

Who SCORed my cheese?

When the rules of the game are altered, the SCOR model can help accelerate change of supply chain performance

by Peter Bolstorff

What is SCOR?

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

On three separate occasions over the past month, senior executives have asked me how SCOR relates to change management. The first question — “How does SCOR help implement change?” — occurred while discussing a business blueprint for introducing new technology. The second question — “Did you read the book, *Who Moved My Cheese?*” — was directed at how the SCOR process supports changes in people’s behavior? The third question — “What makes you so sure the SCOR process will help change our organization?” — came about during an interview with an

operations vice president.

My answer in all three cases was this: When applied effectively, SCOR **accelerates supply chain changes** whether they involve people, process, or technology.

Consider the nature of change in most organizations. Change happens when:

- 1) the balance between people’s abilities and challenges becomes weighted toward challenges;
- 2) as a result, anticipating the future becomes difficult; and
- 3) past expectations aren’t relevant anymore.

People’s reactions to change are directly impacted by their feelings of control to respond to new expectations. Assimilation (or adaptation) is their process of **adjusting to new expectations**; yet, different people have different change capacities.

In the *Cheese* book by Dr. Spencer Johnson, the four characters had their own change capacity. Sniff sniffed out change early and Scurry scurried into action to make change happen. Hem denied and resisted change, and Haw — after initial resistance — learned to see that change was better and adapted accordingly. Sniff and Scurry both had high-change capacities, easily adjusting their expectations to find New Cheese, while Hem and Haw had low-change capacities, slowly (or not) adjusting expectations to the fact that the Old Cheese was gone.

Using SCOR effectively can **maximize your organization’s change capacity** and ultimately respond to supply chain change better, faster and cheaper. Let’s examine a recent project as we review the key change concepts of roles, pain, focus and resistance.

Roles

There are four common roles critical to the change process, scientifically designated as sponsors, agents, targets and advocates. A **sponsor** is the individual or group who has the power



to authorize or legitimize change; this role creates the environment (pain) that enables change.

An **agent** is the individual or group who is responsible for actually making the change; this role is responsible to plan and execute the change.

A **target** is the individual or group who must change; meaningful involvement is essential for sustained change.

An **advocate** is the individual or group who helps achieve a change but lacks the power to sanction it.

The SCOR project roadmap uniquely combines education (for support) with a formal project organizational structure that places the right responsibilities on the right tasks for each role.

In my recent project, a steering team was identified as the sponsors; there were eight meetings over 16 weeks to review and approve key SCOR deliverables (see "Project Roadmap" below). The design team was identified and held the agent role; 32 formal meetings over 16 weeks produced key SCOR deliverables.

The extended team was identified and held the target role; many formal and informal meetings over the 16 weeks validated and refined SCOR deliverables. A project manager held the advocate role; this person

participated as a design team member and provided the communication link to the rest of the teams.

Pain

There are **three phases of change**: present state, transition state and desired state. Change is only possible when the pain of the present exceeds the cost of the transition. By clearly analyzing competitive position with standard metrics, identifying disconnects and gaining consensus around the TO BE design, a SCOR project helps people see the AS IS as unacceptable and the TO BE as desirable.

In this project, pain was not obvious. The business was growing, profitable and considered a market-share leader. The key was the transition in strategy from operational excellence (Source and Make) to customer intimacy (Plan and Deliver).

Looking at the SCORcard from the customer's perspective was an extremely revealing exercise. The design team articulated gaps in delivery performance, fulfillment lead-time and total-delivered cost as they related to the *new* strategy. The second pain was the decision to fully leverage the functionality purchased in the new, state-of-the-art enterprise resource planning (ERP) package. At least 50%

VendorSite 3.0 from Eventra Inc.

(www.eventra.com) is a web-based supplier relationship management solution that manages the order through payment processes of a direct material supply chain. The latest version's capabilities include: configuration tools that speed the design and delivery of configured VendorSite systems; improved document mapping and data integration tools; bar code integration across multiple plants; and a schedule commit feature for suppliers.

Epic Data International Inc.

(www.epicdata.com) has launched **B2B Mobile**, a tool that extends B2B applications to mobile devices. B2B Mobile, based on Epic Data's eXpresso product, enables managers to check price and availability of parts from a supplier, place orders and check order status, using **Symbol Technologies's** Spectrum 24 Wireless LAN connectivity and wireless handheld computers.

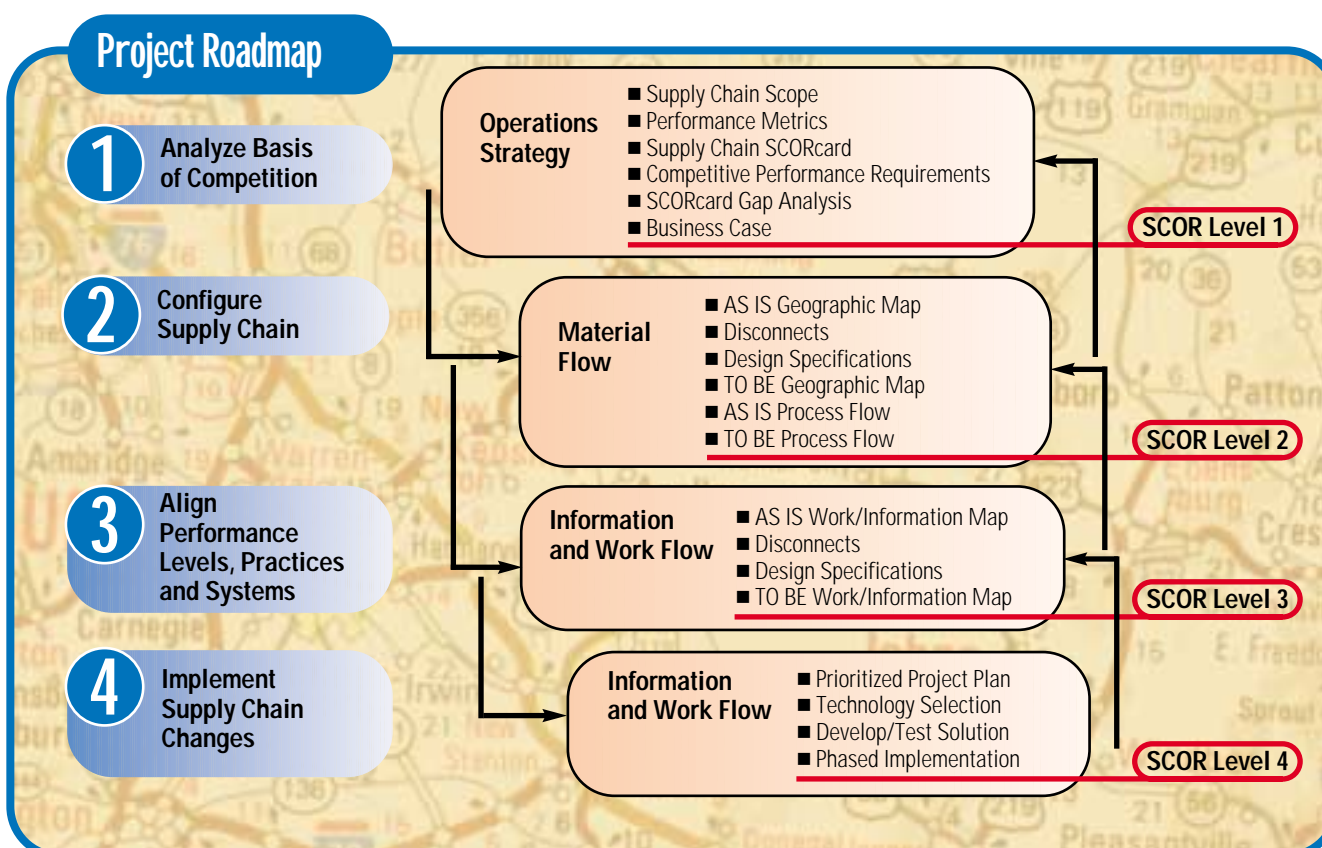
IFS Applications 2001 from IFS

(www.ifsworld.com) is an e-business/supply chain integration solution that provides integration with web storefronts, portals, exchanges, point solutions or legacy ERP systems. The new version offers demand planning and constraint-based scheduling for make-to-order and engineer-to-order manufacturers; it also includes a Kanban module that facilitates flow manufacturing with dynamic capabilities.

The **Bumpy Bar Code Fixed Mount Reader** from **TraceAbility** (www.bumpybarcode.com) provides unattended reading and decoding of Bumpy Bar Codes in harsh industrial environments. The reader is controlled by relays or programmable logic controllers; then decoded Bumpy Bar Code data is communicated to the local data system via an interface. Bumpy Bar Codes permit work-in-process data collection, parts tracking and error proofing in environments where other bar coding techniques are ineffective.

Aspen Technology (www.aspentech.com) has introduced **Aspen Bulk**, a supply chain management solution that enables collaboration for refinery-to-terminal petroleum distribution. The solution's demand planner forecasts demand by channel of trade for improved accuracy and integrates data with refinery planning solutions.

Vistaar Inc. (www.vistaar.com) has released its **V-Market** suite, an e-business solution for building and operating an e-market, enhancing liquidity, improving participant experience and enabling process improvements. The solution comprises three suites: V-Liquidity (to increase transaction volume and size, and attract and retain e-market participants); V-Operate, which enhances participant interaction; and the V-Framework platform.



NEW PRODUCTS

ReturnCentral.com (www.returncentral.com) has launched **Virtual Returns Desk**, a web-based suite that enables companies that market their products online to simplify returns. The software can be integrated into an e-commerce storefront so that customers can return products from the site where the merchandise was purchased. Once customers schedule a return, Virtual Returns Desk alerts the shipper, prints return mailing labels and tracks the order through the returns process.

ORTEMS e-SCM from **ORTEMS** (www.ortems.com) is a web-enabled supply chain collaboration and plant optimization solution that supports e-business transformation. The solution provides access to detailed execution information, visibility to and analysis of key performance indicators and the ability to monitor and manage plant activities within a collaboration supply chain environment.

i2 Technologies Inc. (www.i2.com) has launched its **Customer Order Management** product, which combines interactive selling and customer management solutions with order promising, order management and fulfillment execution capabilities. COM manages customer interactions through the customer order cycle by coupling the i2 TradeMatrix Sell and Full solutions with i2 TradeMatrix Order Management.

The **Business Integration Server** from **SEEBURGER** (www.seeburger.com) is a middleware module that maintains processes and accounts for business and process transactions based on a customizable workflow rule set. The server supports Java, XML and existing business system technologies, including B2B e-commerce requirements, such as shopping, auctions, marketplaces and e-procurement.

Digital Paper Corp. (www.digitalpaper.com) has announced its **docQuest Market** solution for online procurement. The solution enables suppliers and buyers to collaborate on secured technical documents located on the Internet. Procurement officers post RFQs on a secure server, and then authorized suppliers can view the RFQ and collaborate with the procurement officer without installing additional software.

Commerx eBuy 2.2 from **Commerx Inc.** (www.commerx.com) is an e-procurement solution that enables manufacturers to procure direct, indirect and MRO materials in a web-hosted private network environment. The new version has the capability to manage change orders, which can help users improve response time to customer demand and avoid unnecessary shipments.

of the new functionality had to do with being more responsive and reliable to customers.

FOCUS

There is a limit to the number of changes any person can handle. Capacity can be filled up by individual changes, organizational changes, and more macro or global changes. By integrating supply chain changes into operational strategy, material flow and work and information flow, a SCOR project will have fewer but deeper projects that ultimately **produce bigger and faster returns**.

Without a doubt, my favorite part of this project was the final review where the design team presented its TO BE design, project list and associated assumptions. To watch each team member speak to both strategy and tactics in the same conversation and understand the thread that tied it all together was worth the PAIN discussed in that last section.

Here are the changes recommended by the design team: integrate changes in strategy (operationally excellent to customer intimate) with changes in material flow (warehouse consolidation to improve service, lead-time, costs and inventory) with changes in work and information flow (a new ERP system to leverage Advanced Planning to drive Available-to-Promise for faster customer responsiveness). Each person knew and could communicate not only what

but also why these changes were necessary. It was like Haw finding the New Cheese.

Resistance

Daryl Conner's book, *Managing at the Speed of Change*, describes a positive response to change as pitting degree of pessimism against time. He categorizes resistance in five phases: uninformed optimism, informed pessimism, hopeful realism, informed optimism, and completion. His concept of "**checking out**" (publicly or privately) occurs when the force of informed pessimism becomes too great to handle.

SCOR's disconnect analysis (the process of identifying, grouping, quantifying and prioritizing issues or barriers inhibiting performance) is a self-discovery process that helps design and extended teams through the resistance stage. When the design team sees problems that have existed for years and makes decisions on how to close those disconnects, resistance is replaced with a clear motivation to embrace new changes. As the design team leads the discussion based on what they think is wrong, denial is replaced with a **shared vision**. By this stage, there's a personal investment in solving the problem and finding a solution that works. The roadmap helps guide "out of the box" thinking via trial and error.

If you were to survey the design team at the close of this project, most

would say they had migrated to "hopeful realism." In all cases, understanding the detail, internalizing the TO BE and describing it in their own words were all critical. Subject-matter experts for the ERP package were of tremendous value by **defining how the software would work** with the future business processes for planning, sourcing, making and delivering.

In just 16 weeks, the entire project team completed the Analyze and Design phase of SCOR (the Operational Strategy, Material Flow, and Work and Information Flow). They also completed high-level business requirements for their ERP package, initiated projects to improve profits totaling 3% of sales, and incorporated key components of their strategy in the TO BE business blueprint tied to an ERP implementation plan. They were on their way to finding New Cheese. ◀

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Peter Bolstorff is senior management consultant with Minneapolis-based **PRAGMATEK Consulting Group Ltd.**, an e-business and management consulting firm offering supply chain performance services. He chairs the SCOR Integration Committee and the Supply-Chain Council's Technical Committee, and designed the Supply-Chain Council's executive education series to aid in the successful implementation of SCOR.

To reach Peter Bolstorff: peter.bolstorff@pragmatek.com

For more about PRAGMATEK: www.PRAGMATEK.com

To comment on this article: sctneditor@penton.com

About SCOR

The Supply Chain Operations Reference model (SCOR) 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.

