The Gartner Supply Chain Top 25 for 2021: Insights on Leaders

Published 19 May 2021 - ID G00747331 - 43 min read

By Analysts Mike Griswold, Dana Stiffler, Thomas O’Connor, KC Quah, Micheal Youssef, Kimberly Becker, Stan Aronow, Jim Romano, Kimberly Ennis

Initiatives: CSCO Strategic Leadership

Agility and resilience are essential traits of supply chain leaders, especially during times of disruption. The Gartner Supply Chain Top 25 highlights companies possessing these and other differentiating capabilities, and provides people, process and technology insights that CSCO’s can use to compete.

Overview

Key Findings

■ The three key factors that supported resiliency and agility and differentiated leading supply chains this year were being an integrated purpose-driven organization, having the ability to support customer-driven business transformation and possessing a digital-first supply chain.

■ Thirteen companies scored a perfect environmental, social and governance (ESG) score of 10, and the 2021 methodology reflects two enhancements: (1) setting of science-based targets as a demonstration of ESG commitment and (2) requiring a company to have an ESG score greater than zero to receive a ranking.

■ Four companies joined this year’s Top 25 list — Dell Technologies, Pfizer, General Mills and Bristol Myers Squibb.

■ Cisco retained the No. 1 slot in 2021. Additionally, like last year, Colgate-Palmolive, Johnson & Johnson, Schneider Electric and Nestlé round out the Top 5. The 2021 Masters are Amazon, Apple, McDonald’s, P&G and Unilever.

Recommendations

Supply chain leaders and chief supply chain officers (CSCO’s) can learn from the strategy and leadership of the top global supply chains, and:

■ Substantiate your supply chain messaging with your fellow C-suite members and board by using this research to learn what leading supply chains did that differentiated them.
- Contribute to the value proposition for corporate investors and customers by using the heightened interest in supply chain to secure funding to expand purpose-driven capabilities and integrate the impact into brand messages.

- Use the emerging strength and current focus on your supply chain to not only drive “green” initiatives and “people-related” programs, but also to secure marketing budget to fund these initiatives and programs, and be part of the value proposition to customers and investors.

- Transform your supply chain to support new customer value propositions by building capabilities to enable “as-a-service” business models as well as business-customer and consumer-composable solutions.

- Evolve your transformation journey to become “digital first” by using technology to enable more seamless customer experiences (CXs), and more automated and insightful decisions in supply and product management at scale.

Analysis

Notable Trends

Each year, our analysts research the supply chains of hundreds of companies. Through this work, we note trends such as: What leaders are focusing on, where they are investing time and effort, and what can be applied broadly. For leaders that are accelerating their capabilities and further separating themselves from the rest of the pack, three key trends stand out this year (see Figure 1).
Integrated, Purpose-Driven Organizations

If ever there was a time that supply chain has operated at the intersection of people, planet and purpose, while delivering business value, it is now. Supply chain is also having its star turn in the executive suite. One leader recently commented that he and his team feel as if they are truly playing offense for the business. Many of the supply chains in Gartner’s Top 25 study were quite literally helping save the world and keeping society running during the darkest days of the pandemic. Now, the opportunity exists to build on this momentum to solve some of the world’s longer-term social and environmental challenges.

In 2020, supply chains played an increasing role and had a heightened focus on broader societal challenges.

For example:

- Nontraditional partnerships were formed to support vaccines.
- Companies consider inventory allocations not across customers, but across companies and countries.
- Organizations jointly lobbied governments to open up restrictions to keep food and other critical items flowing across borders.
A maturity differentiator among purpose-driven organizations is that those further along in the journey are not simply supporting a varied list of green initiatives and/or people-related programs. They have integrated these into a larger strategy by working alongside commercial partners. Some are including ESG brand messaging as an increasingly integral part of their product marketing budgets, instead of treating ESG investments as being purely an operational cost.

Unilever’s Compass strategy lays out a comprehensive ESG plan to improve the state of the planet, support people’s health and well-being, and contribute to a fairer, more socially inclusive world. It sets ambitious goals for progress in traditional sustainability categories and also highlights investments in less common areas: 5% of its workforce will be composed of people with disabilities by 2025, and it is promoting living wages for the millions of agricultural workers supporting its food, beverage and beauty businesses. It also commits to upskill 10 million young people with cross-functional skills by 2030, independent of employment.

In May 2021, Unilever put these plans in front of its investment community and received 99.59% voting approval. An overwhelming majority of its shareholders voted in favor of the plan to reduce greenhouse gas emissions across its supply chain by 2039.

Across large corporate supply chains, we’re seeing more ambitious sustainability goals being set in alignment with science-based targets. One example is Microsoft’s goal to be carbon negative by 2030, and to remove all its historical carbon emissions by 2050. For larger and longer-term goals, supply chains will need to innovate and partner in ways that they have not yet imagined. For the remainder of the 2020s, however, many are becoming much more prescriptive in their plans. As one industrial leader put it, “We have the ‘math and the path’ and are now programmatically laying out investments and expected returns.” The environmental sustainability domain is a hotbed of activity for supply chain. Per Gartner’s last Future of Supply Chain report, most of these investments are now being made for the benefit of both the planet and business (see Supply Chain Executive Report: Future of Supply Chain — Crisis Shapes the Profession).

At a strategic level, several business-to-business (B2B) and business-to-consumer (B2C) companies have built sustainability considerations, such as carbon emissions reductions, into the objective functions of their network design models, in addition to the traditional cost and service trade-offs. Optimizing inbound supply and distribution networks to take vehicles off roads and reduce the use of carbon-intensive air freight falls squarely into the “doing well by doing good” category. At a product and packaging level, creative solutions to remove water and air are yielding further benefits through increased shipping density.

Consumer products (CP) companies are also experimenting with more recyclable and compostable materials. Examples of a shift from plastic to paper packaging include Diageo’s paper bottle for Johnnie Walker Black Label whiskey and Nestlé transitioning from flexible plastic to recyclable paper for some of its candy packaging. While these examples represent a small fraction of their production, they do signal important first steps.
Some products are also being designed for circularity. Adidas started a “Made to Be Remade” subscription shoe program that includes customer product takebacks, recommerce, and shoes designed for easier breakdown and reuse of materials. Nike, through its Grind program, recycles old shoes and converts them into new shoe materials and other products, such as carpet padding and rubberized flooring. This program, started in 1992, has recycled 130 million pounds into partners’ products.

In other cases, circular economy principles are being applied in the product manufacturing process. Some process-based companies, including BASF and Novo Nordisk, are reusing heat from upstream manufacturing processes to power other processes downstream.

In both B2B and B2C industries, customers are increasingly demanding higher sustainability and ethical standards from suppliers. In fact, according to one survey, a majority of consumers are willing to pay more for brands that show commitment to sustainability or environmentally friendly practices when presented with a choice between two or more comparable products (see Boost the Impact of Pandemic-Related Corporate Social Responsibility Initiatives). 4

Sometimes the product sold is designed to appeal to consumers that wish to minimize the impact that their purchasing choices have on their personal environmental impact. High-tech companies that are supporting the hyperscale computing industry are highly focused on continually reducing power consumption in their latest offerings. Unilever and PepsiCo have started selling plant-based meat products, reducing consumers’ net carbon footprint relative to animal-based equivalents.

Beyond the natural environment, many companies and their supply chains have increased focus on diversity, equity and inclusion (DEI). We have heard from several COOs and CSCOs that DEI is now an ongoing topic with their executive committees. Some companies have linked employee bonus compensation to progress against DEI goals. Outside of internal workforces, many have also expanded their supplier diversity programs. Examples include Intel’s RISE program and McDonald’s expansion of both spending levels and supplier diversity types. Finally, corporate CEOs and, by proxy, heads of supply chain are addressing social issues in new ways. In the U.S., companies, including Cisco and Johnson & Johnson are weighing in on social justice issues, such as racism in society and healthcare. 5,6

Supply chains running with purpose is an accelerating trend, and it is encouraging to see the growing integration with the rest of the enterprise to better serve customers, suppliers, employees and communities, simultaneously with shareholders.

Customer-Driven Business Transformations

Prior to the COVID-19 pandemic, corporate supply chains faced a dynamic competitive landscape driven by more complex customer requirements and competition from both existing players and new market entrants. Along with intermittent supply disruptions and larger-than-normal demand swings, the pandemic has driven an accelerated level of business model transformation across industries, requiring supply chains to be highly adaptive. Many changes were driven by an outsized uptick in products and services delivered direct to customers (DTC) and patients, instead of through more traditional, centralized locations such as physical stores and medical facilities. At the same time, in B2B, as-a-
service models and customer-composable solutions rose in prominence in industries such as high tech and industrial.

Retail was at the epicenter of shifting consumer buying behaviors. Retailers reported e-commerce volumes at levels that were originally forecast for 2023 or 2024. Grocery, general merchandise and hardware stores saw double-digit, and in some cases quadruple, percentage increases in the use of buy online, pickup in store (BOPIS), along with curbside pickup, causing them to reconfigure product flows and store associate roles. Apparel retailers, such as Nike and Gap, saw tremendous shifts from brick-and-mortar channels to DTC sales, which in turn required significant investments in fulfillment center automation to handle elevated e-commerce orders.

As DTC orders have increased as a percentage of sales, the higher cost of last-mile delivery has led to an increase in model innovation and partnership. A few consumer and/or retail supply chains are exploring creative fulfillment models, such as shared spaces in shopping malls paired with gig workers for last-mile delivery. There is also experimentation with shared brick-and-mortar retail space for specialty sales and expanded e-commerce return offerings. Organizationally, some heads of retail supply chains are adding real estate and site construction to their remits in a sign that “unified commerce” is the future of their businesses, across a much different distribution network and store footprint.

In the CP industry, many companies reduced their portfolio SKU counts by a quarter to a third, in 2020, trimming long tails that had formed over several years of expansion. This was done out of necessity to address supply constraints and, in some cases, surging demand driven by the pandemic. Some CP companies also added the ability to deliver orders through their distribution network to keep pace with more volatile demand signals. As the world moves closer to a postpandemic state, CP supply chain leaders see that options will be added back, but in a more strategic and governed fashion.

In healthcare, virtual care increased dramatically during the pandemic for doctor’s appointments, home-managed care of preexisting conditions, and mental health therapy (see Defining the Virtual Care Market and Its Opportunities). The wartime-like ramp-up of vaccine manufacturing and distribution capacity across the major pharma players has been impressive and likely behind Pfizer’s meteoric rise in this year’s ranking.

Overall, the supply chains that were most able to adapt to shifting business conditions won in the marketplace. We expect this to be a winning trait for the foreseeable future as market disruptions now feel more like constant climate instead of intermittent weather patterns.

**Digital-First Supply Chains**

A survey of boards of directors, taken late in 2020, showed that nearly 70% of respondents accelerated their digital roadmaps, as compared to the beginning of the year (see Use Gartner’s Digital Business Maturity Model to Plan Your Digital Business Acceleration). Some leading supply chains have reached a point in their transformation journeys where they consider themselves “digital first” in the use of technology to enable more seamless CXs, and more automated and insightful decisions in supply and product management at scale.
A common feature underpinning this state is a shift toward common ERP platforms, processes and datasets that can be leveraged for insight and decision making. These new platforms typically come with improved cybersecurity, helping mitigate a major risk for most companies. To put this work in proper perspective, some of the larger companies in the Supply Chain Top 25 study have spent several years and tens of millions of dollars on these upgrade and standardization efforts. With this significant foundation in place, many have also chosen to layer best-of-breed planning solutions and other advanced analytics on top of their ERP suites.

In planning, they are using artificial intelligence (AI) and machine learning (ML) to analyze supply constraints live, and balance market share, profit and customer support objectives. In transportation, some can now dynamically monitor and manage shipments, and intercept late in-flight deliveries, where necessary, to maintain customer commitments.

Leading CP and electronics companies have continued building their downstream visibility through technology. P&G and PepsiCo have built custom on-shelf-availability tools. Samsung Electronics has extended customer visibility beyond large channel partners to smaller distributors.

More advanced companies are also analyzing an ensemble of big data in B2C, gleaning consumer insights from unstructured social posts, syndicated market data, and internal demand and supply information. In B2B, leaders are establishing more voice of the customer (VoC) programs (for example, customer signals and surveys) to capture sentiment at key moments across critical channels. These insights are fed back to operational teams, often in real time, to help prioritize where further actions and investments are required.

Shop floor automation continued in factory environments, and some, more advanced, players are now using centralized, remote factory monitoring. Major business model shifts have also accelerated automation in distribution and fulfillment centers over the last 12 months. Retailers, for example, are automating micro-fulfillment centers and dark stores to cope with increasing online order volumes.

Given the rapid pace of digital transformation, change management has emerged as a critical organizational skill set. Leaders position new digital technologies as a means for employees to stop spending time on manual, non-value-added activities, so they can focus on providing value for their customers.

Inside the Numbers

Supply Chain Masters: Five Companies Leading the Way

Since 2015, we have highlighted the accomplishments and capabilities of long-term leaders. We refer to these companies as Supply Chain "Masters" and define them as having attained top-five composite scores for at least seven out of the last 10 years. To be clear, this category is separate from the overall Supply Chain Top 25 list, but it is not a retirement from being evaluated as part of our annual research.
To the contrary, if a Masters’ company were to fall out of having a top-five composite score for four out of the next 10 years, it would lose this designation and be considered as part of the Supply Chain Top 25 ranking, in the same way as any other company in our study. All of last year’s Masters — Amazon, Apple, McDonald’s, P&G and Unilever — qualified for this category again this year.

Amazon

Amazon continues to drive rapid growth across its portfolio, ranging from retail to cloud, devices and media. Customer centricity, supply chain capability and an innovation culture are at the core of its efforts. The disruption of the last 12 months has seen Amazon consolidate its market-leading position in online retail, while continuing to invest in differentiated physical retail offerings through the expansion of Amazon Grocery stores that leverage “just walk out” technology.

Strength in logistics remains a key area of differentiation for the business, whether via traditional services such as Fulfillment by Amazon (FBA) or new, innovative capabilities. These include expanded utilization of gamification techniques to improve fulfillment center productivity, the development of an e-bike delivery hub in New York City and a supply-chain-as-a-service parcel delivery offering in the U.K.

An emerging and encouraging area of emphasis (purpose-driven) is ESG as Amazon invests to achieve Shipment Zero, a vision to make all Amazon shipments net-zero carbon by 2040. Efforts include more than 250 renewable energy, wind and solar developments globally, the commenced rollout of electric delivery vehicles with manufacturing partner Rivian, and continued investment in simplified packaging that enhances CX and reduces environmental impact.

Apple

Apple has been a long-term leader in focusing on what is important when it comes to CX. Apple continues to drive a high-performing supply chain, while managing two challenging characteristics. The first is that, of the top 200 suppliers that account for 98% of Apple’s procurement spending, about half manufacture in China. The second is its inventory management strategy, which is to hold as little as possible and drive high inventory turns.

On the ESG front, Apple has made great strides in the past five years. Recently, 110 of Apple’s manufacturing partners have agreed to commit to use renewable energy. And Apple is firmly committed to helping its suppliers become carbon neutral by 2030. Last year, Apple announced major plans to become net-zero emissions across its business, supply chains and products by 2030, pledging to reduce emissions by 75% and develop carbon removal solutions for the remaining 25%.

McDonald’s

McDonald’s continues to use its extensive supply chain ecosystem, consisting of thousands of direct suppliers and more than a million employees from over 100 countries, to enable new and differentiated consumer offerings. For example, in recent years, the business has shifted toward more fresh products, such as fresh beef patties rather than frozen. In the last 12 months, it rapidly adapted its product offering, shrinking the menu in many markets, while in Australia it expanded into basic groceries such as
milk, bread and eggs. McDonald’s has also entered into a global strategic partnership with Beyond Meat to be the preferred supplier for the McPlant, a new plant-based burger offering.

McDonald’s continues its legacy of tackling sustainability issues. One example is Cargill and McDonald’s Canada working with beef farmers and ranchers to support a CDN$5 million Forage Program that works to return 125,000 acres of cropland to grass and pasture by 2025.

A trait we see in leading companies is the use of innovation days, and McDonald’s is no different. McDonald’s teams run innovation days that include suppliers as part of a broader effort to continually improve menu offerings and supporting processes.

**Procter & Gamble (P&G)**

P&G continues its transformation with a focus on “leading constructive disruption across the value chain.” It has advanced its supply network in response to the COVID-19 pandemic and is building those enhancements into how P&G will work in the future. This includes an increase in e-commerce, including DTC, as well as driving further demand synchronization of its plants and distribution centers (DCs).

Additionally, it has accelerated the use of data platforms, digital capabilities and learning to integrate predictive analytics and improved scenario planning to enable faster business decisions and results. “Decisions that used to take weeks now take days, and decisions that used to take days now take hours.”  

On the sustainability front, all of its major packaging platforms will be recyclable or reusable by 2025 — this will encompass approximately 95% of all packaging materials, and P&G will drive this through a combination of material choice, package design and working with others to create new innovative solutions for recycling.

**Unilever**

Unilever continues to focus its supply chain around being purpose-led and future fit. This translates to its core belief that brands with purpose grow, companies with purpose last and people with purpose thrive.

Unilever continues to differentiate as the leading edge in the area of purpose — leading in sustainability and driving a purpose-driven agenda that includes its suppliers, communities, customers and consumers. Key components of this strategy include ensuring that everyone who directly provides goods and services to the company earns at least a living wage by 2030, spending €2 billion annually with suppliers that are owned and managed by people from underrepresented groups by 2025, and pioneering new employment models for its employees and equipping them with the essential skill sets needed to prepare for job opportunities by 2030.

Unilever is also utilizing advanced analytics throughout its end-to-end supply chain. Its data intelligence strategy is broken down into three categories: “Humans in the Loop” enabling real-time visibility across
the supply chain, “Humans on the Loop” for better and faster decisions, and “Humans out of the Loop” for autonomous processes.

The Masters and Supply Chain Top 25: Lessons for All

Amazon, Apple, McDonald’s, P&G and Unilever continue to provide examples of adaptability, resilience and agility for the supply chain community. Along with the Masters category, the Supply Chain Top 25 offers a platform for insights, lessons, debates and contributions to the rising influence of supply chain practices on the global economy (see Table 1).

Table 1: The Gartner Supply Chain Top 25 for 2021

<table>
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<tr>
<th>Rank</th>
<th>Company</th>
<th>2020 Operating Income (in billions)</th>
<th>2021 Operating Income (in billions)</th>
<th>3-Year Weighted Average (in billions)</th>
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The Top 5

High-tech leader Cisco Systems comes in at No. 1 on this year’s Top 25. Strength in ESG and recognition of leadership in the community opinion polls drove it to the top spot for the second consecutive year. Gartner talked about this purpose-driven organization in last year’s Supply Chain Top 25; and 2020 was
a year that really demonstrated how companies acted in the face of a pandemic. Cisco's agility helped prioritize videoconferencing and critical infrastructure capabilities for hospitals and vaccine research.

To manage ESG, Cisco's sustainability requirements are embedded in its supply chain business processes to help ensure continuous improvement and drive impactful change. In 2016, Cisco set some aggressive targets for greenhouse gas (GHG) for 2020, which was achieved one year early. As a result, two new goals were added: (1) 30% reduction of GHG emissions for the supply chain, and (2) 80% of Cisco's component, manufacturing and logistics suppliers by spend will have a public GHG emissions reduction target by 2025.

Consumer products leader Colgate-Palmolive retained its No. 2 spot again in 2021. Colgate-Palmolive continues to drive transformation in its supply chain by utilizing segmentation strategies across distinct commercial segments that have enabled enhanced customized capabilities to drive growth through new business models, such as e-commerce, efficiencies, agility and resilience. This has included factory automation, expansion of external manufacturing capabilities and advanced network modeling.

Colgate-Palmolive's commitment in reducing its impact on the environment is evident in its effort to go beyond zero waste and be certified as TRUE zero waste through an external certification program owned by the U.S. Green Building Council. Since 2017, 20 of its manufacturing sites have achieved TRUE Zero Waste certification with 13 of them achieving platinum status — the highest level of recognition. Colgate-Palmolive was also named on Fast Company's 2021 list of The World's Most Innovative Companies for developing a first-of-its-kind recyclable plastic tube and openly sharing the technology with third parties. 10

Healthcare leader Johnson & Johnson (J&J) holds steady at No. 3. J&J remains unparalleled in the life science industry, possessing strong leadership, operational strengths and expertise in supporting innovation. J&J's Power of the Profession Award for Customer or Patient Innovation of the Year and its work with ventilators demonstrate this capability (see Supply Chain Brief: Power of the Profession Awards Highlight Breakthroughs From the Winners). To address resiliency, J&J is using vertical integration to address bottlenecks and sees 3D printing as a means to solve some of the challenges and opportunities the healthcare industry is facing today, particularly in the delivery of personalized care.

Matching demand and supply remains a priority and critical capability for J&J. For example, using data science and complex algorithms, J&J can monitor typical order patterns and flag major deviations. 11 This technology automatically monitors hundreds of thousands of orders placed by big customers, such as medical centers and governments. If the algorithm detects an unusual pattern, it alerts supply chain professionals to investigate.

ESG continues to be a priority for J&J. Its Healthy Lives Mission includes conversion to 100% recyclable, reusable or compostable plastic, and recycled paper and pulp-based packaging by 2025.

Energy management and automation specialist Schneider Electric comes in at No. 4. Schneider succeeded over the last several years in delivering on its Tailored Sustainable Connected 4.0 (TSC 4.0)
strategy. Through a thoughtful combination of people, process and technology, Schneider developed unique supply chains built around the unique needs of its varied customer base. It has proven adept at designing and executing these supply chains in a way that is both good for the company and good for the planet, while leveraging a connected technology infrastructure.

Beyond internal results, Schneider Electric is proving to be an effective ecosystem developer. The firm has harnessed its unique role in the infrastructure value chain to build a coalition of partners focused on innovation in electricity management through its EcoStruxure platform. Schneider Electric carries the same theme through to advancing the practice of supply chain more broadly. A simple web search for “Schneider Supply Chain” reveals the firm’s openness and readiness to share what has made it successful.

Strong community perception and a perfect ESG score secured the No. 5 spot for Nestlé. Nestlé has made significant investment in transforming its global supply chain with focus on adapting to new business models and improving its end-to-end planning. Nestlé is building scalable e-commerce and DTC capabilities across its entire supply chain, including product and packaging customization, agile fulfillment services and last-mile delivery capabilities.

To address packaging waste, Nestlé’s global R&D network and Institute of Packaging Sciences are developing refillable or reusable solutions, simplified packaging, and biodegradable or compostable materials, while increasing the use of recycled content. During 2020, Nestlé further expanded its use of recyclable paper packaging and recycled content across its portfolio and piloted several new refillable and reusable systems. To reduce plastic packaging, Nestlé has switched to recyclable paper packaging for all of its Smarties products in 2021. This will eliminate more than 400 metric tons of plastic packaging annually.

Movers and Shakers: No. 6 Through No. 15

This section of the ranking contains household names as well as a new familiar face, all providing notable contributions to the discipline of supply chain management (SCM).

Climbing two spots to No. 6 is chip giant Intel. The world going virtual had driven demand higher for Intel’s microprocessors. With the advent of a new CEO, Intel has vigor in priorities, such as product execution and delivery, innovation leadership, modernizing the manufacturing model and leading with purpose. Intel continues to drive customer centricity with increased collaboration with customers to understand critical capabilities, alignment of the supplier ecosystem and reaching upstream to design-in the requirements as part of the product planning process. Intel has unveiled an ambitious bid to regain its manufacturing lead by spending billions of dollars on new factories and creating a foundry business that will make chips for other companies.

Intel has always had a strong ESG effort, with its responsible, inclusive, sustainable, enabling (RISE) strategy delivering a perfect ESG score of 10 in 2021. One ambitious plan is to create “the most
sustainable and energy-efficient PC in the world — one that eliminates carbon, water, and waste in its design and use.”

Food and beverage leader PepsiCo landed at No. 7. PepsiCo has been increasingly focused on investing in digital tools and advanced technologies to create a more efficient, streamlined supply chain. This includes collaborating with Scanbuy to create the first fully integrated SmartLabel management platform. This enables PepsiCo to “deliver the level of transparency that its consumers expect today and into the future.” PepsiCo is also continuing to pilot the digital watermark initiative to drive increased recycling in Europe through the “Holy Grail” consortium.

PepsiCo’s direct store delivery (DSD) program is an integrated system that continues to differentiate its supply chain by connecting manufacturing, distribution and go-to-market activities seamlessly to the store shelf. When the COVID-19 pandemic accelerated the growth of e-commerce, PepsiCo leveraged its existing B2B e-commerce fulfillment platform and successfully launched two DTC offerings within 30 days. Pantryshop.com and Snacks.com allow consumers to order customized assortments of PepsiCo products.

Climbing three spots and into the Top 10 at No. 8, for the first time in five years, is retail giant Walmart. The move toward an integrated supply chain across digital and physical channels continues at pace within the world’s largest physical retailer. This was highlighted over the last 12 months by the launch of Walmart+, a new membership-based program that competes head-on with Amazon Prime, offering unlimited free delivery from across Walmart’s network of more than 4,700 stores. Supporting this and other efforts, the business has announced plans for $14 billion in capital expenditure (capex) investments, including the ramping up of automated micro-fulfillment centers to achieve more efficient picking and packing of online orders.

Significant investments are also being made in sustainability initiatives, with plans announced to achieve zero emissions across the business’s global operations by 2040 without carbon offsets. To achieve this goal, the supply chain is partnering extensively with suppliers and has, since 2017, avoided more than 230 million tons of greenhouse gas emissions, while installing more solar energy power generation than any other company in the U.S.

Moving inside the Top 10 for the first time is L’Oréal at No. 9. L’Oréal has been accelerating its transformation with focus on the following three key areas: 

- Agile Beauty — Adapting the supply chain to reflect current and future needs to allow more agility, including a more robust S&OP process, and investments in data analytics and demand-sensing capabilities.
- Service Beauty — Revamping its operating model to meet evolving consumer needs, including heavy investment in logistics, which includes a fulfillment factory program designed to create an automated and data-driven DC that offers a wide range of value-added services, such as personalization and traceability.
Digital Beauty — From order management to delivery, supply chain plays a central role in addressing the emerging needs due to the exponential growth of e-commerce and DTC, while ensuring a positive CX.

L’Oréal continues to have a strong ESG record, including being the only company to rate triple “A” in the CDP ratings four years in a row. L’Oréal was also one of 16 CP companies included in Ethisphere Institute’s 2021 list of the World’s Most Ethical Companies.

Chinese digital retail giant Alibaba lands at No. 10. Alibaba continues to significantly expand its supply chain capabilities beyond product distribution and last-mile delivery. In 2020, the business launched Alibaba.com Freight, a supply-chain-as-a-service offering that enables small and midsize enterprises (SMEs) to instantly compare, book, manage and track bulk ocean and air freight in real time. Consumer-to-manufacturer (C2M) product design is another area of emphasis for the business that utilizes shopper data to identify and aggregate demand, prior to goods being produced by manufacturing partners.

Taking this a step further, Alibaba is enabling SMEs to leverage C2M insights and produce products through its digitalized end-to-end manufacturing facility in Hangzhou. This theme of partnering with suppliers can also be seen in Alibaba’s sustainability initiatives, such as its collaboration with a Top 25 Master, Unilever, in the Waste-Free World initiative that accelerates the process of returning high-grade plastic back into a closed-loop recycling system within China.

Life science company AbbVie continues to rise, landing at No. 11. Embracing partnerships is one key to AbbVie’s supply chain success. When it comes to partnerships, AbbVie’s point of view is simple — partnerships tip the balance in favor of success for patients. Whether it’s bolstering smaller biotechs, teaming up with universities or joining forces with other pharma companies around the world, partnerships are a powerful path to scientific discovery. Partnerships provide the ability to quickly pivot when tackling urgent health issues. For example, when the COVID-19 pandemic hit, AbbVie joined forces with 22 other pharma and life science companies to research potential treatments for the virus.

AbbVie’s incorporation of real-time transportation visibility into its supply chain strategy improves agility and delivers an improved CX. By understanding where its shipments are, AbbVie becomes more proactive and can pivot plans as needed. Visibility data helps it enhance its CX. Access to this data also enables customer services teams to better answer queries from customers.

Footwear and apparel leader Nike rose four spots to No. 12. Nike’s digital-first supply chain at scale strategy is critical in enabling the business shift toward increased DTC via its growing store network and extensive online offerings. Underpinning these efforts is a strong technology and analytics foundation that combines growing warehouse automation with a willingness to acquire new capabilities externally. This includes the acquisitions of technology vendor Celect that enables optimized inventory placement across the supply chain network and, more recently, Datalogue, an integration technology provider that brings together data from a wide variety of sources into a fast, seamless, easily accessible and standardized platform.
The circular economy is another area of emphasis within Nike with the business not only developing product recycling capabilities but also launching a program that gives returned shoes a “second life” through the sale of refurbished, “gently worn” shoes.

**Inditex**, best known for its Zara brand, landed at No. 13. In 2020, Inditex completed its integration across stores and the online channel for all brands with 100% of products RFID tagged and the establishment of a single pool of inventory that enables simplified tracking of each product from entry into warehouse until the item is sold. This was critical in enabling its 77% online growth for the year as consumers pivoted to purchasing online in the face of lockdown-driven store closures.

The business has also proven the agility of its “proximity sourcing” model where more than half of products are sourced from markets nearby Inditex’s home market of Spain. This, combined with a centralized inventory approach, enabled the business to rapidly adjust inventory levels in the face of disruption with overall inventory down 9% year over year.

Sustainability remains top of mind for Inditex as well. Inditex is part of major international initiatives to promote sustainable raw materials and fibers, helping to make their widespread use in the industry a reality. Inditex’s goal is that by 2025, 100% of the cotton, linen, viscose and polyester used in its products will be recycled or will have a more sustainable origin.

Returning to the Top 25, from being just outside last year, is **Dell Technologies** at No. 14. With the second-highest revenue growth in the high-tech consumer segment, responding to demand during the pandemic was critical. The sudden and mass increase in demand put pressure on Dell’s DCs and triggered the company’s risk management plan. Dell reacted quickly, gathering its partners to help in the creation of a more robust end-to-end solution that would meet the challenges being faced. One example was working with logistics partner DHL to identify situations that cause inflexibilities and look for improvement solutions. The result was a direct shipping model that maintained lead times while increasing agility.

Dell’s commitment to purpose earned it Gartner’s 2021 Power of The Profession Award for People Breakthrough of the Year. Dell’s initiative “Empowering and Enabling People with Disabilities (PwD) in Its Factories” explores new ways to include people with disabilities in the workforce. The project was pioneered in Dell’s factory in Brazil, where 20% of the total manufacturing workforce includes people with disabilities.

**High-tech leader HP Inc.** secured the No. 15 spot in the Top 25. HP Inc. continues to build on the digital backbone to not just sense but also shape demand. This was particularly critical in a year where we saw a pandemic throw supply chains into turmoil with increased volatility on the demand and supply side.

Part of HP Inc.’s agile and resilient strategy is linked to its additive manufacturing and 3D printing capabilities. There is a virtuous cycle on this strategy for innovation, recyclability, waste reduction and support of mass personalization. As with other global companies, HP Inc. has also employed longer-term structural changes to make the supply chain more resilient. The bottom line is that the organization
changes have stabilized shipments at a record level, innovation is charging ahead and the next stage of digital transformation is well on track.

Once again, HP Inc. received a perfect ESG score, by having sustainability built into the hardware, accessories and packaging for products.

**Rounding Out the List: No. 16 Through No. 25**

Well-rounded business and community performance lands **Lenovo** at No. 16. Lenovo is a strong believer and developer of innovative solutions, often adopting emerging technologies internally to optimize its own complex supply chain (30-plus manufacturing sites, 2,000 suppliers, 100 million products, across 180 markets). Relentlessly focused on the CX, Lenovo utilizes innovative technologies, such as big data analytics and AI, augmented reality (AR), Internet of Things (IoT), 5G and blockchain to deliver positive experiences.  

Lenovo also provided support in helping identify an effective COVID-19 vaccine. Lenovo and Intel partnered to offer supercomputing resources to BGI Genomics, including the use of Lenovo's Genomics Optimization and Scalability Tool (GOAST) — a custom-built architecture that is optimized to accelerate genomics analytics. The ongoing collaboration remains a valuable part of the battle against the pandemic, complementing other supercomputer-assisted research.

U.K.-based beverage leader **Diageo** landed at No. 17. Diageo has adopted a segmented approach with its “Never-Be-Out” program which focuses on its strategic top 10% of SKUs and has led to a four-point improvement in service levels (see Video: Diageo's Product Segmentation — Investing in Never-Be-Out SKUs to Improve Service). It has also implemented a best-in-class SKU rationalization that has allowed Diageo to reduce complexity, increase agility, capacity and efficiency, while driving gross margin by focusing on more profitable SKUs.

Because the planet needs significant science-based action to create a sustainable low-carbon future, Diageo is committed to reach net-zero carbon across its operations by 2030. It has reduced half the carbon in its operations already and will remove the rest by 2030, harnessing 100% renewable energy everywhere it operates. Diageo will also partner with suppliers on renewable energy sources, circular designed products and regenerative agriculture to reduce the carbon by 50% by 2030.  

**The Coca-Cola Company** landed at No. 18. COVID-19 has accelerated Coca-Cola's supply chain digital transformation, and it is working to innovate its core processes to drive improvement in agility and productivity, as well as to build end-to-end transparency and traceability to best serve consumers and customers.

Like many consumer packaged goods (CPG) companies during the COVID-19 response, Coca-Cola was “ruthlessly prioritizing to deliver on core SKUs” to drive efficiency and agility in its supply chain and streamline operations for retail customers.  

Coca-Cola continues its “World Without Waste” program designed to address three primary goals: to make 100% of its packaging recyclable globally by 2025 (currently at 90%), collect and recycle a bottle or can for every one sold by 2030 (currently at 60%), and partner to bring people together to support a debris-free environment. In an effort to further reduce the use of plastics, Coca-Cola has partnered with the paper bottle making company, Paboco, to trial a more sustainable packaging during the summer of 2021 in Hungary.  

British American Tobacco (BAT) continues to rise, climbing two spots to No. 19. BAT has been focused on supply chain transformation and has made significant progress through segmentation strategies and investments in key capabilities, including synchronized end-to-end planning, new product introduction (NPI) project management, scenario planning, dynamic fulfillment, supplier visibility and advanced data analytics utilizing AI and ML.

BAT was the first-ever tobacco company listed in the Dow Jones Sustainability Indices (DJSI), and it has maintained its inclusion for the past 19 consecutive years. It also possesses a perfect ESG score of 10. In 2020, it was the only company in its industry to feature in the prestigious DJSI World Index, which comprises the indices’ top performers globally.

Luxury auto manufacturer BMW lands at No. 20. BMW continues to build on its manufacturing and design heritage to leverage supply chain as a key differentiator for commercial success. The group emphasizes flexible platforms and factories to allow for manufacturing flexibility, and is increasingly shifting the same emphasis into its supply chain. Purchasing and logistics are tasked with driving maximum flexibility in the supply base and logistics networks to allow for rapid adjustments in the face of changing trade policy.

Investments in digital technologies are further enhancing CX, driven from within supply chain with the development of BMW ConnectedDrive to track vehicle status and VerifyCar to enable users to leverage blockchain to track vehicle history. The momentum in digitization does not appear to be slowing with BMW's commitment to growing a future-oriented workforce through its NUMBER ONE > NEXT strategy. The strategy includes investments in areas such as AI, autonomous driving, electric mobility, smart production and logistics, as well as data analysis, software architecture, agile software development, and innovative drivetrain systems.

Making its first entry into the Top 25 is Pfizer at No. 21. Pfizer operates a wide and complex supply chain consisting of a product line of over 24,000 SKUs and over 200 contract manufacturer partners across 175 countries. Even with this complexity, 2020 was a watershed year for Pfizer’s supply chain. Despite COVID-19 impacts and a vaccine focus, Pfizer delivered its best service to customers in five years.

One way it delivered these results was through the use of mobile technology. Pfizer understands the importance of mobile technology and is using it to boost visibility within its supply chain. With end-to-end visibility throughout the supply chain, it becomes easier to prevent counterfeit and fraudulent medicines from entering the supply chain.
To achieve this, Pfizer launched the Highly Orchestrated Supply Network (HOSuN) — a new network designed to support all customers by strengthening the end-to-end supply chain. HOSuN’s Intercompany Operations (IO) group consists of colleagues from around the world who manage more than 17,000 air, 1,700-plus ocean and more than 34,000 surface shipments each year. This team plans, monitors and follows up on shipments to enable customer expectations to be fulfilled.

Landing at No. 22 is beverage innovator Starbucks. Starbucks continues to be a leader in the integration of physical stores and online offerings with expanding services, such as new pickup-only store locations, curbside pickup and delivery offerings. The company is also committed to supporting small business growth. Starbucks has committed to invest $100 million to create the Starbucks Community Resilience Fund that is focused on advancing racial equity and environmental resilience by supporting small business growth and community development projects in Black, Indigenous and people of color (BIPOC) neighborhoods.

These efforts are coupled with continued emphasis on sustainability, such as a reusable coffee cup initiative. In South Korea, the business is phasing out disposable cups entirely from its more than 1,500 stores over the next four years. Starbucks is also working with suppliers in countries including Guatemala, Mexico, Peru, Rwanda and Kenya to test new carbon and water optimization strategies across more than 92,000 farms. This helps local farmers increase their productivity, quality and profitability, while reducing the environmental impact of coffee growing and processing.

General Mills, honorable mention last year to Top 25 this year, landed at No. 23. Prior to the pandemic, General Mills was already transforming its supply chain to enable a consumer-focused, competitively advantaged value chain through a test-and-learn culture. This foundation allowed it to be better prepared for COVID-19 in 2020.

Learning was a key component of General Mills’ strategy. The company moved from a decades-long culture of knowing to one of learning. It activated a control tower to monitor supply and demand risk and production capacities, and utilized cascading metrics to allow faster decision and promote creative problem solving. General Mills also used 3D scanning and virtual reality to complete a major capital expansion remotely.

General Mills is also investing in data and analytics with a dedicated team to unlock differential growth and procurement efficiencies, and leveraging tools to enhance global sourcing and ML to improve demand-planning accuracy. 24

Bristol Myers Squibb makes its Top 25 debut at No. 24. Bristol Myers Squibb’s goal is to transform patients’ lives through science. One demonstration of this is a ¥5.5 billion (approximately $53 million) donation to Kyoto University, a leading state-run research university in Japan. The funds will be used to finance the construction of the main building of the Center for Cancer Immunotherapy and Immunobiology, a newly established immuno-oncology research institute.
Another example is a partnership with LabCentral. As a platinum sponsor of LabCentral, Bristol Myers Squibb can select up to two innovative life science and biotech startup companies per year of active sponsorship for “Golden Tickets,” which covers the cost of one, six-foot lab bench and one resident scientist fee at LabCentral’s Kendall Square facility for one year.

To improve responsiveness, the company is making a significant new investment in the Netherlands to expand global manufacturing capacity and bring treatments to patients faster. Leiden, Netherlands, will be home to the company’s fifth state-of-the-art cell therapy manufacturing facility and the first in Europe. It will leverage innovative technologies, the latest manufacturing equipment and advanced digital systems to deliver these critical cell therapies to patients.

Longtime innovator 3M secures spot No. 25. 3M announced an initiative in early 2020 to consolidate from five business units to four, pushing full commercial responsibility of strategy, portfolio optimization and resource prioritization into the business units. At the same time, the company also consolidated its end-to-end supply chain, including manufacturing, under the Enterprise Operations organization, to drive organizational efficiencies across the business. By the end of 2020, the company cited this organization as a leading factor in enabling the agility and resilience that it demonstrated in responding to COVID-19.

3M took a center stage role in the early global response to COVID-19, nearly tripling its respirator capacity through 2020, resulting in over 2 billion respirators produced globally throughout the year. The company also mobilized an initiative to stem the flow of counterfeit masks across the globe in the back-half of the year to help consumers and governments identify counterfeit masks. Interestingly, the company is building on lessons learned through its capacity expansion efforts to improve its flexibility in manufacturing operations over the long term, leveraging new technology and analytics platforms.

Evidence

1 The Unilever Compass, Unilever.

2 Unilever Says Majority of Shareholders Voted in Favor of Climate Action Plan, Reuters.

3 Science Based Targets Network


5 Social Justice Beliefs and Actions, Cisco.

6 Our Race to Health Equity, Johnson & Johnson.

7 Constructive Disruption Across the Value Chain, P&G.

8 Unilever Commits to Help Build a More Inclusive Society, Unilever.
Utilizing Advanced Analytics Throughout the E2E Supply Chain to Drive Faster, More Accurate and Transparent Decision-Making Processes With Wendy Herrick, Unilever, Transform TV.

Colgate-Palmolive Honored as One of Fast Company’s Most Innovative Companies of 2021, Business Wire.

How We’re Applying Data Science to Unlock Human Potential, Johnson & Johnson.

Innovating Fast to Ensure Long-Term Growth, Nestlé.

Nestlé Achieves “Paperization” of Confectionery Packaging, Packaging World.

The Digitalization of the Supply Chain, Thomas.


PepsiCo Participates In Digital Watermark Initiative to Drive Recycling in Europe, PepsiCo.

PepsiCo Brand Enhances Direct-to-Consumer Shopping Experience, Consumer Goods Technology (CGT).

How Supply Chain Evolves to Meet Our Consumers’ Demands, L’Oréal.


Accelerate to a Low Carbon World, Diageo.

Coca-Cola, Mondelez Trim SKUs as CPGs Tackle Pandemic Stresses, Supply Chain Dive.

Coca-Cola Will Trial Paper Bottles for the First Time This Summer, Intelligent Living.

Dow Jones Sustainability Indices, BAT.

Disrupt Your Supply Chain and Feed the World, Supply Chain Management Review.

Recommended by the Authors

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The Gartner Supply Chain Top 25 for 2021: Methodology
Case Study: An Approach for Autonomous Supply Chain Transformation (Schneider Electric)
Supply Chain Executive Report: Make a Compelling Business Case for Digital Transformation
Table 1: The Gartner Supply Chain Top 25 for 2021

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<th>Rank</th>
<th>Company</th>
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<th>Gartner Opinion 1</th>
<th>3-Year Weighted ROPA 2</th>
<th>Inventory Turns 3</th>
<th>3-Year Weighted Revenue Growth 4</th>
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<td>3.34</td>
</tr>
<tr>
<td>19</td>
<td>British American Tobacco</td>
<td>187</td>
<td>102</td>
<td>96.5%</td>
<td>0.6</td>
<td>6.5%</td>
<td>10.00</td>
<td>3.13</td>
</tr>
<tr>
<td>20</td>
<td>BMW</td>
<td>733</td>
<td>195</td>
<td>18.5%</td>
<td>3.7</td>
<td>-0.5%</td>
<td>10.00</td>
<td>3.13</td>
</tr>
<tr>
<td>21</td>
<td>Pfizer</td>
<td>1,006</td>
<td>202</td>
<td>40.5%</td>
<td>1.0</td>
<td>-3.3%</td>
<td>6.00</td>
<td>2.97</td>
</tr>
<tr>
<td>22</td>
<td>Starbucks</td>
<td>1,022</td>
<td>179</td>
<td>30.2%</td>
<td>12.2</td>
<td>-1.4%</td>
<td>6.00</td>
<td>2.87</td>
</tr>
<tr>
<td>23</td>
<td>General Mills</td>
<td>317</td>
<td>95</td>
<td>55.3%</td>
<td>7.2</td>
<td>4.6%</td>
<td>10.00</td>
<td>2.83</td>
</tr>
<tr>
<td>24</td>
<td>Bristol Myers Squibb</td>
<td>91</td>
<td>29</td>
<td>79.8%</td>
<td>3.7</td>
<td>37.8%</td>
<td>6.00</td>
<td>2.80</td>
</tr>
<tr>
<td>25</td>
<td>3M</td>
<td>765</td>
<td>175</td>
<td>50.9%</td>
<td>4.0</td>
<td>0.2%</td>
<td>6.00</td>
<td>2.78</td>
</tr>
</tbody>
</table>

Footnotes:

1 Gartner opinion and peer opinion based on each panel's forced-rank ordering of companies and their possession of end-to-end supply chain maturity.
2 ROPA: 
   
   \[
   \text{ROPAs} = \left(\frac{\text{2020 operating income}}{\text{2020 net property, plant, equipment + year-end inventory}} \times 50\%\right) + \left(\frac{\text{2019 operating income}}{\text{2019 net property, plant, equipment + year-end inventory}} \times 30\%\right) + \left(\frac{\text{2018 operating income}}{\text{2018 net property, plant, equipment + year-end inventory}} \times 20\%\right).
   \]
3 Inventory Turns:
   2020 cost of goods sold / 2020 quarterly average inventory.
4 Revenue Growth:
   \[
   \text{Revenue Growth} = \left(\frac{\text{Change in revenue 2020-2019}}{\text{2020 revenue}} \times 50\%\right) + \left(\frac{\text{change in revenue 2019-2018}}{\text{2019 revenue}} \times 30\%\right) + \left(\frac{\text{change in revenue 2018-2017}}{\text{2018 revenue}} \times 20\%\right).
   \]
5 ESG Component Score:
   Index of third-party ESG measures of commitment, transparency and performance.
Composite Score:
(peer opinion × 25%) + (Gartner research opinion × 25%) + (ROPA × 20%) + (inventory turns × 5%) + (revenue growth × 10%) + (ESG component score × 15%).

2020 data used where available. Where unavailable, latest available full-year data is used.

All raw data normalized to a 10-point scale prior to composite calculation.

“Ranks” for tied composite scores are determined using next decimal point comparison.

Source: Gartner (May 2021)