

How Do I Use SCOR?

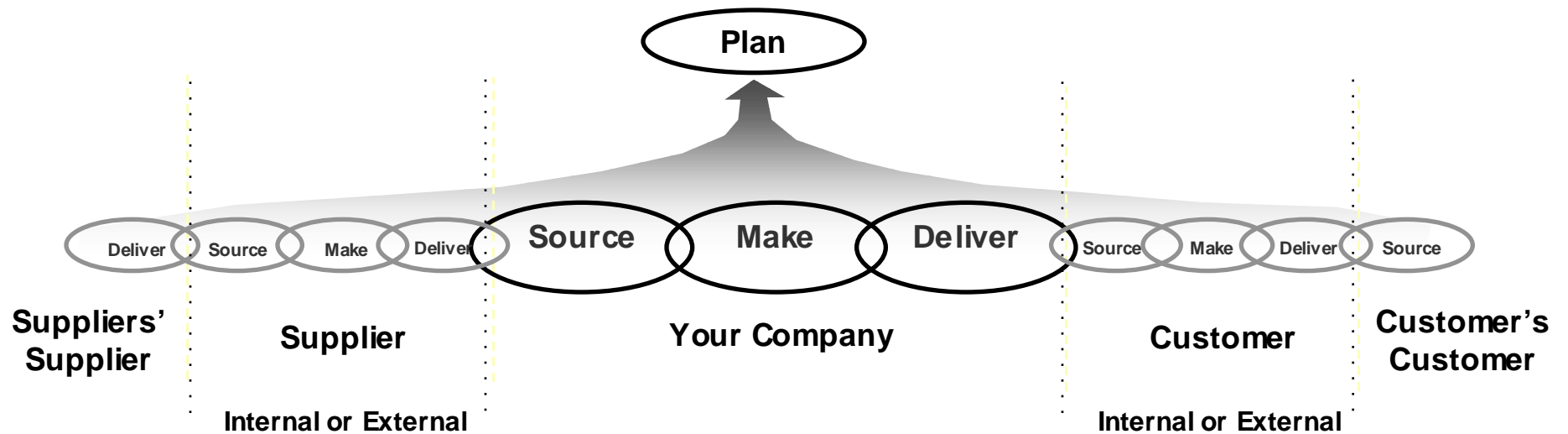
Supply Chain World - April, 2001



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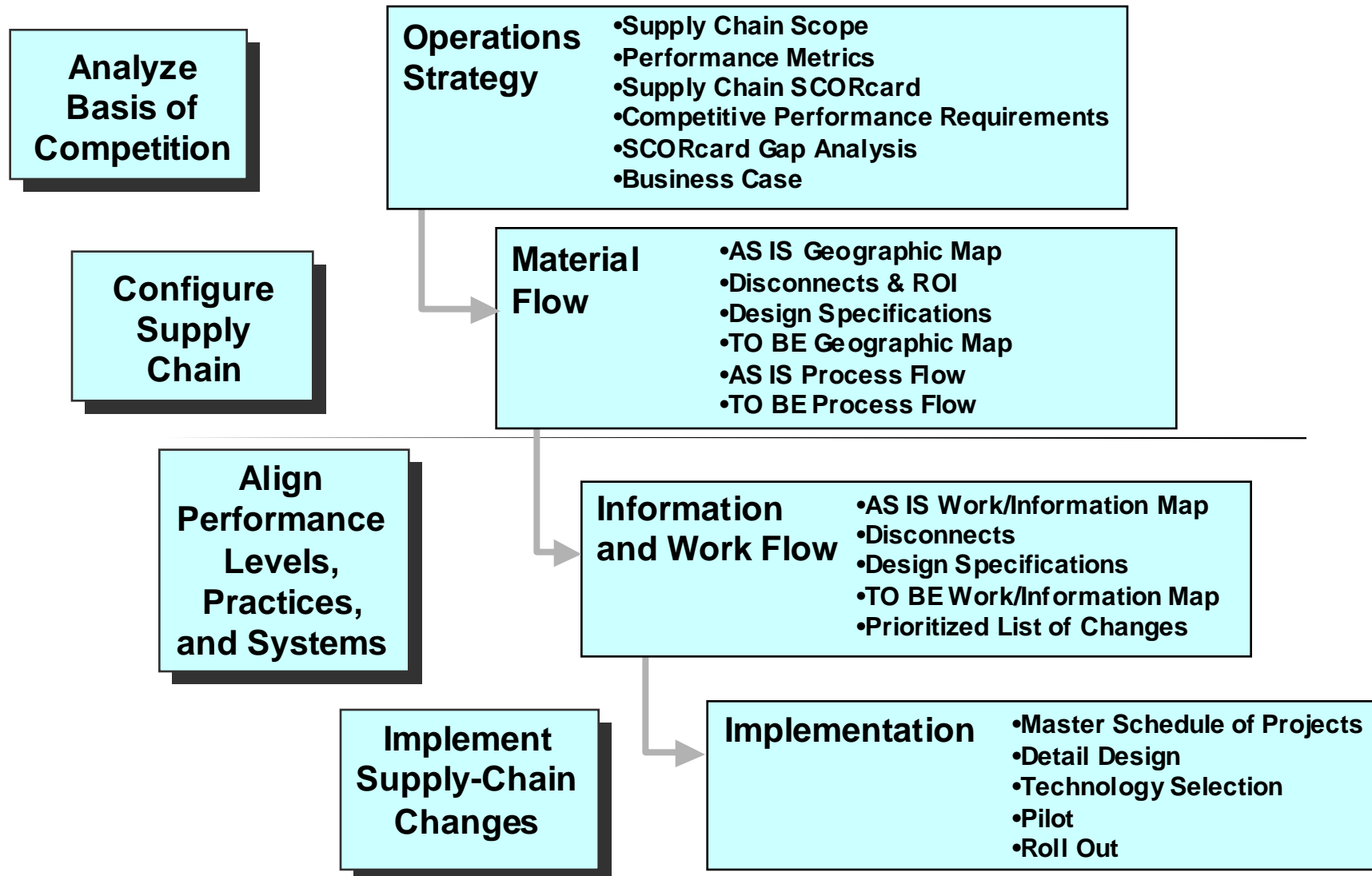
What is Supply Chain?

The integrated processes of Plan, Source, Make and Deliver, spanning your suppliers' supplier to your customers' customer, aligned with Operational Strategy, Material, Work & Information Flows.

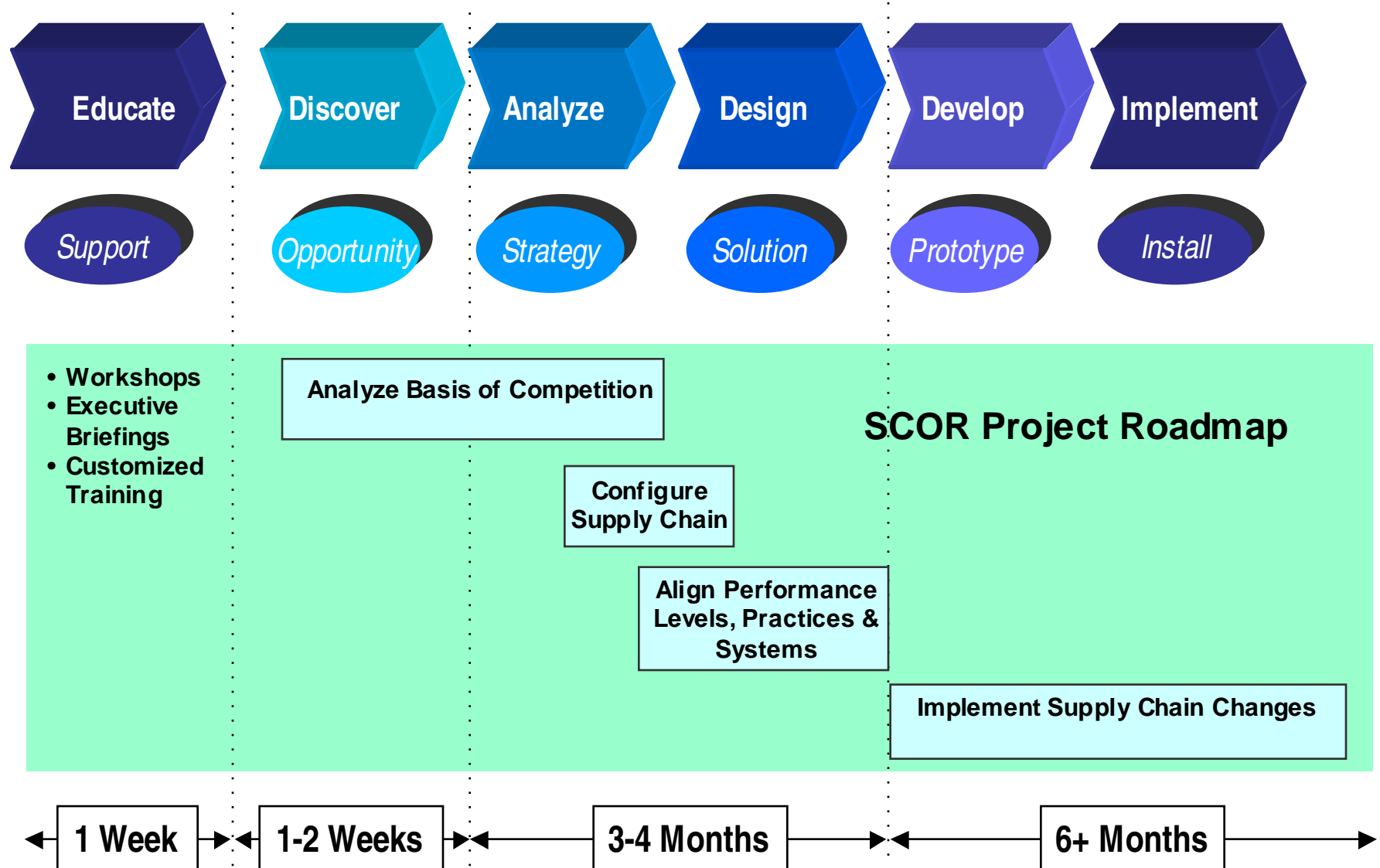


← Supply Chain Operations Reference Model →

SCOR Project Roadmap



Project Approach



Educate for Support

WHO

- The Evangelist
- Core Team Buy IN
- Active Executive Sponsorship

WHAT

- General SCOR Workshops
- Customized SCOR Workshops
- Executive Briefing

Discover Opportunity

Business Team

- ✓ Value Proposition
- ✓ Profit & Loss Statement
- ✓ Balance Sheet
- ✓ Critical Success Factors
- ✓ Critical Business Issues
- ✓ Internal Profile
- ✓ External Profile

Discover Opportunity

Performance Issues

- ✓ Deficiency
- ✓ Improvement
- ✓ Core Competency
Investment

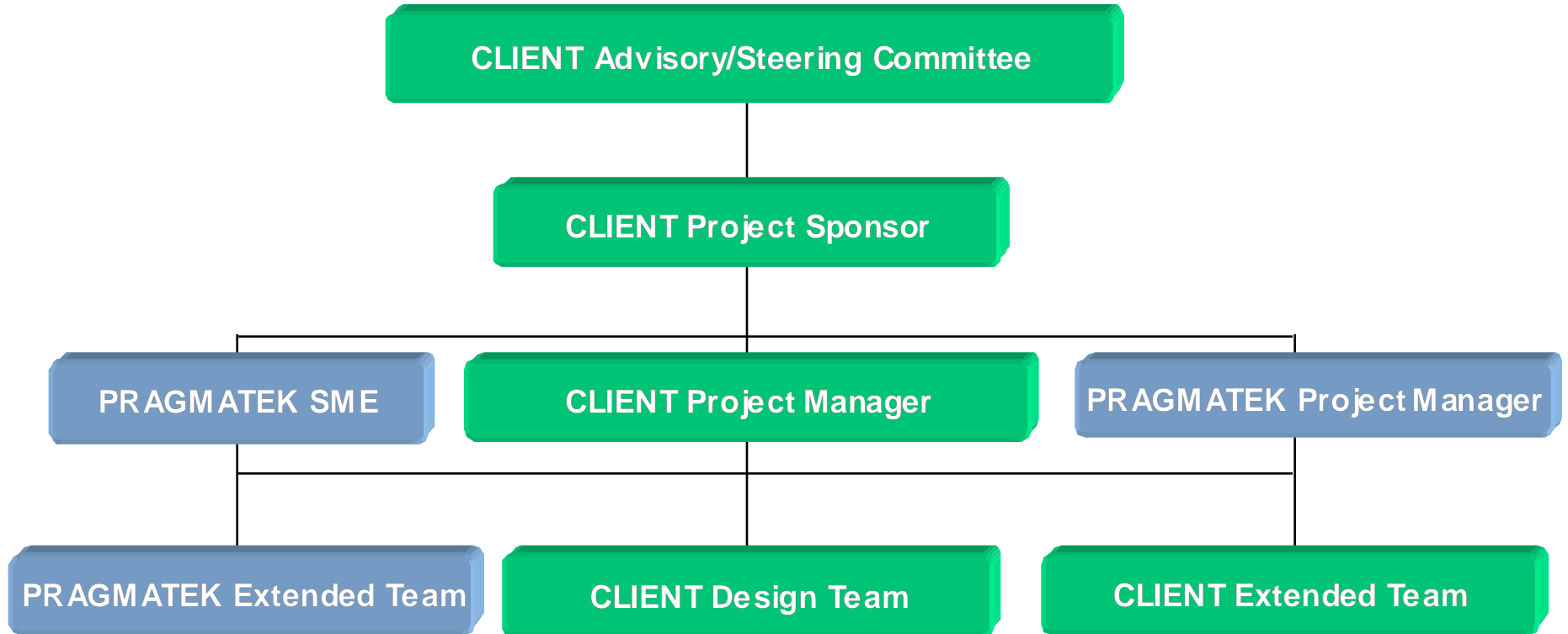
Goals, Design, & Management

- ✓ Organization
- ✓ Process
- ✓ Technology
- ✓ Jobs/People

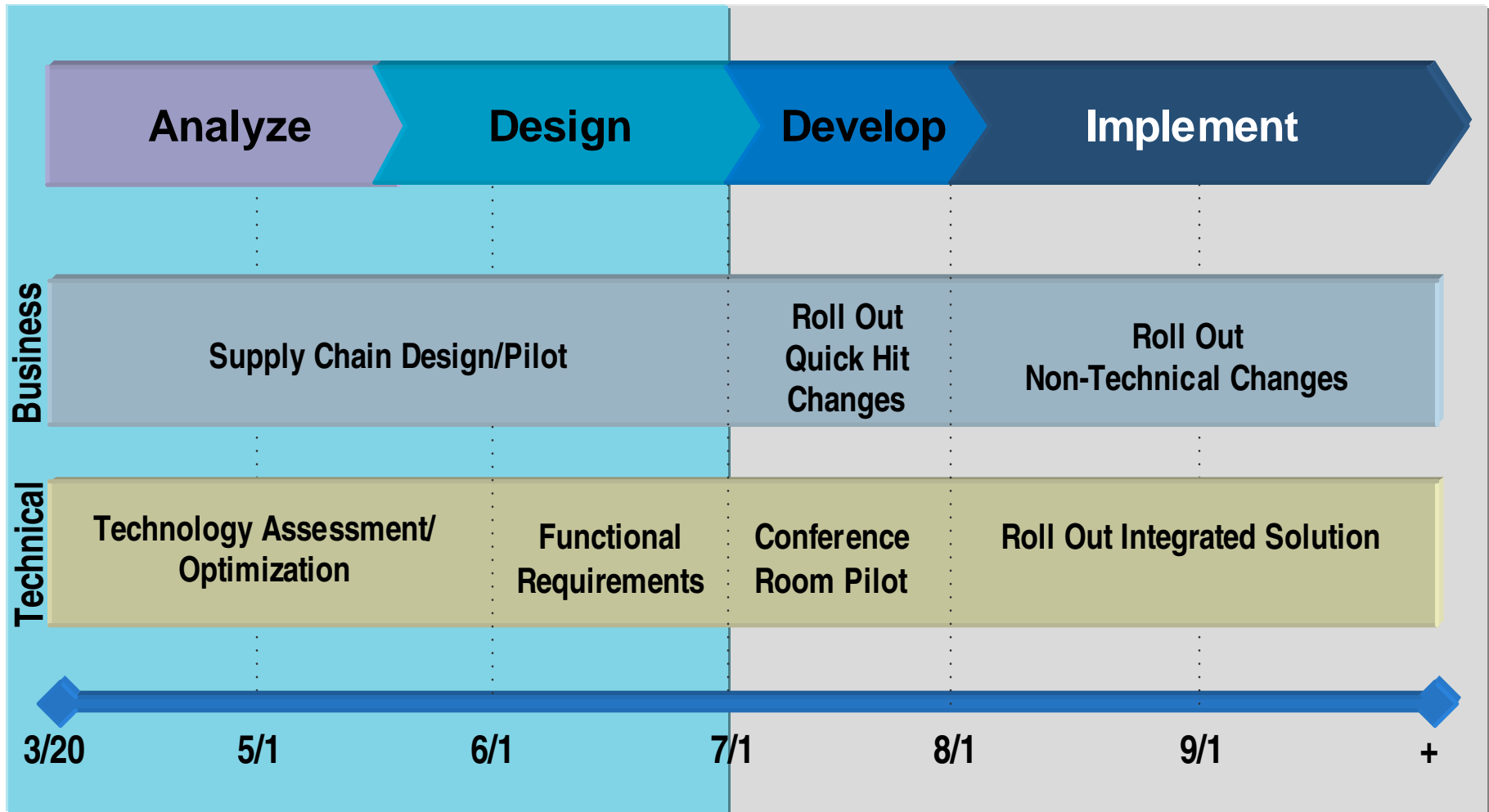
Discover Deliverable Project Charter

- I. Introduction
 - ✓ Maintenance of the Project Charter
- II. Project Overview
 - ✓ Scope
 - ✓ Business Objectives
 - ✓ Project Objectives
- III. Project Approach
 - ✓ Methodology
 - ✓ Project Schedule
 - ✓ Project Milestones & Deliverables
 - ✓ Dependencies
- IV. Project Budget
- V. Project Organization
 - ✓ Organization Chart
 - ✓ Project Resources
 - ✓ Roles and Responsibilities
- VI. Measures of Success
 - ✓ Stakeholder Expectations
 - ✓ Benchmarks
 - ✓ Benefit Analysis 8
- VII. Project Communication
 - ✓ Communication Plan
 - ✓ Control Procedures

Discover Deliverable Project Organization



Discover Deliverable Project Plan



Analyze

Drive a Tight Supply Chain Scope

Benchmark Defines Business Opportunity

Supply Chain SCORcard “Hot Links” to the P&L

Business Management Team Ownership

Analyze Deliverable SCORcard

		Actual SCORcard		Actual Performance Versus Consumer Package Goods Benchmarks			Value from Improvements
		SCOR Level 1 Metric	Actual	Parity	Advantage	Superior	
Customer Facing	Delivery Reliability	Order Fillrate	98%	76%	87%	97%	Need To Maintain Superior Performance
		Line Fillrate	N/A	90%	96%	98+%	N/A
	Flexibility & Responsiveness	Fulfillment Leadtime, (Order Receipt to Customer Receipt)	5 - 12 days	3 days	2 days	1 day	Opportunity for Competitive Advantage
Internal Facing	Cost	COGS, (Cost of Sales % to Net Sales)	34.7%	60.0%	TBD	TBD	Need To Maintain Superior Performance
		Warranty>Returns, (Returns as % of Net Sales)	16.0%	TBD	TBD	TBD	Opportunity for Performance Improvement
		Total Supply Chain Cost, (As a % of Net Sales)	-----	8.0%	7.0%	5.0%	Opportunity for SG&A Reduction
		Order Management (Customer Service Allocation + Freight + Fulfillment)	8.5%	4.0%	3.0%	1.5%	\$2.5M estimated Home Delivery opportunity
		Material Acquisition	Very Low	3.0%	2.0%	0.5%	Need To Maintain Superior Performance
	Assets	Cash to-Cash, (Inventory days of supply + days sales outstanding - average payment period)	7 days	65 days	40 days	20 days	Need To Maintain Superior Performance
		Net Asset Turns, (Total gross product revenue/Total net assets)	TBD	2.5	5	7	TBD

Analyze Deliverable

Competitive Performance Requirements

Performance Attribute	Performance vs. Competition	
	MATURE	NEW
Delivery Reliability	○	●
Flexibility/ Responsiveness	○	◉
Cost	●	○
Asset	◉	○

Legend

● Superior
◉ Advantage
○ Parity

Design *Material Flow*

Geographic Map

- Physical Locations
- Product ID, SKU, and/or Family

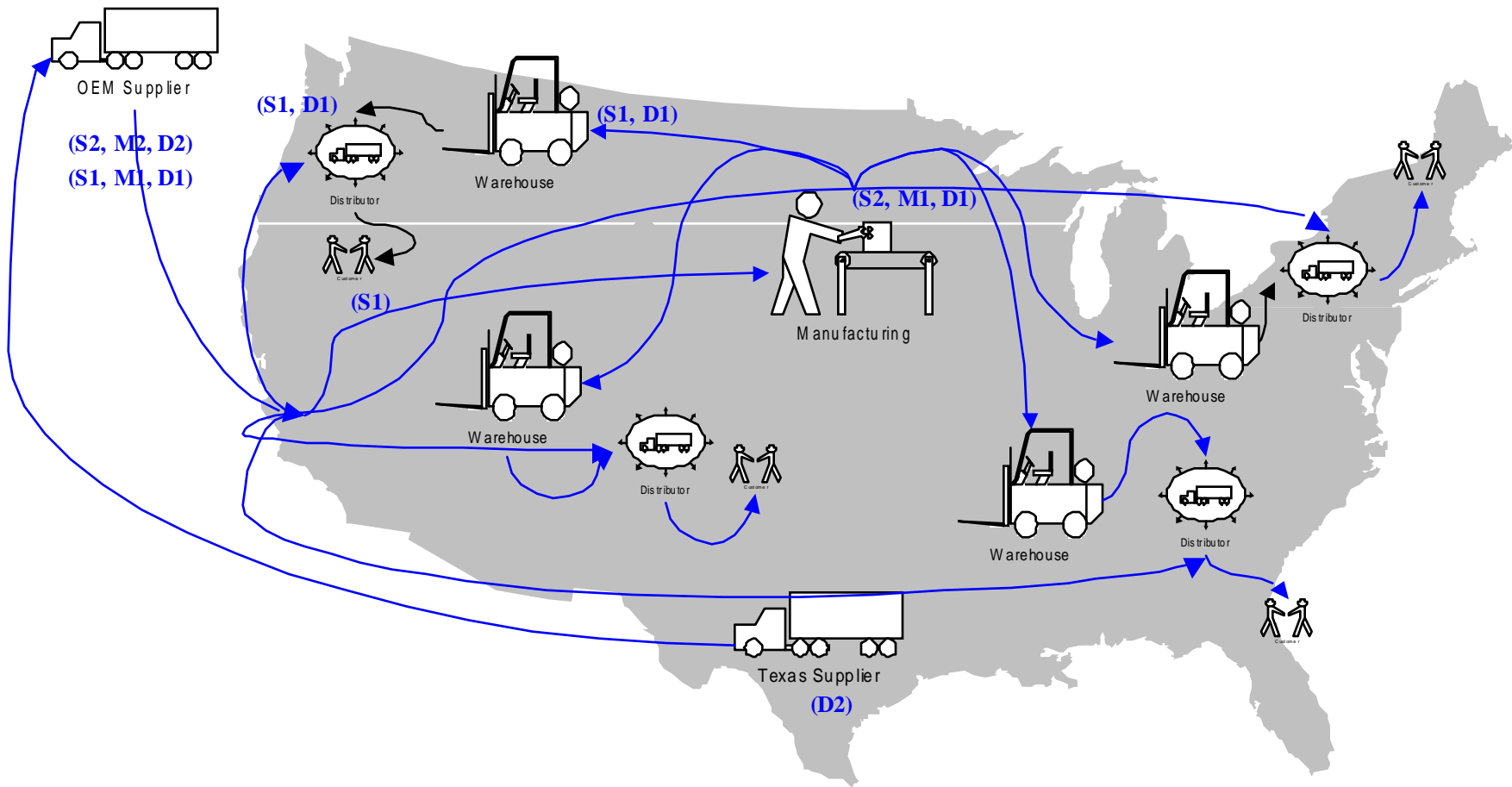
Disconnects

- Drive the ROI
- Prioritize the Work

SCOR Level 2 defines types of processes used by physical location

- “Lean Manufacturing” concepts

Design Material Flow Deliverable





Design

Material Flow Deliverable

1 = Forecasting

2 = Competitive Part Material Flow

3 = Non-working Inventory

4 = Inbound Freight

5 = Reorder Point

6 = Schedule Agreements

7 = Current/Non-current (TBD)

Design

Material Flow Deliverable

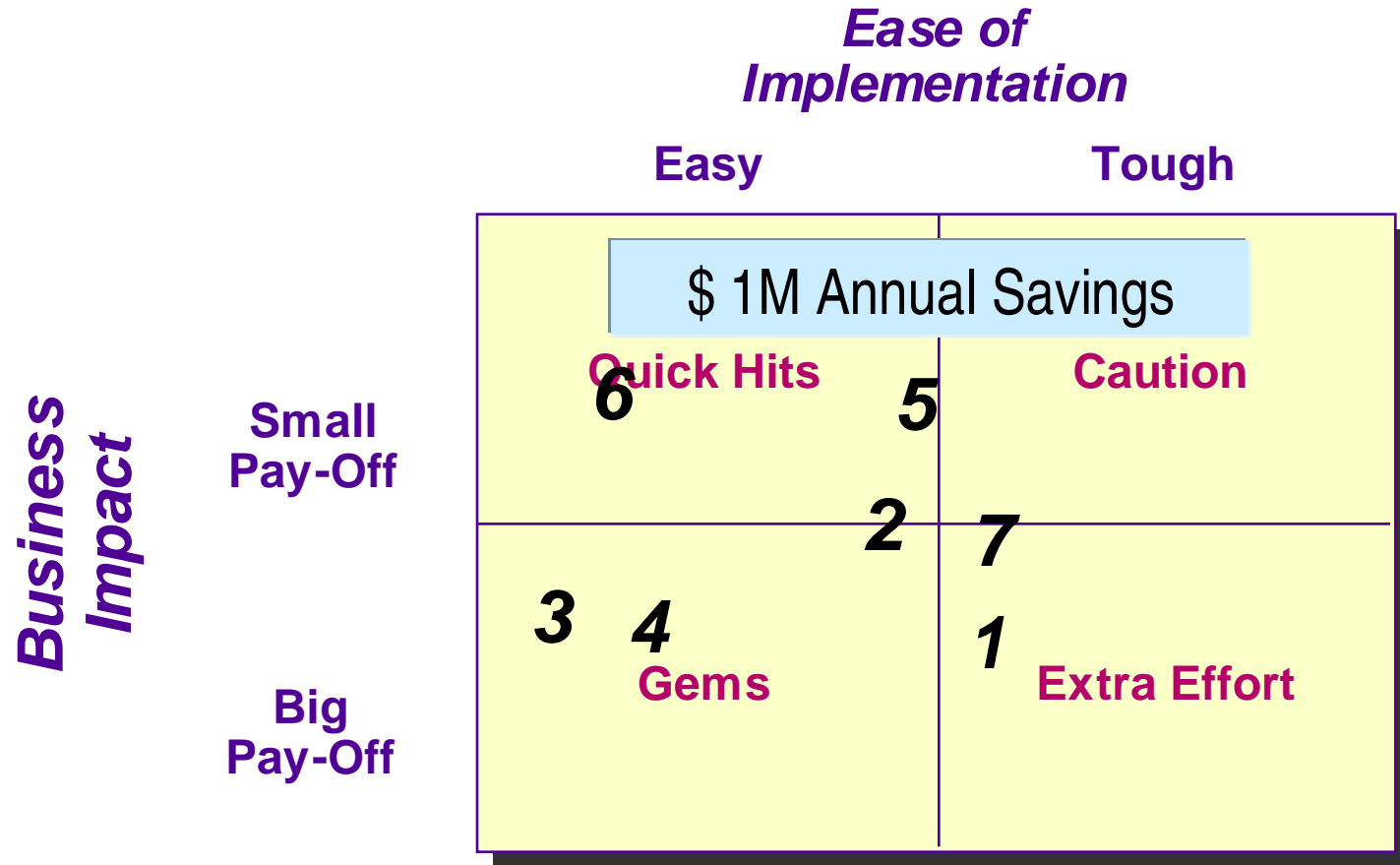
- Inbound Transportation between Suppliers is not optimized which includes both Parcel and LTL, normal and expedite shipping, and cross dock operations. This is further complicated by the conflict between physical space for staging shipments to support truck utilization AND leadtime to dealer order needs.

Metric	P&L Line	Impact
Line Fillrate	Net Sales	No impact on Line Fillrate.
Backorder Duration	Net Sales CVA/EVA	Minimum of 2 days of backorder duration due to transportation time.
COGS	Gross Profit	Inbound transportation as a rule shows up in STANDARD COST, MFG Variance and Purchase Variance. 60% of the shipments are parcel. Actual spend in 1999 was \$2.5M.
Supply Chain Cost	Direct Profit Contribution	The inbound cost of supply chain cost shows up in Warehouse line via allocation. Actual spend in 1999 was \$.5M.
Assets	CVA/EVA	The FOB destination as currently practiced, is the Supplier's dock which impacts the Inventory by an estimated \$.1M (25 days)



Design

Material Flow Deliverable





Design

Work & Information Flow

Defines the work and information which moves the material

Incorporates the major system applications and transactions

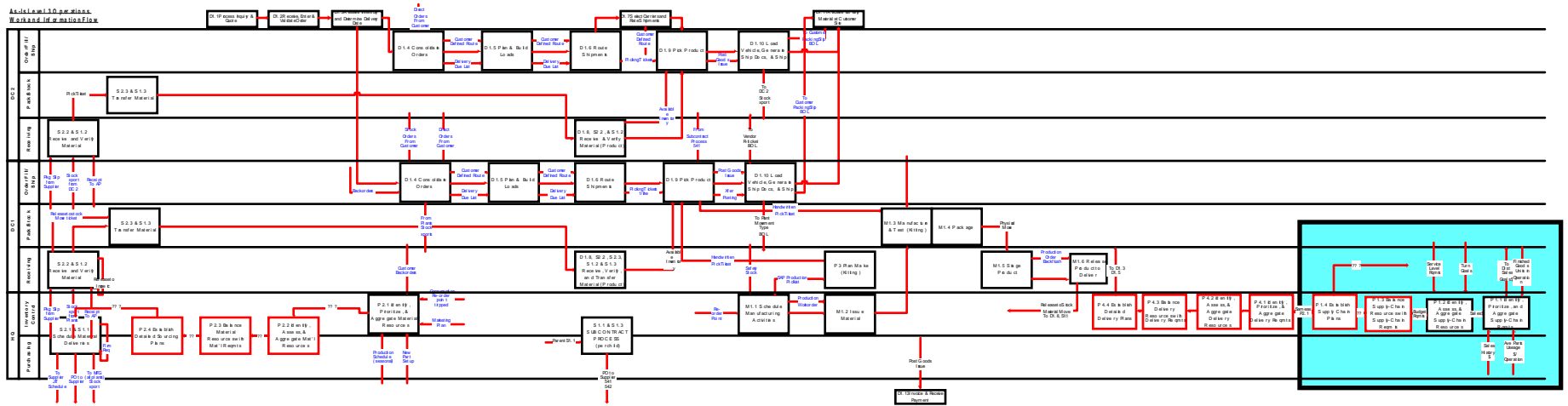
“Swim Diagram” approach

Illustrates the impact of “e” to your business

Additive to the ROI derived in Material Flow



Design Work & Information Flow Deliverable

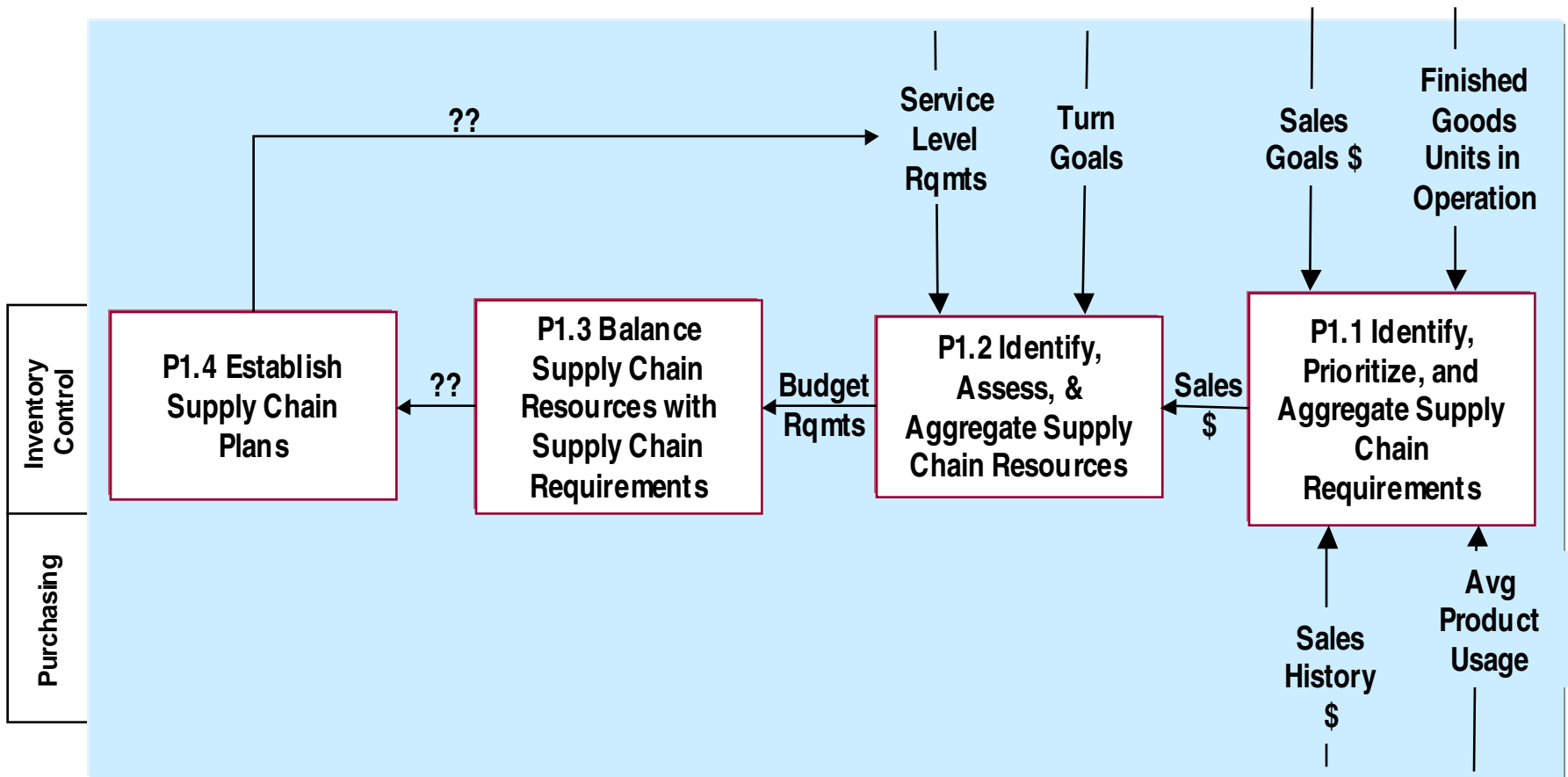




Design

Work & Information Flow Deliverable

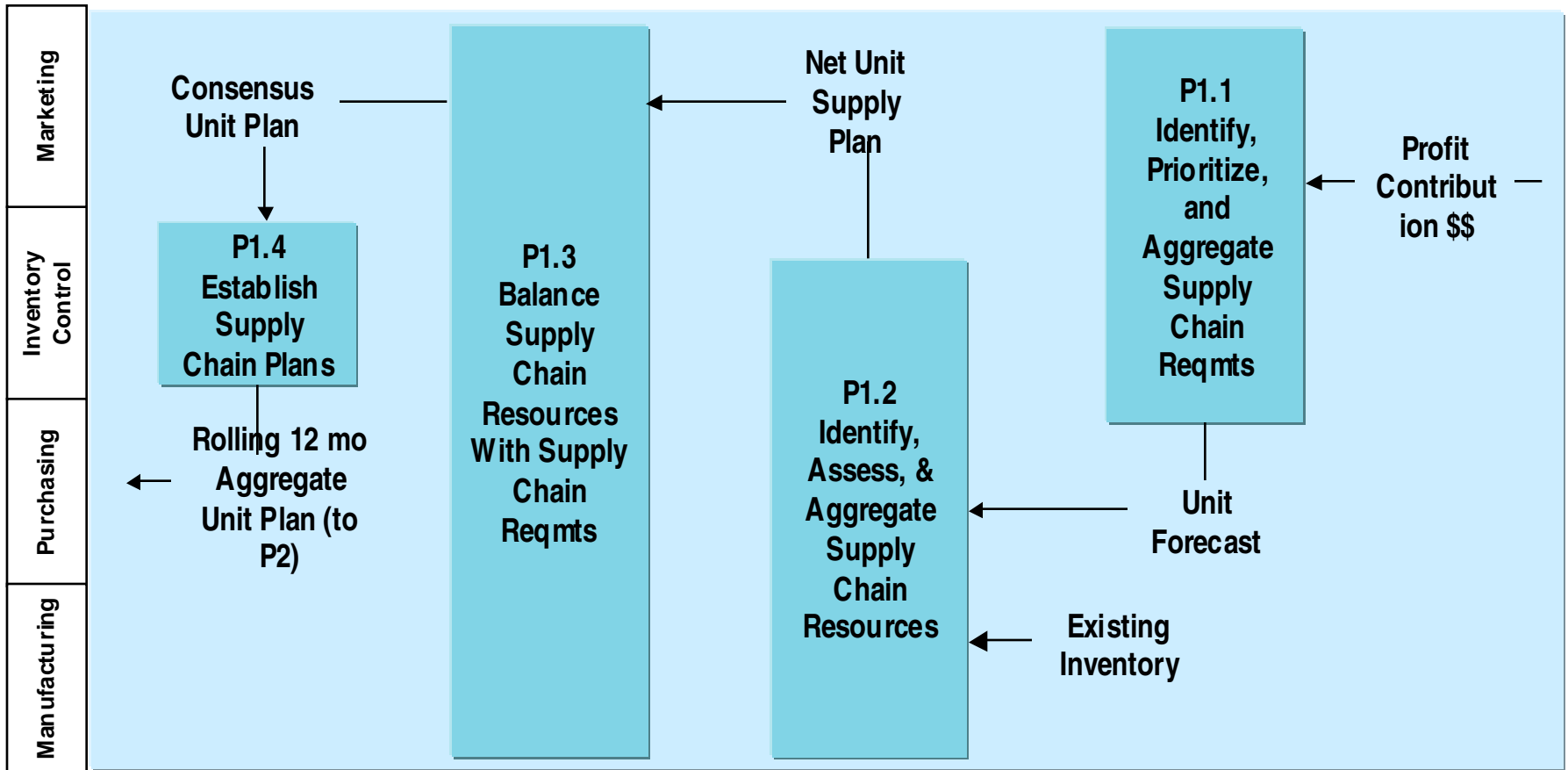
AS IS





Design

Work & Information Flow Deliverable TO BE



Develop Solution

Balance Quick Hits and Non-Technology Changes with Longer payback projects

Leverage a Conference Room Pilot Scenario

Link a formal Technology Selection Process to the Design Process

Transition Team from “Design” to “Implementation”

Detail “TO BE” Design at Level 4

Develop Solution Deliverable Recommendation Summary

Recommendation:

Design, test and implement an integrated supply chain demand planning/forecasting solution for Business Unit

Project Manager:

Elaine Reichardt

Opportunity/Benefit:

\$2M

Inventory reduction

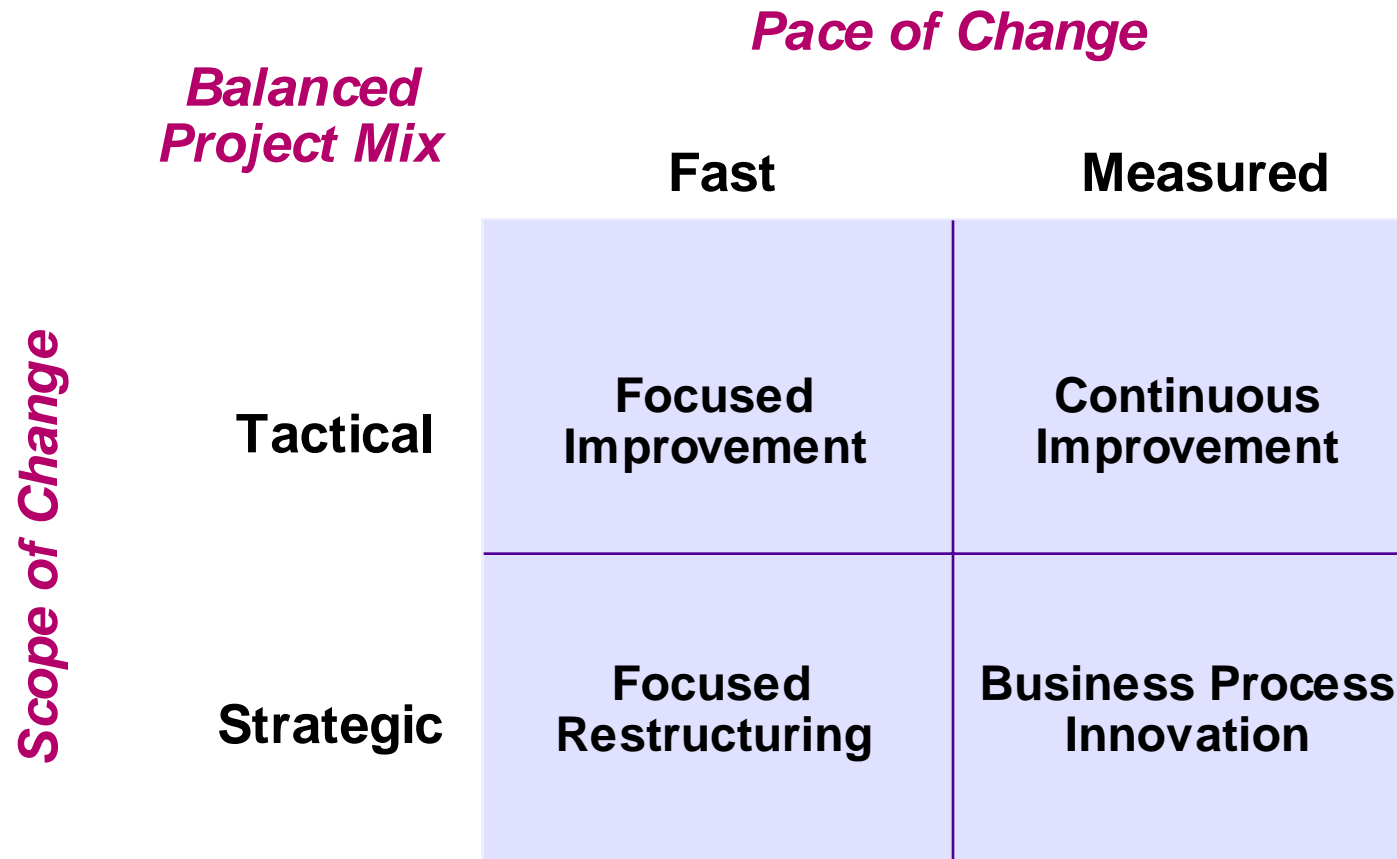
Challenges/Dependencies:

- Define Requirements
- Explore tool options
- Test/prove design
- Enlist support from MRP controllers
- Data integrity

Change Required:

- Organizational metrics
- Process changes/additions
- Separate demand and supply planning
- Technology changes

Develop Solution

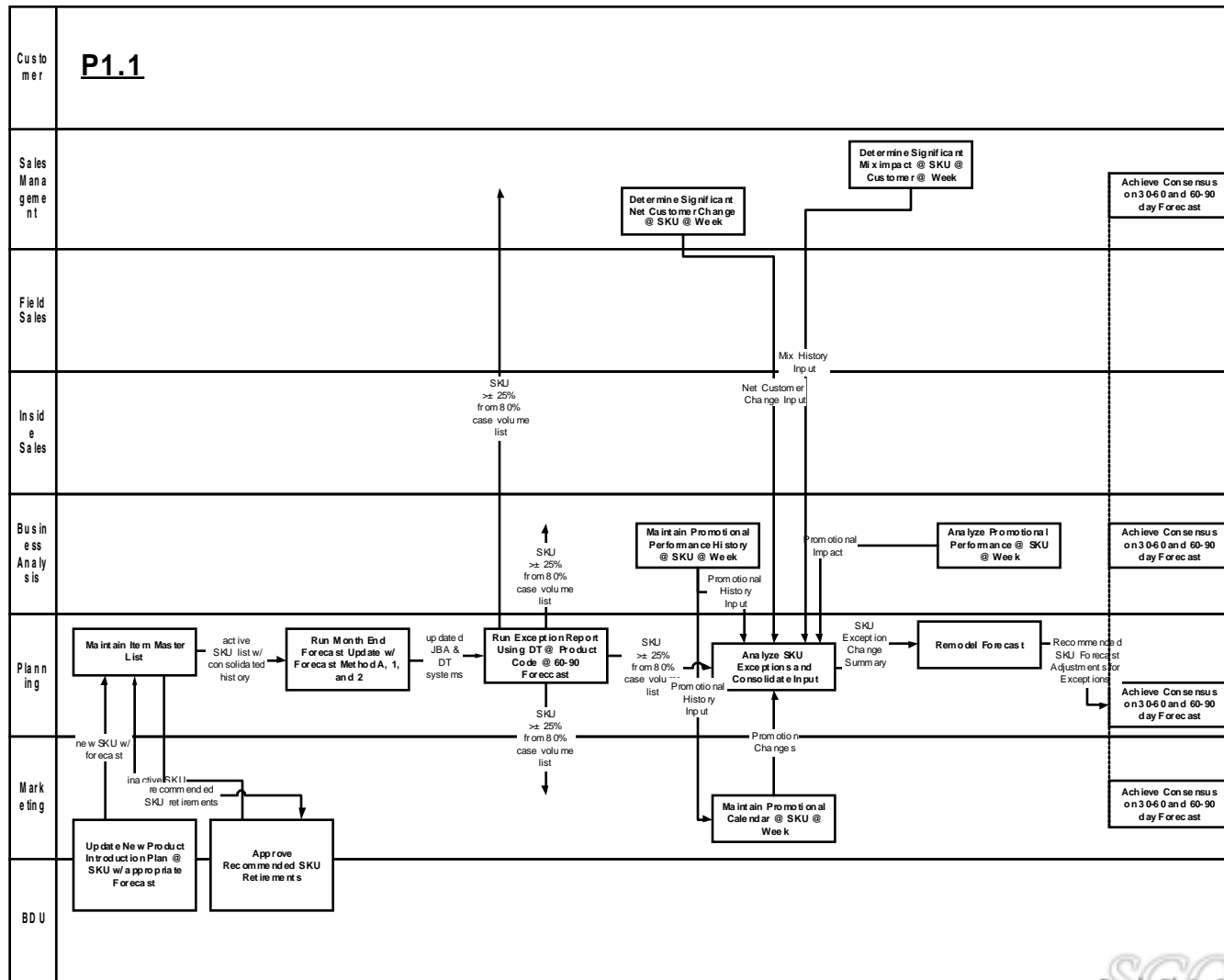


Develop Solution Deliverable

Master Project Schedule

TYPE	PROJECT NAME	RESULTS PLAN	START													
			SCOR	PROJECT MANAGER	END	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
SUPPLY CHAIN SCOPE																
Strategic Deliver	Available to Promise Job Elsworth	Service Flexibility Cost Assets	02/08/00	12/31/00												
Strategic Make	Make-to-Order David Hendrickson	Service Flexibility Cost Assets	10/01/99	06/30/00												
Strategic Source	Outsource Reconfiguration Deb Lynch	Service Flexibility Cost Assets	12/03/99	12/31/00												
Deficiency Deliver	Non Working Inventory Reduction Jay Gaustad	Assets	07/19/99	04/30/00												
Deficiency Plan	Integrated Supply Chain Planning Peter Bolstorff	Service Flexibility Cost Assets	08/16/99	TBD												
Deficiency Source	Texas Consignment Joe Comerford	Service Flexibility Cost Assets														
Strategic Source	Efficient Material Acquisition Elaine Reichardt	Cost														
Strategic Deliver	Direct to Consumer Transportation Rick Hardcopf	Service Flexibility Cost Assets	03/01/00	12/31/00												

Develop Solution Deliverable Level 4 Work & Information Flow



Implement

Implementation of supply changes can be described in 3 phases

- Transition
- Installation
- Institutionalization

Installation is an iterative process

- Develop
- Prepare
- Cut-Over
- Evaluate

Implementation Deliverable Dashboard, Self Funding Project

