

More faster, less later

A C-level survey of supply chain management strategies reveals what you suspected all along: Getting to the top takes a lot of hard work.

by Peter Bolstorff

“How do I do this right?” That question was posed to me by the CEO of a business services company at the end of an executive steering team review. He was referring to an initial list of supply chain changes identified by his company's design team that — when implemented — would improve corporate operating income by 23% (and that was assuming flat sales).

It was the first time a CEO had asked me this very common question directly in public — in front of his peers and mid-level managers. I could have rambled on for days in response on the merits of the **SCOR Project Roadmap**, but the most important word in his question was “I.” This was a personal question, and I get excited when any C-level executive becomes personally involved in supply chain efforts because they are the major factor in accelerating the rate of achieving supply chain savings.

flashpoints

- C-level executives are in the prime position to influence supply chain initiatives.
- Based on willingness to change, companies will either enjoy more savings faster, or face less savings later.
- Common traits of successful executives include curiosity, respect for the process and a risk-taking attitude.

What is SCOR?

The **Supply Chain Operations Reference** model, developed by the *Supply-Chain Council*, provides a standard methodology for managing supply chain projects.



New products

Ability Corp. (www.abilitycorp.com) has introduced **Inventory Optimization**, a supply chain optimization software solution for mid-market distributors. It is designed to streamline supply chain processes, improve business efficiency and manage relationships with suppliers and customers.

Leap 2.0 from **Saltare Inc.** (www.saltare.com) is a Java-based, real-time optimization platform for supply chain exceptions. It includes an intelligent response and execution element called **Decision-Point Intelligence**, an event-driven, message-based methodology for identifying and resolving unplanned events along the extended supply chain.

Agile Software (www.agilesoft.com) has released its **Agile Anywhere 7.0** collaborative manufacturing commerce solution. It includes collaborative workflow capabilities to extend the software's abilities in product content collaboration, enabling companies to manage product change through business processes unique to each customer.

Optiant (www.optiant.com) has launched **PowerChain**, a suite of web-based applications designed for manufacturers. The suite includes **PowerChain Inventory**, which enables businesses to manage inventory by defining optimal levels and locations to improve operational flexibility and reduce costs.

Swisslog Software USA Inc. (www.swisslog.com) now offers an interactive voice response module with its **WarehouseManager** system. Applications for the module include picking, cycle counting, packing station operations, returns and yard and dock management.

Pilot 5 from **XRT America** (www.xrt.com) is a web-enabled solution designed to manage both traditional EDI financial transactions and Internet-based messages. It allows businesses to virtually link their internal financial systems with banks and with ERP, CRM and SCM systems.

Varsity Logistics' (www.varsitynet.com) **ShipSoft 2.4** transportation management software is designed to integrate with WMS, order entry and ERP solutions. Other enhanced features include shipping notification, shipment tracking, electronic billing transactions, return options and payment routines.

eSupply-Chain.net from **webplan Corp.** (www.webplan.com) is a managed web service that provides manufacturers with supply chain visibility, analysis and trading partner collaboration. It helps manufacturers provide its suppliers with demand notification and analysis capability, while providing customers with order management information.

In preparing my response, I quickly thought through ten SCOR projects, and mentally ranked them on a continuum of project success as measured by realized savings. Then, I considered the key executive behaviors on each end of the continuum and lumped them into two categories: executives who got **more savings faster** (MF), and those who got **less savings later** (LL).

In a previous article ("Supply Chain Management for Dummies," October 2000), I described how SCOR can help a company realize savings by following these six steps: Educate for *Support*, Discover *Opportunity*, Analyze *Strategy*, Design the *Solution*, Develop a *Prototype*, and Implement & *Install*.

For this article, I will contrast these key executive behaviors in the context of the six phases of a SCOR Project life cycle (see "Project Approach" chart, p. 43).

Educate/Support

There are three general areas of contrast in this step of the project lifecycle: understand process management, know the strategic value of supply chain, and public learning style.

MF executives can look at their organizations from a process perspective as opposed to a collection of individuals grouped by functional silo. They have experienced the **power of process improvement** and understand key roles in process management.

These executives have invested personal time in learning about the strategic value of supply chain management in their respective marketplaces. That's why they are comfortable learning new things in a public forum regardless of rank; they exhibit a high **learning quotient** (LQ). In fact, I have observed that the LQ of an executive often sets the *change capacity* of the entire organization (see "Who SCORed my cheese?," February 2001, for an in-depth look at change management).

MF executives are active sponsors who accelerate the Educate/Support step (from six months down to one month) by supporting the development of an evangelist (SCOR subject matter expert),

Educate/Support

Less Later

- **Depends** on individual heroics to improve things
- **Needs** to be sold on the merits of supply chain improvement
- **Knows** everything in public

More Faster

- **Manages** processes to improve things
- **Integrates** the value of supply chain improvement with corporate strategy
- Comfortable **learning** new things in public

Discover/Opportunity

Less Later

- **Directs** the improvement effort at a prescribed metric
- **Puts** the next available resource in place on a part-time basis
- **Delegates** learning about SCOR to subordinate

More Faster

- Actively **engages** business teams to define scope and opportunity
- **Puts** the right people in place to lead the effort
- **Understands** the basic steps of the SCOR Project Roadmap and associated deliverables

facilitating "core team" buy in and modeling effective learning.

Discover/Opportunity

This step of the project lifecycle focuses on three areas: understand basic principles of organizational change, respect supply chain complexity and effectively integrate business resources. The critical output of this step is a project charter that defines project scope, objectives, organization, benefits and approach.

MF executives understand their sponsor role and can articulate a **burning platform for change**. They learn to look at supply chain performance needs from multiple dimensions (i.e., organization, process, people and technology; strategy, material, work and information flow; deficiencies, continuous improvement and core competency investment).

These executives can accelerate this step to move as fast as two weeks — depending on the size of the company — by effectively

involving business leaders, participating in completing the discovery checklist and driving alignment to the project charter.

Analyze/Strategy

In this area the three general areas of contrast are: respect for the schedule, adoption of the SCORcard and fueling the fire on the platform for change.

MF executives commit themselves, their steering teams and their design teams to the 16-week, step-by-step analyze-and-design process. This process includes two days per week plus homework for design teams, a half-day every other week plus homework for steering teams, full-time work for the project manager and a sponsor's personal time dedicated each week for the sponsor for project review.

These executives spend a great deal of time understanding how the SCORcard is aligned with current **key performance indicators** and the impact of how the new measures will change the way the organization

Analyze/Strategy

Less Later

- **Delegates** the SCOR process learning to the project manager by attending zero design team sessions, some steering team reviews, and zero hours of personal time
- **Discounts** the validity of the data and views the SCORcard as the end of the project (as opposed to the beginning) and books the savings
- **Doesn't** take advantage of the SCORcard in supporting organizational change

More Faster

- **Leads** the steering team meetings, attends a portion of the design sessions each week and invests informal personal time to learn about the SCOR process
- **Understands** how the SCORcard is assembled and the role it plays in defining strategic opportunity
- **Leverages** the SCORcard as the foundation to continuous supply chain improvement and quickly establishes it has the basis for cascading goals.

Design/Solution

Less Later

- Only concerned with the "what"
- **Discounts** the savings opportunities as "not enough"
- Uses a **shotgun** approach to savings by initiating all projects at the same time and letting the strong survive, or conversely implementing the same thing twice by cherry-picking a slice of an already identified low-hanging fruit

More Faster

- **Understands** how the key milestone deliverables were built and takes on the role of educator with peers
- Can **articulate** the "bookable" savings numbers and, more importantly, summarize their assumptions
- **Understands** the scope and sequence of the changes, and constructively pushes the design team to the edge on timing and pace of identified projects

Develop/Prototype & Implement/Install

Less Later

- **Assumes** implementation work is divided into people's current jobs
- **Checks** the numbers at the end of the quarter
- **Does** whatever it takes to get some results fast

More Faster

- **Supports** focused implementation resources with more intensity than design
- Actively **involved** in a process improvement approach to the SCORcard and holds people responsible for not only the results but the problem-solving as well
- **Follows** the recipe for project management discipline to achieve sustainable results

looks at supply chain strategies. They also spend time understanding how actual, benchmark and other comparative data were gathered.

Most importantly, they accept the completed SCORcard as "the number is the number." Why? Because they understand the SCORcard gap analysis (the difference between actual and benchmark numbers) only defines the business opportunity and, therefore, they control their natural desire to "book" the savings right away.

MF executives begin laying the groundwork for organizational change by initiating regular communication regarding the relative opportunity, the expected changes and the approximate timing.

Design/Solution

This step encompasses three general concepts: understand the integrated nature of material, work and information flow; constructively spar with the design; and contribute to prioritizing change.

MF executives spend time each week with the design team learning about the basic steps of producing desired material, work and information flow, and the associated value of those changes from the AS IS. This includes key changes in the physical network and SCOR level 3 business blueprint.

Furthermore, these executives leverage this new knowledge to educate their other C-level peers on "how SCOR works" and prepare them for anticipated supply chain changes. This communications exercise serves two purposes: Maximum learning often occurs when you have to teach a task to somebody else, *and* it supports the building of shared vision between the executive team members.

MF executives constructively challenge — one CEO in particular likes to say "spar with" — the design team on their assumptions, rationale and benefits for change. There is a delicate balance between testing the mettle of a projected savings opportunity and being openly hostile about the numbers; executives can learn to use the SCOR model to **put the spotlight on processes, not people**.

MF executives invest time with the design teams to understand the scope and sequence (dependencies) of the list of recommended changes, and support the supply chain project portfolio as the primary project driver for improvement.

Develop/Prototype & Implement/Install

There are three areas of contrast in these last two steps of the project

lifecycle: focus the appropriate resources, hold the organization accountable to results, and respect sound project management principles.

MF executives support the allocation of implementation resources with more intensity than they did with the design team, knowing that the implementation team(s) will make the changes to improve the performance. These executives lead the monthly supply chain performance review and focus the organization's efforts on the projects identified to move the numbers. They have effectively integrated the goals of their peers with the SCORcard gap analysis and own the continuous improvement process.

MF executives understand the value of project management discipline as it relates to the probability of implementation success. They are actively engaged in managing the project portfolio

New products

Radcliffe Systems Inc. (www.radcliffe-systems.com) has launched the **STAR** transportation management system. It is capable of creating a shipment record that can be tracked throughout the entire delivery route.

White Systems Inc. (www.whitesystems.com) has introduced **Spectrum/MMS**, a Windows-based materials management system platform that offers inventory control of systems with up to four pods of carousels with bulk, and picking of up to 15,000 lines per day.

ALT-C Systems Inc. (www.alt-c.com) has released its **TimeTrends Forecast Warehouse 3.0** forecasting and demand management software system. It can create, display, forecast and understand time series demand data for the manufacturing and distribution industries.

Irista Inc. (www.irista.com) has introduced **iristaFulfill 8**, a web-based suite of integrated logistics applications designed for manufacturers, distributors and third-party logistics providers. The suite includes the **iristaWarehouse**, **iristaTransport**, and **iristaVision** modules.

Project Approach



Source: Pragmatek/Supply-Chain Council

and visually support the development of project management skills in their implementation teams.

To be clear, taking a Less Later approach still means that an ROI can be achieved, but it just takes longer and the savings may be smaller than anticipated.

To bring this back to how I responded to the CEO's question, I summarized the More Faster benefits but then suggested three common denominators among all MF executives — genuine curiosity, a respect for the process, and a willingness to risk doing it right. ◀



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About SCOR

The Supply Chain Operations Reference (SCOR) model has been developed by the Supply-Chain Council and is **SCTN's** recommended implementation model for SCM initiatives. While the author of this article is affiliated with the Supply-Chain Council, this article was prepared under the direction of **SCTN** and was not subject to prior review or approval by the Supply-Chain Council or any of its members/affiliates.

To learn more about the Supply-Chain Council: www.supply-chain.org
 For basic information about SCOR: www.supply-chain.org/html/scor_overview.cfm

Related articles

Peter Bolstorff's entire "Keeping SCOR" series is available in .pdf format at the **SCTN** website at www.supplychaintech.com.

New products

The **iShelf** from **BinTel Systems Inc.** (www.bintelsystems.com) incorporates real-time measurement technology that monitors inventory levels and communicates quantity and replenishment information via wireless links to BinTel software and the Internet. It is designed for use with components, raw materials, works-in-progress and finished goods.

The **Kirus System** from **Kirus Inc.** (www.kirus.com) is designed to manage and automate business processes, facilitate information exchange and provide real-time data visibility. It utilizes bar codes and serial numbers to collect and manage products and parts information and track it through the entire reverse supply chain.

ConnectRoute is an external routing and distribution system from **InterGis** (www.intergis.com) for businesses that transport products or people and can optimally route, schedule and track pickups and deliveries or other service-related activities. Capabilities can be accessed directly from existing systems, which do not have to be monitored by personnel.

MindAlign 4.0 from **Parlano Inc.** (www.parlano.com) enables real-time communication among a variety of enterprise information sources. It includes collaboration tools to consolidate, filter, deliver and archive data inside organizations and with external partners.