



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

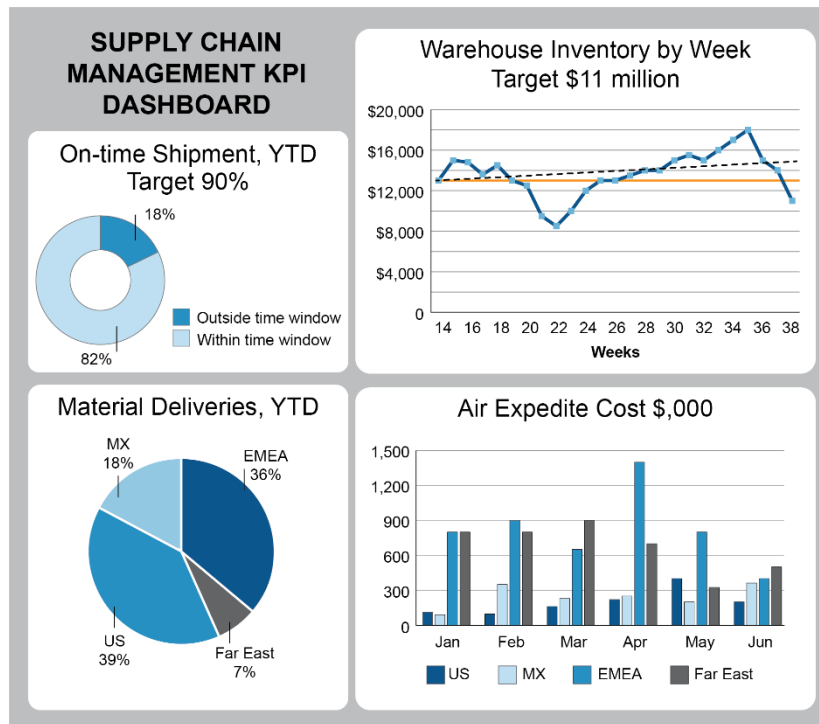
Standardization

Simplification

Review and Provide Feedback on Project Portfolio Performance

Using Tracking Mechanisms

- To be effective, metrics 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**

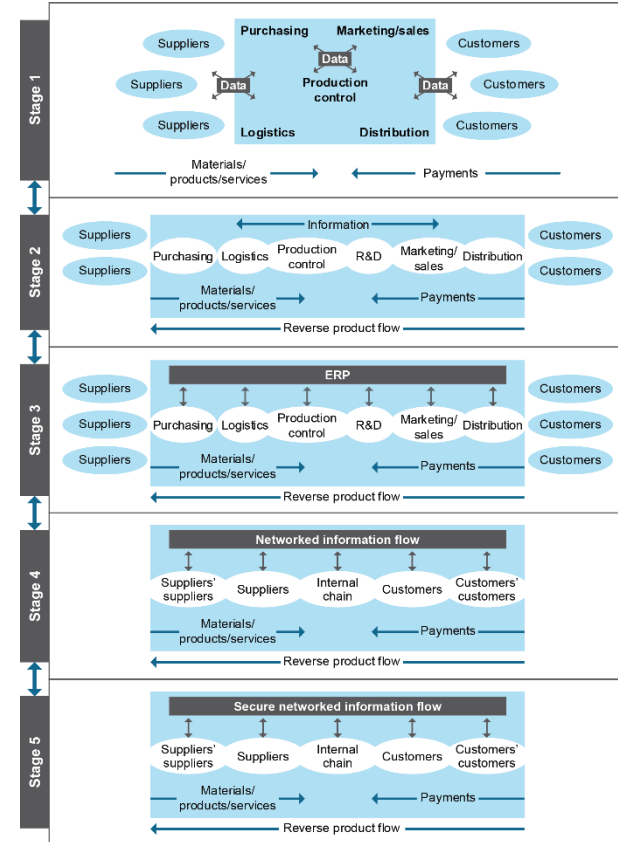
**Work
instructions**

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



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.

Reassess Supply Chain Transformation Maturity

Review Assessment and Audit Results

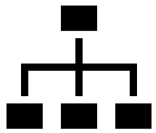
- It is important to review the assessment of the supply chain.
- Audits are major undertakings.
- To ensure that audits are effective:





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.

Visibility and Transparency

- Visibility and transparency are common transformation goals.
 - Compare performance to initial target.
- Transformation team members can be powerful assets in their day-to-day business areas.
- Ensure performance of post-transformation supply chain is visible, including staff up-skilling or training progress.

Measure, Document, and Report Results

Reviewing Results on the Scorecard

Goal	Measure	Target	Actual
Customer Perspective			
Meet customer delivery promises.	Percentage of orders delivered in full to customer	99%	99%
Meet customer quality expectations.	Customer order perfect condition	99%	99%
Business Process Perspective			
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%

Measure, Document, and Report Results

Reviewing Results on the Scorecard, continued

Goal	Measure	Target	Actual
Financial Perspective			
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
Innovation and Learning Perspective			
Quickly react to demand increases/decreases.	Supply chain agility	30 days	27 days
Keep staff highly trained.	Training	80 hours	60 hours

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

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**

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.
- Identify areas to
 - Standardize or harmonize for efficiency, safety, etc.
 - Allow flexibility, but if so, clearly document any acceptable deviations from processes.
- Continuous improvement requires integration into ongoing operations.

Implement Continual Improvement and Identify Future Initiatives

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.”