



## MODULE 4: REVIEW OF SUPPLY CHAIN TRANSFORMATION

## Review of Supply Chain Transformation

- **Section A:** Assess the Transformation
- **Section B:** Communicate Results and Reflect on the Transformation



## SECTION A: ASSESS THE TRANSFORMATION

# Section A Overview

## Section A Learning Objectives

- Share metrics indicating the level of success.
- Understand how to properly implement tracking mechanisms.
- Determine the maturity rating for a supply chain.

## Early Project Terminations

Projects may be canceled early for many reasons, including



The goals of the project no longer align with the organization's strategy.



Scope creep has been allowed to grow to unacceptable levels.



The organization no longer has the funding or other resources to support the project.

## Observing Success in Multiple Ways

Business  
performance  
metrics

Capability  
performance  
metrics

Change  
management  
performance  
metrics

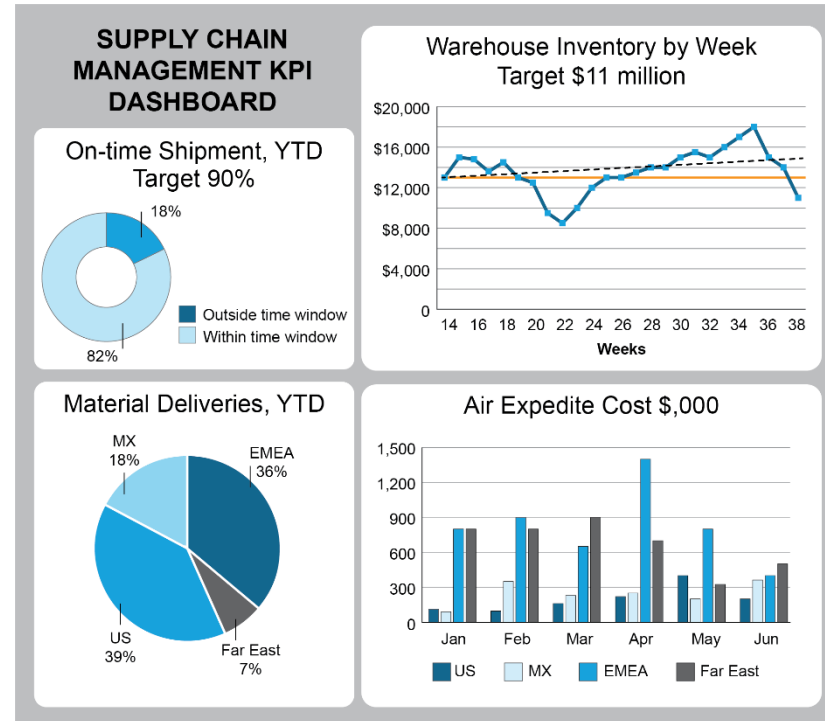
Operations  
performance  
metrics

Standardization

Simplification

## Using Tracking Mechanisms

- For metrics to be effective, they must be visible and monitored regularly.
- Tracking mechanisms:
  - Scorecards
  - Dashboards
  - Control towers



## Sustaining and Documenting Improvements

Process  
mapping for  
end users

Systems  
landscape

SOPs

RACI charts

Process  
maps for  
workflows

KPIs for  
end users

Training  
manuals

Work  
instructions

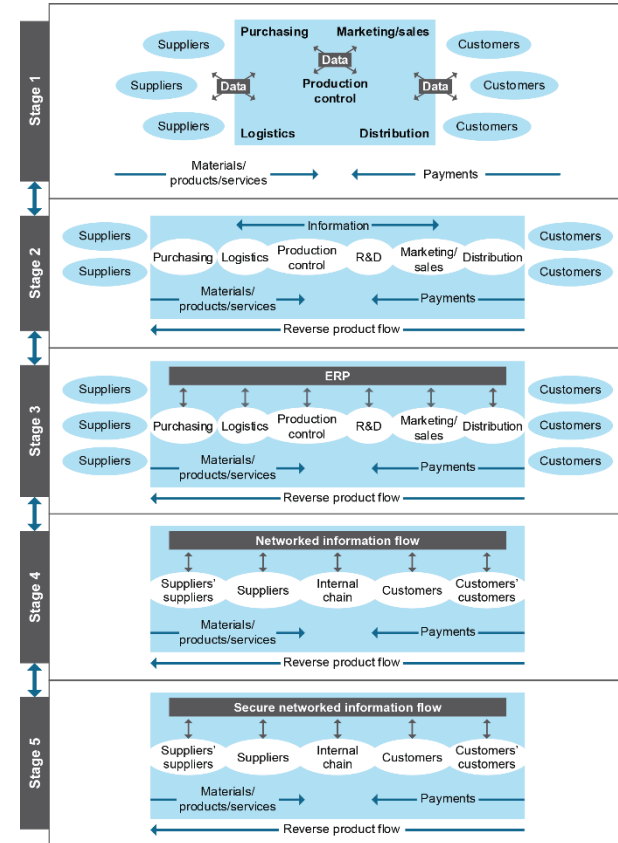


# Topic 2: Reassess Supply Chain Transformation Maturity

## Determine Maturity Rating

Five-stage maturity model:

- Stage 1—multiple dysfunction
- Stage 2—semifunctional enterprise
- Stage 3—integrated enterprise
- Stage 4—extended enterprise
- Stage 5—orchestrated supply chain



# Topic 2: Reassess Supply Chain Transformation Maturity

## Determine Maturity Rating, continued

Reassessing the supply chain level post-transformation may provide a high-level view of the overall success of the transformation project.

Key indicators for each level:

**Stage 1.** This is a reactive supply chain.

**Stage 2.** This is a reactive efficient supply chain.

**Stage 3.** This is a proactive efficient supply chain.

**Stage 4.** This is a strategic driver supply chain.

**Stage 5.** This is a consistent/systematic supply chain.

## Review Assessment and Audit Results

- It is important to review the assessment of the supply chain.
- Audits are major undertakings.
- To ensure that audits are effective:





## SECTION B: COMMUNICATE RESULTS AND REFLECT ON THE TRANSFORMATION

## Section B Learning Objectives

- Share the importance of visibility and transparency both to the success of the project transformation and to regular supply chain operations.
- Compare specific results metrics to initially identified targets to share the success attained.
- Report results to various internal and external stakeholders, sharing specific, useful information depending on the needs of the stakeholder.

# Topic 1: Measure, Document, and Report Results

## Visibility and Transparency

- Visibility and transparency may have been a goal of the project.
- Other results may take the form of traditional measures.
- Transformation team members can be powerful assets in their day-to-day business areas.

# Topic 1: Measure, Document, and Report Results

## Reviewing Results on the Scorecard

Goal	Measure	Target	Actual
<b>Customer Perspective</b>			
Meet customer delivery promises.	Percentage of orders delivered in full to customer	99%	99%
Meet customer quality expectations.	Customer order perfect condition	99%	99%
<b>Business Process Perspective</b>			
Improve responsiveness to distributors.	Order fulfillment cycle time	2 days	3 days
Assuring quality failure condition of returned items.	Perfect return order fulfillment	95%	96%

# Topic 1: Measure, Document, and Report Results

## Reviewing Results on the Scorecard, continued

Goal	Measure	Target	Actual
<b>Financial Perspective</b>			
Streamline cash availability.	Cash-to-cash cycle time	0 days	–1 days
Maximize supply chain efficiency.	Total supply chain management cost	<8.0% of revenue	8.2% of revenue
<b>Innovation and Learning Perspective</b>			
Quickly react to demand increases/decreases.	Supply chain agility	30 days	27 days
Keep staff highly trained.	Training	80 hours	60 hours



# Topic 1: Measure, Document, and Report Results

## Reviewing Results on the Scorecard, continued

Metric	To-Be Goal	Post-Transformation Performance
Cash-to-cash cycle time	–1 days	–1 days
Days sales outstanding	27 days	27 days
Days payables outstanding	55 days	55 days
Inventory days of supply	27 days	29 days
• Days, RM	5 days	6 days
• Days, WIP	1 day	2 days
• Days, FG	21 days	21 days

# Topic 1: Measure, Document, and Report Results

## Reporting Results

KPIs

Hard-to-  
quantify  
achievements

Transformation  
project  
successes and  
failures

Commendable  
individual  
efforts

Project  
management  
process  
improvements

Record of  
frameworks

Risk  
management  
reports

Conclusions  
about project

# Topic 1: Measure, Document, and Report Results

## Reporting Results, Continued

Top 5 Customer Priorities in Order	Competing Distributor	Sample, Inc. (Initial Benchmarking)	Sample, Inc. (Post Transformation Benchmarking)
1. Replenishment frequency	5	5 (initially at parity)	6 (currently at advantage)
2. Order completeness	7	3 (initially underperforming)	8 (currently at advantage)
3. Reliable delivery windows	2	8 (initially superior)	8 (currently superior)
4. Reverse logistics	4	4 (initially at parity)	4 (currently at parity)
5. Lead time quoting accuracy	4	6 (initially at advantage)	6 (currently at advantage)

### Gather Feedback and Document Lessons Learned

Check and rate completion and performance.

Execute corrective actions where needed.

Conduct a post-mortem meeting on how to improve.

Compile and present feedback to the steering committee.

### Adaptable Supply Chains

- Supply chain must both adapt and continuously improve.
- May include identifying areas to standardize or harmonize.
- May also include documenting acceptable deviations from process.
- Continuous improvement requires integration into ongoing operations.

### Continuous Improvement and Identifying Future Initiatives

Supply chain leaders must continually monitor to see what is working and what isn't.

Identification may result from a regular process evaluation.

Changes may have led to adaptations and additional opportunities.

Changing the supply chain is never really “done.”