand which products are not selling well in specific regions or through certain distribution channels.
- Sales in: For identified slow-moving items, we implement strategic promotions and discounts. These can be temporary price reductions, bundled offers or clearance sales. The aim is to motivate customers to buy these items and reduce their time in the warehouse.
- Stock coverage: We maintain optimal stock coverage levels based on historical sales data and forecast demand. This enables us to avoid overstocking slow-moving items, while ensuring sufficient stock to meet customer needs for fast-selling products.

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Question 7 : Can you quantify the impact of forecast accuracy on lost sales or excess inventory due to miscalculations?

Answer 7 :

We face 3 situations of the forecast :

Overestimated forecast: Excess inventory incurs storage fees, insurance costs, and potentially higher spoilage rates "bad goods", all of which directly erode profit margins.

Overstocked products can reach their expiration dates faster, leading to write-offs and wasted resources.

Accurate forecast: optimal stock cover: Optimal Stock Coverage with Accurate Forecasts: When forecasts are accurate, we achieve optimal stock coverage, meaning we have the right amount of inventory to meet customer demand without unnecessary stockpiling.

Underestimated Forecast: Conversely, underestimating demand can have equally damaging consequences:

Stock-outs: Out-of-stock situations lead to lost sales and potentially lost customers who may switch to competitors.

Damaged Credibility: Frequent stock outs erode customer, healthcare professional, and consumer confidence in our ability to meet their needs. This can negatively impact brand loyalty and market share.

By focusing on improving forecast accuracy, we can significantly enhance profitability by minimizing lost sales opportunities, optimizing inventory management, and maximizing cash flow.

AXES N°2: Understanding the commercial performance:

Question 1 : How do you perceive the relationship between the supply process and commercial performance within the company?

Answer 1 :

Successful commercial development relies on having the right product, in the right quantity, at the right time. The supply chain must anticipate issues and lead times to meet this demand.

Sales forecasts determine product needs, involving stakeholders like finance, marketing, and management. The supply chain then works to ensure the product arrives before promotions or sales periods.

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Missing delivery deadlines can damage credibility with sales teams and distributors, impacting short-term sales and pushing long-term goals off track.

Question 2 : From your perspective, what are the key factors influencing commercial success in Nestlé Algeria?

Answer 2 :

The three main things that we need to have to be successful in the commercial plan are delivered 100% of our commercial plan:

- 1. Right Product, Right Time, Right Quantity:** This is the cornerstone. We need to ensure we have the exact SKUs (inventory items) our customers require, at the precise moment they need them, and in the exact quantities demanded.
- 2. Optimal Stock Coverage:** Striking the perfect balance is crucial. We don't want to overstock and incur unnecessary storage costs, nor do we want to understock and risk stockouts. Optimal stock coverage allows us to avoid both extremes.
- 3. Supply Chain Anticipation:** This is arguably the most critical element. The supply chain needs to anticipate all potential issues throughout the year. By proactively managing these challenges, we can minimize overstocking, maintain optimal stock levels, and execute the commercial plan smoothly without disruptions.

Question 3: How do you collaborate with the supply management team to align commercial goals with supply chain strategies?

Answer 3:

While we don't directly control supply chain strategies, collaboration is crucial. Before each year begins, we work with the supply chain team to define volume and timelines for each product. This advanced notice allows them to anticipate needs and have products readily available in Algeria at the right time.

Promotions are a key example. We communicate anticipated volume increases during promotional periods, allowing the supply chain to anticipate higher demand

The supply chain team utilizes historical data (average monthly/bi-annual sales per SKU) as a baseline for volume accuracy. If we significantly exceed this baseline (e.g., requesting 10 tons when the baseline is 5 tons), they require justification.

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Question 4: How do you incorporate market demand forecasts into commercial planning and supply chain management?

Answer 4:

- 1- Base line for each SKU:** Analyze sales data for similar existing products or products within the same category. This provides a starting point for the new product's baseline demand, considering seasonal trends that might influence sales.
- 2- The promotion plan:** Integrate planned marketing and promotional activities into the demand forecast. Analyze historical data on how promotions impacted sales for similar products. This helps adjust the baseline forecast to account for potential sales increases during promotional periods.
- 3- Button Up Sales - Internal Expectations:** Gather input from internal sales teams (e.g., "button up sales"). This includes potential sales force estimates based on their understanding of customer needs and market conditions.
Consider expert opinions and recommendations from product managers and marketing teams who have a strong understanding of the target audience and market dynamics.

Question 5: What metrics or analytics do you rely on to evaluate the commercial impact of supply chain decisions?

Answer 5:

Metrics We use as metrics to evaluate the commercial impact of supply chain decisions and help to take decisions: SWOT, growth share metrics BCG, and with this metrics we can elaborate a long-term strategy and do plans such as sponsoring, digital, investments, accelerations of the volume and distributions of the product, communication etc. and as you go along, you'll adjust the forecast.

Analytics that we do on the supply chain are: stock coverage, frequency of out of stock.

Question 6: How do you manage relationships with key clients (distributors) and customers to ensure their needs are met through the supply process?

Answer 6 :

We analyze the past 12 months of sales data to determine each distributor's sales percentage and adjust their supply volume accordingly. Accurate forecasting ensures customers receive the right amount of inventory based on their sales contribution.

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This transparency allows customers to:

- **Optimize distribution and logistics** for timely deliveries.
- **Manage inventory efficiently** to minimize storage costs.
- **Plan financially and allocate resources** effectively by anticipating cash flow needs and promotional activities.

Question 7 : Have you ever lost a sale or a customer because a product was out of stock? How does the cover stock impact the satisfaction client and the market share?

Answer 7 :

Yes, we actually have lost a customer because we were out of stock;

When customers consistently encounter out-of-stock issues, especially for essential products like infant formula, they lose trust in the brand and may switch to competitors. This is particularly damaging in the context of the "consumer journey" where brand loyalty is crucial. Customers who rely on your products, especially for sensitive needs like infant formula, have expectations of consistent availability. Repeated out-of-stocks can lead to:

- In the case of infant formula, disruptions can have direct consequences for the health and well-being of babies.
- Customers who feel let down may switch to more reliable brands, even if it means changing their established routines.
- Negative word-of-mouth and social media backlash can tarnish your brand's image and hinder future sales.

For distributors who solely represent your brand (one-player distributors), the consequences of out-of-stocks are even more severe:

- Distributors rely on the consistent supply of your products to generate revenue. Out-of-stocks mean lost sales and decreased profits.
- In extreme cases, persistent out-of-stocks could lead to the termination of the distributor relationship.

Question 8: How does the shelf life of the product impact customer satisfaction?

Answer 8 :

Nestlé adheres to stringent Standard Operating Procedures (SOPs) for sales operations, encompassing every aspect of the sales process. These SOPs include comprehensive

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guidelines for managing product shelf life, ensuring that products reach consumers in optimal condition.

Nestlé prohibits the sale of products to distributors if the remaining shelf life is less than six months. This policy safeguards the product's quality and ensures that distributors have ample time to sell the products before they reach their expiration date.

We also further restrict the sale of products to retailers if the remaining shelf life is less than three months. This precaution ensures that products reach consumers with sufficient time for consumption, minimizing the risk of expired products on store shelves.

Expired products can lead to customer disappointment and damage brand reputation. And it's a question of hygiene and fresh products and stock.

Question 9: Can you provide examples of instances where supply chain issues impacted sales or Customer satisfaction?

Answer 9:

Stock-outs can negatively impact credibility with both customers and consumers, increasing the risk of them switching to another brand.

Overall summary of the guide 2:

The guide comprehensively outlines the critical role of commercial development and supply chain management in achieving business success at Nestlé Algeria. It emphasizes the importance of accurate forecasting, optimal inventory management, and proactive supply chain strategies and the lead time of the product. Effective collaboration between commercial and supply chain teams is crucial for ensuring product availability, meeting customer needs, and maintaining brand credibility. Key metrics and strategic planning tools are essential for evaluating performance and making informed decisions. By focusing on these areas, Nestlé Algeria can balance availability with cost efficiency, enhance customer satisfaction, and drive commercial success.

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- Interview guide of the DC Coordinator :

AXIS N°1: Analyzing the supply process:

Question 1: What position do you hold? Can you please describe your position to us?

Answer 1 :

- supervising our logistics provider Aramex and reporting on the smooth running of operations and evaluating their performance
- coordinate all stages of order creation through to customer delivery
- creating purchase orders for our 3PLs and validating monthly invoices

Question 2: What role do you see for the supply function within Nestlé?

Answer 2 :

The supply function within Nestlé plays a key role in ensuring that products are available to meet market demands effectively and efficiently. This includes strategic planning, raw material supply, inventory management and co-ordination with logistics providers to ensure on-time delivery. The supply function is also essential for maintaining the balance between profitability and product availability, which has a direct impact on customer satisfaction and company profitability.

Question 3: How efficiently does the current supply process deliver products to your final client?

Answer 3 :

The current supply process is designed to be highly efficient, with a focus on reducing lead times and ensuring accuracy in order fulfillment. By leveraging advanced forecasting tools and maintaining close coordination with our logistics partners, we strive to deliver products to our final clients promptly. However, there are occasional challenges, such as supply chain disruptions or unexpected demand fluctuations that can impact efficiency.

Question 4: How do you handle the costs associated with holding excess inventory?

Answer 4 :

We handle excess inventory costs through careful inventory management, leveraging accurate forecasting and demand planning. By monitoring inventory levels and using just-in-time principles, setting clear inventory policies,

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Question 5: What delays in the process that impact inventory excess?

Answer 5 :

Delays that impact inventory excess typically include customs clearance, transportation disruptions, and synchronization issues between our SAP system and Aramex's Optilog system. Ensuring zero-risk synchronization between these systems is crucial for maintaining accurate inventory records and preventing excess. We continuously work on improving coordination and addressing any bottlenecks to mitigate such delays.

Question 6: How does the lead time variability of the product affect your department's work?

Answer 6:

Lead time variability affects the work of our department by creating uncertainty in planning and scheduling. When lead times are inconsistent, it becomes difficult to match supply and demand, which can lead to stock-outs or overstocks. To manage this problem, we implement safety stock levels, warehouse utilization and on time delivery in our planning processes to account for variability and ensure continuous product availability.

Question 7: What procedures are followed when a product is out of stock?

Answer 7 :

When a product is out of stock, we immediately notify the affected departments, including sales and customer service, to manage customer expectations. We expedite the replenishment process by prioritizing the production and procurement of the out-of-stock item. Additionally, we explore alternative solutions, such as offering substitute products to customers.

Question 8 : What procedures are followed when you are over-stocked ?

Answer 8 :

When over-stocked, we implement several measures to manage excess inventory. This includes promotional activities to boost sales, redistributing stock to other regions or markets where demand is higher, and adjusting future orders to prevent further accumulation. We also review and refine our forecasting models to avoid future overstock situations.

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Question 9 : How do accurate forecasts contribute to improved efficiency in Nestlé's warehouses?

Answer 9 :

Accurate forecasts contribute to improved efficiency in Nestlé's warehouses by ensuring that inventory levels are aligned with actual demand. This minimizes the need for last-minute adjustments, reduces the risk of stock outs and overstock, and streamlines warehouse operations. Accurate forecasting also helps in better space utilization and resource planning, leading to overall operational efficiency.

AXIS N°2: Understanding the commercial performance:

Question 1: How does the supply process impact customer satisfaction with delivery times and order accuracy?

Answer 1 :

The supply process has a significant impact on customer satisfaction by ensuring that products are delivered on time and orders are fulfilled accurately.

Question 2: How do supply chain costs impact the overall profitability of Nestlé product?

Answer 2:

Supply chain costs, including transportation, warehousing, and inventory holding costs, directly affect the overall profitability of Nestlé products

Question 3: How well does the distribution team communicate with the sales team regarding the product availability and delivery timelines?

Answer 3 :

The distribution team maintains regular and effective communication with the sales team regarding product availability and delivery times. This communication includes daily updates, coordination meetings and the sharing of real-time information through integrated systems. This communication enables the sales team to provide accurate information to customers and manage expectations appropriately.

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Question 4: How does your company measure customer loyalty in relation to its performance?

Answer 4 :

Our company measures customer loyalty using a variety of indicators, including repeat purchase rates, customer satisfaction surveys and Net Promoter Scores (NPS). These indicators help us to understand how customers perceive our performance and to identify areas for improvement. A high level of customer loyalty is often linked to consistent product quality, reliable delivery and excellent customer service.

Question 5: How would you describe the general availability of Nestlé products?

Answer 5:

The overall availability of Nestlé products is consistently normal, thanks to efficient supply chain management and accurate inventory management. We strive to ensure that our products are always available in all markets, with minimum stock-outs. This reliability is maintained through accurate demand forecasting and efficient logistics. Regardless of the recent regulation of imported products, we do our best to provide our distributors with the quantity they need

Question 6: How do supply planning KPIs impact your department's work?

Answer 6 :

Supply planning KPIs significantly impact our department by providing measurable goals and performance standards. These KPIs, such as forecast accuracy, order fulfillment rate, and inventory turnover, guide our daily operations and strategic planning. By monitoring these indicators, we can identify areas for improvement, optimize processes, and enhance overall efficiency and effectiveness in supply planning.

Overall summary of the guide 3:

The guide comprehensively outlines the critical role of commercial development and supply chain management in achieving business success at Nestlé Algeria:

- Align inventory levels with actual demand, minimizing last-minute adjustments, reducing stock outs and overstock, and streamlining warehouse operations for better space utilization and resource planning.

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- Ensures timely delivery and accurate order fulfillment, significantly affecting customer satisfaction.
- Transportation, warehousing, and inventory holding costs directly affect the overall profitability of Nestlé products.
- Repeat purchase rates, customer satisfaction surveys, and Net Promoter Scores (NPS).
- High customer loyalty is linked to consistent product quality, reliable delivery, and excellent customer service.
- KPIs such as forecast accuracy, order fulfillment rate, and inventory turnover guide daily operations and strategic planning. Monitoring these indicators helps identify areas for improvement, optimize processes, and enhance overall efficiency in supply planning.

3.2. Synthesis and analysis of results

➤ Analyze AXE N°1: Analyze the supply process within Nestle Algeria SPA :

Understanding and optimizing the supply process is critical to ensuring the commercial success of Nestlé Algeria SPA. This section goes further into the different aspects of the supply chain, from accurate forecasting and inventory coverage to lead time management. By examining these elements, we aim to highlight how effective supply chain strategies can significantly impact a company's ability to meet customer demand, maintain product availability, and enhance overall operational efficiency.

Here are some points we analyze in this axe:

- Analytics help in creating long-term strategies and adjusting forecasts based on historical data and market trends.
- Utilizing data analytics allows the company to optimize inventory levels, improve demand forecasting, and enhance supply chain responsiveness.
- The KPIs such as stock coverage, forecast accuracy, aging stock, lead time, customer order fulfillment, and shelf life are integral to the successful management of the supply chain. These KPIs directly impact the key factors influencing commercial success, including product availability, optimal stock coverage, and proactive supply chain management. By closely monitoring these KPIs, Nestlé Algeria can ensure that its supply chain operations are aligned with commercial objectives, thereby enhancing overall performance and customer satisfaction.

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- Delays can damage relationships with distributors and end customers, leading to lower customer retention rates and potentially affecting brand reputation.
- The anticipated solutions focus on mitigating the risks of delays: Addressing issues with minimal risk where possible, Informing distributors promptly about potential delays to manage expectations, Offering options like order cancellation or discounts to retain customers when delays occur.
- Stock-outs result in lost sales opportunities, impacting revenue targets and market share
 - **Analyze AXE N°2: Understanding the commercial performance within Nestle Algeria SPA:**

Commercial performance is a key indicator of a company's success, reflecting its ability to meet market demands, achieve financial targets, and maintain competitive advantage. This analysis explores the factors influencing Nestlé Algeria's commercial performance, including market share, sales volume, revenue, and customer satisfaction, highlighting the role of the supply chain in supporting these elements.

Here are some points we analyze in this axe:

- Sales forecasts involve various stakeholders to ensure product availability before promotions or sales periods.
- Collaboration with the supply chain team is essential for defining product volumes and timelines.
- Missing delivery deadlines can damage credibility with sales teams and distributors, impacting both short-term sales and long-term goals.
- Communicating anticipated volume increases during promotional periods allows the supply chain to anticipate higher demand.
- The Commercial Development Manager emphasized the importance of having the right product at the right time and in the right quantity. He highlighted the critical role of sales forecasts, which involve stakeholders such as finance, marketing, and management. He also focused on maintaining optimal stock coverage to balance overstocking and stock outs, concluding that proactive supply chain management is crucial for anticipating potential issues and reducing lead times.

Impact of the supply chain on commercial performance:

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Impact of Stock Outs:

- Stock outs can damage credibility with customers and consumers, leading to lost sales and decreased market share.
- Maintaining consistent product availability is crucial for brand loyalty and customer satisfaction.

- Impact of Overstock:

- Maintaining high levels of inventory without corresponding demand can lead to discounting to move products, impacting profit margins and overall sales effectiveness.
- Overstocking can lead to a mismatch between supply and demand, potentially resulting in longer lead times and decreased customer satisfaction if products are not moving off shelves.

Comment :

The axe highlighted that the supply chain's role in ensuring product availability, optimizing inventory management, meeting market demand and improving operational efficiency is critical to Nestlé Algeria's successful commercial performance. Each role focused on different aspects of how effective supply chain management contributes directly to achieving commercial objectives and maintaining market competitiveness.

GLOBAL SYNTHÈSE:

Understanding and optimizing the supply process within Nestlé Algeria SPA is essential to ensure commercial success, which depends on effective supply chain strategies. This analysis highlights the link between supply planning and commercial performance, underlining the need for accurate forecasting, inventory management and proactive issue prediction. Key performance indicators such as inventory coverage, forecasting accuracy, lead time and customer order fulfilment are vital to maintaining product availability and operational efficiency. Data analytics integration, multi-stakeholder collaboration, and synchronization between systems play pivotal roles in aligning supply chain operations with commercial objectives. Effective coordination, especially during promotional periods, helps prevent stock-outs and overstocking, ensuring customer satisfaction and profitability. A comprehensive approach to supply chain management, from forecasting and inventory control to market

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demand integration and customer relationship management, is essential to maintain Nestlé Algeria's market share, sales volume and overall competitive advantage.

It is necessary to draw conclusions concerning the commercial performance through remarks that are presented as follows:

- The supply chain plays a crucial role in providing the right quantity of products at the right moment to meet customer needs. Ensuring that products are available when and where they are needed is essential for maintaining customer satisfaction and competitive advantage.
- Accurate forecasting is another critical responsibility of the supply chain team, it allows the company to align its production and inventory levels with customer demand; ensuring customers receive the right amount of inventory based on their sales contribution. This not only helps in meeting customer expectations but also reduces the costs associated with overproduction and excess inventory.
- Maintaining a balanced stock cover means ensuring that there is always enough inventory to meet customer demand without overstocking, which can lead to increased holding costs and potential obsolescence. A balanced stock cover involves regularly reviewing inventory levels, monitoring sales trends, and adjusting stock levels accordingly. This approach ensures that the company has the right quantity of products available throughout the year, minimizing the risk of stock outs and overstock situations.
- The supply chain team must anticipate and address potential issues that could disrupt the timely delivery of products.
- Anticipating potential issues is crucial for shortening lead times and ensuring product availability on time. It ensures that products are available when needed, meeting customer demand without delays.
- Collaboration with the supply chain team is essential for defining volume and timelines for each product.
- Stock outs can damage credibility with customers and consumers, leading to lost sales and decreased market share; maintaining consistent product availability is crucial for brand loyalty and customer satisfaction.

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- The supply planner has a crucial role in overseeing and monitoring Key Performance Indicators (KPIs) to proactively address and optimize the supply chain process, thereby mitigating future issues effectively.

In summary, Nestlé Algeria SPA is committed to meeting its responsibilities and obligations to customers by ensuring product availability in the right quantities and at the right time. The supply chain team plays a vital role in ensuring product availability. Through accurate forecasting, proactive risk management, and maintaining a balanced stock cover, and tracking issues that could arise throughout the entire supply chain to put into consideration next time, they help the company meet customer demand efficiently and effectively, ultimately contributing to the commercial success of the business.

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➤ Suggestions and recommandation :

Based on the results of our qualitative study and analysis, we will propose solutions and suggestions to help Nestlé Algeria SPA enhance the impact of its supply process on commercial performance:

- Schedule regular meetings between key departments such as supply chain, sales, marketing, and finance to discuss ongoing projects, upcoming promotions, inventory levels, and market trends. These meetings should foster cross-functional collaboration and alignment on strategic objectives.
- Develop standardized communication protocols outlining how information should be shared, including frequency of updates, preferred channels (e.g., email, meetings), and designated points of contact within each department. This clarity will ensure consistent and effective communication across the company.
- Enhance coordination with logistics providers like Aramex to minimize lead times and streamline transportation processes. Focus on improving synchronization between internal systems (e.g., SAP) and external partners' systems (e.g., Optilog) to reduce delays and ensure accurate inventory tracking.
- Establish a routine for regularly reviewing and adjusting forecasts based on the latest market data and sales trends.
- Utilize dynamic inventory management systems that adjust stock levels in real-time based on demand fluctuations
- Partner with key suppliers for vendor-managed inventory systems to ensure consistent and timely stock replenishment: this approach aims to streamline inventory management, reduce costs, and improve the efficiency of the supply chain by leveraging the expertise and capabilities of the suppliers.
- Providing comprehensive training to staff on system usage and troubleshooting to address issues proactively.
- Strengthen communication channels with key suppliers and logistics partners by establishing dedicated points of contact, conducting regular performance reviews, and sharing forecasted demand and inventory data. This proactive engagement improves supply chain visibility and responsiveness.

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- Implement real-time tracking and monitoring of shipments to quickly address any delays or issues that arise.
- Place a strong emphasis on maintaining consistent product availability and timely delivery to enhance customer satisfaction and loyalty. Implement customer feedback mechanisms to continuously improve service levels and meet evolving customer expectations.
- Regularly monitor key performance indicators (KPIs) such as stock coverage, forecast accuracy, lead times, and customer order fulfillment to identify areas for improvement.
- Invest in automation technologies for warehouse management, order processing, and inventory tracking to increase efficiency and accuracy.
- Tasks must be distributed fairly to reduce the workload imposed on one employee in spite of the others.

Chapter 3 : practical study the impact of supply process on the commercial performance of Nestlé Algérie SPA

Conclusion

Our aim in this chapter was to implement the various theoretical concepts developed in the previous chapters, focusing on our research object.

In this practical part of our dissertation, we carried out in-depth interviews to assess the impact of the supply process on the commercial performance in a multinational; Thanks to the interviews conducted with the head of the commercial departments, the supply planner manager and the DC coordinator, we were able to gather relevant, high-quality information.

Thanks to the analysis of the interviews, we were able to confirm the paramount importance of the supply process in ensuring commercial performance and achieving customer satisfaction, and securing a significant market share for Nestlé Algeria SPA.

General conclusion

GENERAL CONCLUSION

General conclusion

Generale conclusion

In today's highly competitive market, achieving commercial performance is the primary objective for any company. Effective supply process management is highly essential for ensuring continuity and success. Nestlé Algeria SPA, like many companies, strives to deliver the right quantity of products at the right moment to the final customer. The main objective is to win the credibility and trust of their distributors and customers by ensuring timely and accurate deliveries. However, the company faces challenges in reaching its commercial performance goals due to inaccuracies in forecasting and managing supply process issues.

In the dynamic world of business, the supply chain serves as the backbone of an organization, orchestrating the seamless flow of goods and services from procurement to delivery. A well-managed supply chain is not merely a logistical necessity; it is a strategic imperative that fuels efficiency, profitability, and customer satisfaction.

The first step towards a successful supply chain strategy is a thorough understanding of its complexities. This involves mapping out the entire flow of goods and materials, from raw material acquisition to final product delivery. Identifying key players, potential bottlenecks, and lead times provides valuable insights for improvement. For Nestlé Algeria SPA, the supply process involves importing both finished products and raw materials needed for local production, all guided by a detailed supply planning. This strategic approach aims to ensure the timely availability of products and the quantity to meet market demand and maintain high levels of customer satisfaction.

A strong supply chain is built on strong relationships. Cultivating strategic partnerships with reliable suppliers is key. By fostering open communication, negotiating favorable terms, and implementing collaborative forecasting practices, companies can ensure a smooth flow of goods and materials.

Inventory represents a significant investment for any company. Striking a balance between maintaining adequate stock levels to meet customer demand and minimizing storage costs is essential. Implementing robust inventory management systems that leverage data analytics can optimize stock levels and prevent stock outs or overstocking.

This study aimed to investigate the role of enhancing supply process within Nestlé Algeria SPA to improve overall commercial performance. Our research demonstrated that optimizing the supply process is essential for maintaining product availability, minimizing costs, make a profit and improving customer satisfaction.

The first chapter of our thesis focused on theoretical aspects of supply chain management (SCM). We defined the supply process, discussed key performance indicators (KPIs), and outlined the steps involved in managing supply processes within a multinational company. This provided a foundation for understanding how effective supply chain management can impact commercial performance.

In the second chapter, we explored the concepts of performance and commercial performance. We examined how these concepts are measured and the critical factors that influence them, establishing a robust link between supply chain efficiency and Nestlé Algeria SPA's commercial success involves understanding key performance indicators (KPIs) within the supply process and their direct impact on commercial performance

The third chapter provided an in-depth analysis of Nestlé Algeria SPA. We reviewed the company's supply planning processes and analyzed the interview guides. This practical examination allowed us to test our hypotheses and draw conclusions based on real-world data. Our findings confirmed the initial hypotheses:

Hypothese1: Accurate forecasting directly impacts commercial performance by ensuring optimal stock levels and meeting customer demand effectively.

Hypothese2: Maintaining optimal stock coverage is crucial for ensuring product availability to meet customer demand, which in turn supports the company's goal of increasing market share in the industrial market.

Hypothese3: Accurate lead time estimations enhance customer satisfaction by meeting delivery expectations thereby increasing customer loyalty.

By implementing our recommendations, Nestlé Algeria SPA can significantly enhance its supply process, leading to increased accuracy in forecasting, optimal stock coverage, and efficient lead time management. This optimization will improve service to clients, enhance the company's commercial performance, and preserve its brand image. Furthermore, it will contribute to better working conditions for logistics operators, ensuring a more efficient and responsive supply chain.

In conclusion, our study underscores the importance of accurate forecasting, optimal stock coverage, and efficient lead time management in achieving commercial performance. Enhancing these aspects of the supply process within Nestlé Algeria SPA can significantly improve the company's ability to meet customer demand, minimize costs, and maintain a competitive edge in the market. Further research could focus on continuous improvement strategies and the integration of advanced technologies to sustain and enhance supply chain efficiency.

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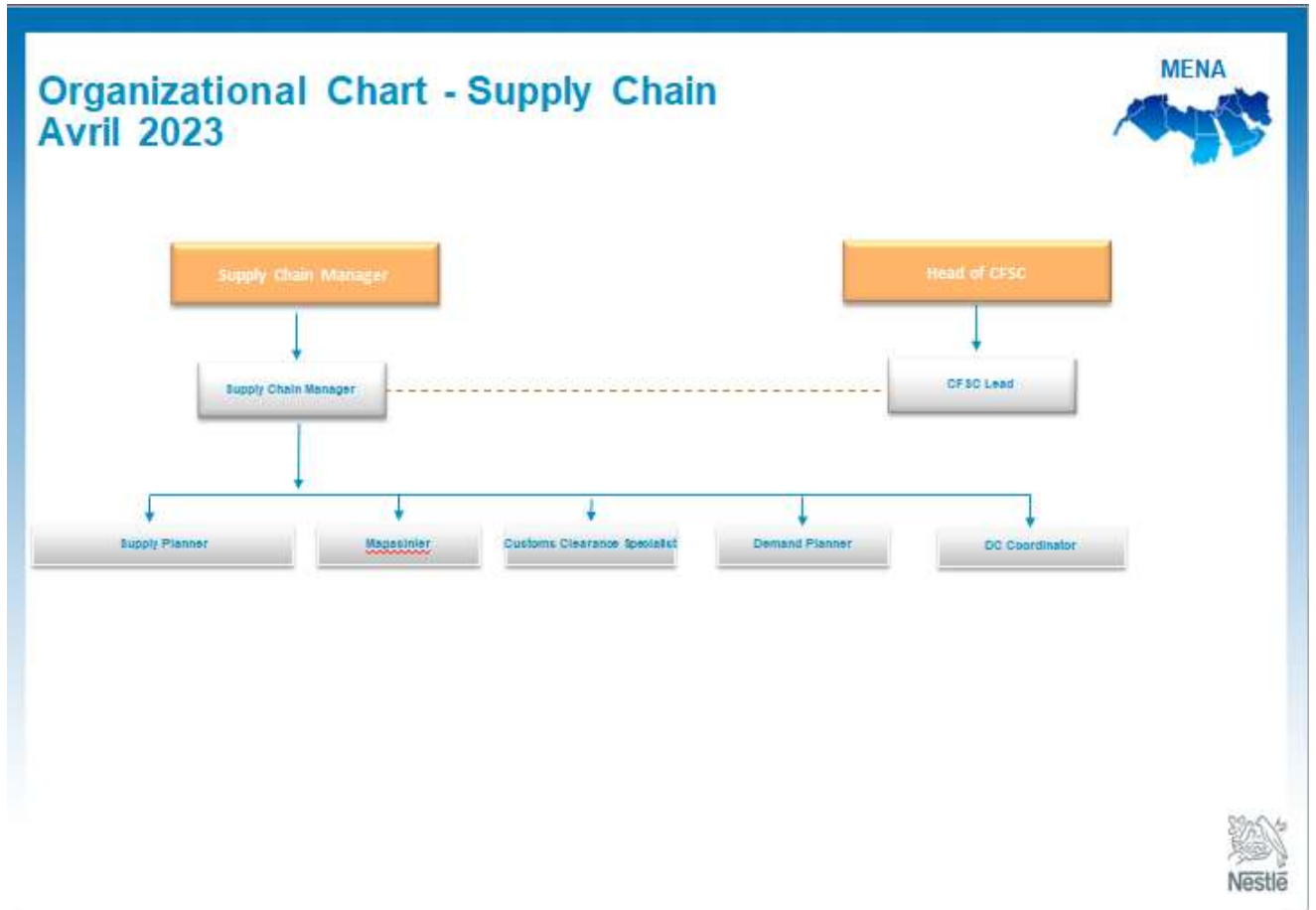
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Annex1: organizational chart- supply chain:



Annex 02:Final invoice

Nestlé Suisse S.A. Division Export				FINAL INVOICE N°1105028841																																																																																																												
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NO. No. : LDPK700358 PO. Date : Delivery Number : 8103221819 Delivery date : 19.03.2024 Incoterms : CFR, Algiers ✓ Shipment : Payment terms : Free transfer due 30 days of B. ✓		Nestlé Algérie Spa Quartier Affaires Bab Ezzouar lot 2 Lots 15 - 18 16311 ALGER ALGERIA Algiers																																																																																																														
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Annex 03: Health certificate for export of milk including infant milk and dairy products

 **Schweiz / Suisse / Svizzera / Switzerland**
Certificat sanitaire d'exportation de lait y compris le lait infantile et les produits laitiers

Pays d'exportation: Suisse Formulaire approuvé N° L.2011-05 Certificat No: V/VD-24-0331

Autorité délivrant le certificat: Office vétérinaire cantonal de **DOAV, CH-1026 St-Sulpice VD**

I. Identification des produits

Nature: NAN 2 OPTIPRO LWP5063 12x400g X5 NAN 2 OPTIPRO LWP5063 6x800g X5 NAN 3 OPTIPRO LWP5063C 12x400g X5	Nombre de sacs: 2.373 CS
Quantité: 2.373 CS	Poids net: 11390,400 kg
Poids brut: 11390,400 kg	Date de production: 15.03.2024 03.02.2024 18.03.2024 03.02.2024, 16.03.2024
Poids brut: 10223,71 kg	Date de péremption: 06.09.2025 27.07.2025 09.09.2025 27.07.2025, 06.09.2025
Lots/Code: 40750017A2 40340017A2 40780017C5 40340017A1 40750017A3	Ref. 369912157

Annex05: Interview guide for the Supply Planning Manager:

Interview guide for the Supply Planning Manager:

With the aim of elaborating our research work for our Master's degree in commercial sciences, international business option, entitled «**the impact of the supply process on the commercial performance of Nestlé Algeria SPA**».

We kindly ask you to answer our questions for scientific purposes, while guaranteeing the complete confidentiality of your answers.

The purpose of these interviews is to gather the information we need to carry out our research work, using this guide and a series of questions.

Your collaboration is invaluable in enabling us to carry out this study, and I thank you for taking part.

Question:

AXE N°1: Analyzing the supply process:

Question 1 : What position do you hold? Can you please describe your position to us?

Answer 1 :

.....
.....
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Question 2 : How do you ensure the quality of the supply service?

Answer 2:

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Question 3 : In your opinion, what is the importance of lead time and product stock coverage?

Answer 3:

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Question 4 : What are the main factors to build an accurate forecasting?

Answer 4 :

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Question 5 : How do you ensure the accuracy of the supply plan against actual demand?

Answer 5:

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Question 6 : What are the main reasons for the excess inventory? What actions are taken in this case?

Answer 6:

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Question 7 : How does supply planning affect product availability?

Answer 7:

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Question 8 : What are the effects of the supply planning on costs and profitability?

Answer 8:

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Question 9 : What are the delays that usually happen and interrupt the supply process?

Answer 9:

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Question 10 : What are the results of these delays?

Answer 10 :

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Question 10 : What are the anticipated solutions that you take?

Answer 10:

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AXE N°2: Understanding the commercial performance:

Question 1 : How does the supply planning influence customer satisfaction?

Answer 8:

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Question 2 : How important is supply planning to the company's commercial performance?

Answer 2:

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Question 3: What key performance indicators (KPIs) are used to measure the impact of supply planning on commercial performance?

Answer 3:

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Question 4 : How the Commercial Manager proactively influences supply planning to meet commercial goals?

Answer 4:

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Annex6: Interview guide for the Commercial Manager:

Interview guide for the Commercial Manager:

With the aim of elaborating our research work for our Master's degree in commercial sciences, international business option, entitled «**the impact of the supply process on the commercial performance of Nestlé Algeria SPA**».

We kindly ask you to answer our questions for scientific purposes, while guaranteeing the complete confidentiality of your answers.

The purpose of these interviews is to gather the information we need to carry out our research work, using this guide and a series of questions.

Your collaboration is invaluable in enabling us to carry out this study, and I thank you for taking part.

Question :

AXES N°1: Understanding the commercial performance:

Question 1 : What position do you hold? Can you please describe your position to us?

Answer 1 :

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Question 2 : How do you perceive the relationship between the supply process and commercial performance within the company?

Answer 2 :

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Question 3 : From your perspective, what are the key factors influencing commercial success in Nestlé Algeria?

Answer 3 :

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Question 4 : How do you collaborate with the supply management team to align commercial goals with supply chain strategies?

Answer 4 :

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Question 5 : How do you incorporate market demand forecasts into commercial planning and supply chain management?

Answer 5 :

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Question 6 : What metrics or analytics do you rely on to evaluate the commercial impact of supply chain decisions?

Answer 6 :

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Question 7 : How do you manage relationships with key clients (distributors) and customers to ensure their needs are met through the supply process?

Answer 7 :

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Question 8 : Have you ever lost a sale or a customer because a product was out of stock? How does the cover stock impact the satisfaction client and the market share?

Answer 8 :

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Question 9 : How does the shelf life of the product impact customer satisfaction?

Answer 9 :

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Question 10 : Can you provide examples of instances where supply chain issues impacted sales or Customer satisfaction?

Answer 10 :

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AXIS N°2: Analyzing the supply process :

Question 1 : How do you manage the demand with the lead time of the products?

Answer 1 :

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Question 2 : How do you insure the availability of products from the supply chain?

Answer 2 :

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Question 3 : Given our current inventory coverage levels, how often do stock-outs result in lost sales or delayed deliveries to customers?

Answer 3 :

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Question 4 : How would you adjust ideal stock coverage levels for different product categories to balance availability and storage costs?

Answer 4 :

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Question 5 : What strategies are in place to manage aging stock, in order to minimize their impact on profitability? And how does it impact the profitability ?

Answer 5 :

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Question 6 : Can you quantify the impact of forecast accuracy on lost sales or excess inventory due to miscalculations?

Answer 6 :

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Annex7: Interview guide for the DC coordinator responsible:

Interview guide for the DC coordinator responsible:

With the aim of elaborating our research work for our Master's degree in commercial sciences, international business option, entitled «**the impact of the supply process on the commercial performance of Nestlé Algeria SPA**».

We kindly ask you to answer our questions for scientific purposes, while guaranteeing the complete confidentiality of your answers.

The purpose of these interviews is to gather the information we need to carry out our research work, using this guide and a series of questions.

Your collaboration is invaluable in enabling us to carry out this study, and I thank you for taking part.

Question :

AXIS N°1: Analyzing the supply process:

Question 1: What position do you hold? Can you please describe your position to us?

Answer 1 :

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.....

Question 2: What role do you see for the supply function within Nestlé?

Answer 2 :

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Question 3: How efficiently does the current supply process deliver products to your final client?

Answer 3 :

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Question 4: How do you handle the costs associated with holding excess inventory?

Answer 4 :

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Question 5: What delays in the process that impact inventory excess?

Answer 5 :

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Question 6: How does the lead time variability of the product affect your department's work?

Answer 6:

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Question 7: What procedures are followed when a product is out of stock?

Answer 7 :

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Question 8 : What procedures are followed when you are over-stocked ?

Answer 8 :

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.....

Question 9 : How do accurate forecasts contribute to improved efficiency in Nestlé's warehouses?

Answer 9 :

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AXIS N°2: Understanding the commercial performance:

Question 1: How does the supply process impact customer satisfaction with delivery times and order accuracy?

Answer 1 :

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Question 2: How do supply chain costs impact the overall profitability of Nestlé product?

Answer 2:

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Question 3: How well does the distribution team communicate with the sales team regarding the product availability and delivery timelines?

Answer 3 :

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Question 4: How does your company measure customer loyalty in relation to its performance?

Answer 4 :

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Question 5: How would you describe the general availability of Nestlé products?

Answer 5:

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.....

Question 6: How do supply planning KPIs impact your department's work?

Answer 6 :

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