

<p>Module1: Section A: Logistics Fundamentals</p>	<p>Module1: Section A: Logistics Fundamentals</p>
<p>Term order-to-delivery cycle</p>	<p>Term logistics</p>
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<p>Module1: Section A: Logistics Fundamentals</p>	<p>Module1: Section A: Logistics Fundamentals</p>
<p>Term warehousing</p>	<p>Term transportation</p>
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<p>Module1: Section A: Logistics Fundamentals</p>	<p>Module1: Section A: Logistics Fundamentals</p>
<p>Term imports</p>	<p>Term exports</p>
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<p>Module1: Section A: Logistics Fundamentals</p>	<p>Module1: Section A: Logistics Fundamentals</p>
<p>Term packaging</p>	<p>Term materials handling</p>
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<p style="text-align: center;">Definition</p> <p>1) In a supply chain management context, it is the subset of supply chain management that controls the forward and reverse movement, handling, and storage of goods between origin and distribution points. 2) In an industrial context, the art and science of obtaining, producing, and distributing material and product in the proper place and in proper quantities. 3) In a military sense (where it has greater usage), its meaning can also include the movement of personnel.</p>	<p style="text-align: center;">Definition</p> <p>The period of time that starts when the customer places an order and ends when the customer receives the order.</p>
<p style="text-align: center;">Definition</p> <p>The function of planning, scheduling, and controlling activities related to mode, vendor, and movement of inventories into and out of an organization.</p>	<p style="text-align: center;">Definition</p> <p>The activities related to receiving, storing, and shipping materials to and from production or distribution locations.</p>
<p style="text-align: center;">Definition</p> <p>Products produced in one country and sold in another.</p>	<p style="text-align: center;">Definition</p> <p>Products bought in one country and produced in another.</p>
<p style="text-align: center;">Definition</p> <p>Movement and storage of goods inside the distribution center. This represents a capital cost and is balanced against the operating costs of the facility.</p>	<p style="text-align: center;">Definition</p> <p>Materials surrounding an item to protect it from damage during transportation. The type of packaging influences the danger of such damage.</p>

Module1: Section A: Logistics Fundamentals	Module1: Section A: Logistics Fundamentals
Term inventory management	Term order management
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Module1: Section A: Logistics Fundamentals	Module1: Section A: Logistics Fundamentals
Term warehouse management and transportation execution systems	Term physical supply
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Module1: Section A: Logistics Fundamentals	Module1: Section A: Logistics Fundamentals
Term materials management	Term distribution
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Module1: Section A: Logistics Fundamentals	Module1: Section A: Logistics Fundamentals
Term systems concept	Term total cost concept
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<p style="text-align: center;">Definition</p> <p>The planning, directing, monitoring, and controlling of the processes related to customer orders, manufacturing orders, and purchase orders. Regarding customer orders, order management includes order promising, order entry, order pick, pack and ship, billing, and reconciliation of the customer account. Regarding manufacturing orders, order management includes order release, routing, manufacture, monitoring, and receipt into stores or finished goods inventories. Regarding purchasing orders, order management includes order placement, monitoring, receiving, acceptance, and payment of supplier.</p>	<p style="text-align: center;">Definition</p> <p>The branch of business management concerned with planning and controlling inventories.</p>
<p style="text-align: center;">Definition</p> <p>The movement and storage of goods from suppliers to manufacturing. [Its cost] is ultimately passed on to the customer.</p>	<p style="text-align: center;">Definition</p> <p>Logistics information systems that initiate and control the movement of materials between supply chain partners.</p>
<p style="text-align: center;">Definition</p> <p>1) The activities associated with the movement of material, usually finished goods or service parts, from the manufacturer to the customer. These activities encompass the functions of transportation, warehousing, inventory control, material handling, order administration, site and location analysis, industrial packaging, data processing, and the communications network necessary for effective management. [...] In many cases, this movement is made through one or more levels of field warehouses. Syn: physical distribution. 2) The systematic division of a whole into discrete parts having distinctive characteristics.</p>	<p style="text-align: center;">Definition</p> <p>The grouping of management functions supporting the complete cycle of material flow, from the purchase and internal control of production materials to the planning and control of work in process to the warehousing, shipping, and distribution of the finished product.</p>
<p style="text-align: center;">Definition</p> <p>In logistics, the idea that all logistical decisions that provide equal service levels should favor the option that minimizes the total of all logistical costs and should not be used on cost reductions in one area (such as lower transportation charges) alone.</p>	<p style="text-align: center;">Definition</p> <p>An attempt to create the most efficient complete system ! as opposed to the most efficient individual parts. A ! "whole process" or "whole company" operating ! system that is driven by cause and effect.</p>

Module1: Section A: Logistics Fundamentals	Module1: Section A: Logistics Fundamentals
Term line haul	Term make-to-order
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Module1: Section A: Logistics Fundamentals	Module1: Section A: Logistics Fundamentals
Term make-to-stock	Term assemble-to-order (ATO)
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Module1: Section A: Logistics Fundamentals	Module1: Section A: Logistics Fundamentals
Term suboptimization	Term four Ps
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Module1: Section A: Logistics Fundamentals	Module1: Section A: Logistics Fundamentals
Term echelon	Term stock keeping unit (SKU)
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<p style="text-align: center;">Definition</p> <p>A production environment where a good or service can be made after receipt of a customer's order. The final product is usually a combination of standard items and items custom-designed to meet the special needs of the customer. Where options or accessories are stocked before customer orders arrive, the term assemble-to-order is frequently used. Syn: build-to-order. See: assemble-to-order, make-to-stock.</p>	<p style="text-align: center;">Definition</p> <p>The portion of a transportation journey that moves between two transportation terminals. It is distinguished from and excludes the pickup and delivery portions of a journey used to acquire or distribute LTL freight. For motor carrier transportation, the shipment is loaded in a semi-permanent trailer configuration that maximizes the amount of freight that each driver can legally haul over that portion of the journey. This may involve hauling multiple trailers.</p>
<p style="text-align: center;">Definition</p> <p>A production environment where a good or service can be assembled after receipt of a customer's order. The key components (bulk, semi-finished, intermediate, subassembly, fabricated, purchased, packing, and so on) used in the assembly or finishing process are planned and usually stocked in anticipation of a customer order. Receipt of an order initiates assembly of the customized product. This strategy is useful where a large number of end products (based on the selection of options and accessories) can be assembled from common components. Syn: finish-to-order. See: make-to-order, make-to-stock.</p>	<p style="text-align: center;">Definition</p> <p>A production environment where products can be and usually are finished before receipt of a customer order. Customer orders are typically filled from existing stocks, and production orders are used to replenish those stocks. Syn: produce-to-stock. See: assemble-to-order, make-to-order.</p>
<p style="text-align: center;">Definition</p> <p>A set of marketing tools to direct the business offering to the customer. [This includes] product, price, place, and promotion.</p>	<p style="text-align: center;">Definition</p> <p>A solution to a problem that is best from a narrow point of view but not from a higher or overall company point of view. For example, a department manager who refuses to allow employees to work overtime in order to minimize the department's operating expense may cause lost sales and a reduction in overall company profitability.</p>
<p style="text-align: center;">Definition</p> <p>1) An inventory item. For example, a shirt in six colors and five sizes represents 30 [of these]. 2) In a distribution system, an item at a particular geographic location. For example, one product stocked at the plant and at six different distribution centers would represent seven [of these].</p>	<p style="text-align: center;">Definition</p> <p>A level of supply chain nodes. For example, a supply chain with two independent factory warehouses and nine wholesale warehouses delivering product to 350 retail stores is a supply chain with three [of these] between the factory and the end customer. One [of these] consists of the two independent factory warehouses, one consists of the nine wholesale warehouses, and one consists of the 350 retail stores. Each [of these] adds operating expense, holds inventory, adds to the cycle time, and expects to make a profit. See: disintermediation.</p>

Module1: Section A: Logistics Fundamentals	Module1: Section A: Logistics Fundamentals
Term value added	Term time utility
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Module1: Section A: Logistics Fundamentals	Module1: Section A: Logistics Fundamentals
Term place utility	Term possession utility
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Module1: Section A: Logistics Fundamentals	
Term form utility	
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<p>Definition</p> <p>When a delivery gets to a customer at exactly the right time (not early, not late).</p>	<p>Definition</p> <p>1) In accounting, the addition of direct labor, direct material, and allocated overhead assigned at an operation. It is the cost roll-up as a part goes through a manufacturing process to finished inventory. 2) In current manufacturing terms, the actual increase of utility from the viewpoint of the customer as a part is transformed from raw material to finished inventory; the contribution made by an operation or a plant to the final usefulness and value of a product, as seen by the customer. The objective is to eliminate all non-value-added activities in producing and providing a good or service.</p>
<p>Definition</p> <p>Product desirability created by marketing efforts.</p>	<p>Definition</p> <p>Usefulness to the customer created by having the product delivered to a desired location.</p>
	<p>Definition</p> <p>The value created by changing a good's form through a production process.</p>

Module1: Section B: The Role, Value, and Cost of Logistics	Module1: Section B: The Role, Value, and Cost of Logistics
Term supply chain management	Term landed cost
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Module1: Section B: The Role, Value, and Cost of Logistics	Module1: Section B: The Role, Value, and Cost of Logistics
Term globalization	Term electronic commerce (e-commerce)
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Module1: Section B: The Role, Value, and Cost of Logistics	Module1: Section B: The Role, Value, and Cost of Logistics
Term fixed cost	Term variable cost
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Module1: Section B: The Role, Value, and Cost of Logistics	Module1: Section B: The Role, Value, and Cost of Logistics
Term direct costs	Term indirect costs
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<p style="text-align: center;">Definition</p> <p>This cost includes the product cost plus the costs of logistics, such as warehousing, transportation, and handling fees.</p>	<p style="text-align: center;">Definition</p> <p>The design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand, and measuring performance globally.</p>
<p style="text-align: center;">Definition</p> <p>The use of computer and telecommunication technologies to conduct business via electronic transfer of data and documents.</p>	<p style="text-align: center;">Definition</p> <p>The interdependence of economies globally that results from the growing volume and variety of international transactions in goods, services, and capital, and also from the spread of new technology.</p>
<p style="text-align: center;">Definition</p> <p>An operating cost that varies directly with a change of one unit in the production volume (e.g., direct materials consumed, sales commissions).</p>	<p style="text-align: center;">Definition</p> <p>An expenditure that does not vary with the production volume; for example, rent, property tax, and salaries of certain personnel.</p>
<p style="text-align: center;">Definition</p> <p>Costs that are not directly incurred by a particular job or operation. [These include certain utility costs, such as plant heating.] [It] is typically distributed to the product through the overhead rates.</p>	<p style="text-align: center;">Definition</p> <p>1) In traditional cost accounting, variable costs that can be directly attributed to a particular job or operation. Direct material and direct labor are traditionally considered [to be this]. 2) In activity-based cost (ABC) accounting, a cost that can specifically be traced and is economically feasible to track to a particular cost object (e.g., the units produced, a production line, a department, a manufacturing plant). In contrast, if the cost must be allocated across various cost objects, it is an indirect cost. Based on the cost object under consideration, the classification of direct and indirect can change. ABC accounting assumes that more costs traditionally viewed as fixed costs are variable and can be traced to cost objects.</p>

Module1: Section B: The Role, Value, and Cost of Logistics	Module1: Section B: The Role, Value, and Cost of Logistics
Term direct material	Term direct labor
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Module1: Section B: The Role, Value, and Cost of Logistics	Module1: Section B: The Role, Value, and Cost of Logistics
Term contribution margin	Term contribution
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Module1: Section B: The Role, Value, and Cost of Logistics	Module1: Section B: The Role, Value, and Cost of Logistics
Term supplies	Term opportunity cost
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Module1: Section B: The Role, Value, and Cost of Logistics	Module1: Section B: The Role, Value, and Cost of Logistics
Term activity-based costing (ABC)	Term tracing
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<p style="text-align: center;">Definition</p> <p>Labor that is specifically applied to the good being manufactured or used in the performance of the service. Syn: touch labor.</p>	<p style="text-align: center;">Definition</p> <p>Material that becomes a part of the final product in measurable quantities.</p>
<p style="text-align: center;">Definition</p> <p>The difference between sales price and variable costs. [It] is used to cover fixed costs and profits.</p>	<p style="text-align: center;">Definition</p> <p>An amount equal to the difference between sales revenue and variable costs.</p>
<p style="text-align: center;">Definition</p> <p>1) The return on capital that could have resulted had the capital been used for some purpose other than its present use. 2) The rate of return investors must earn to continue to supply capital to a firm.</p>	<p style="text-align: center;">Definition</p> <p>Materials used in manufacturing that are not normally charged to finished production, such as cutting and lubricating oils, machine repair parts, glue, or tape. Syn: general stores, indirect materials.</p>
<p style="text-align: center;">Definition</p> <p>In activity-based cost accounting, connecting resources to activities to cost objects using underlying causal drivers to understand how costs occur during normal business activities.</p>	<p style="text-align: center;">Definition</p> <p>[A] model-by time period-of resource costs created as a result of activities related to products or services or other items causing the activity to be carried out. Syn: activity-based cost accounting, activity-based costing model.</p>

<p>Module1: Section B: The Role, Value, and Cost of Logistics</p>	<p>Module1: Section B: The Role, Value, and Cost of Logistics</p>
<p>Term cost object</p> <p>APICS CLTD Learning System © 2023</p>	<p>Term driver</p> <p>APICS CLTD Learning System © 2023</p>
<p>Module1: Section B: The Role, Value, and Cost of Logistics</p>	<p>Module1: Section B: The Role, Value, and Cost of Logistics</p>
<p>Term throughput accounting</p> <p>APICS CLTD Learning System © 2023</p>	<p>Term theory of constraints (TOC) accounting</p> <p>APICS CLTD Learning System © 2023</p>
<p>Module1: Section B: The Role, Value, and Cost of Logistics</p> <p>Term operating expense</p> <p>APICS CLTD Learning System © 2023</p>	

<p style="text-align: center;">Definition</p> <p>1) In activity-based cost accounting, an operation that influences the quantity of work required and cost of an activity. Syn: cost driver. 2) In the theory of constraints, an underlying cause that is responsible for several observed effects.</p>	<p style="text-align: center;">Definition</p> <p>In activity-based cost accounting, anything for which a separate cost measurement is desirable. This may include a product, customer, project, or other work unit.</p>
<p style="text-align: center;">Definition</p> <p>A cost and managerial accounting system that accumulates costs and revenues into three areas-throughput, inventory, and operating expense. Does not create incentives (through allocation of overhead) to build up inventory. Is considered to provide a truer reflection of actual revenues and costs than traditional cost accounting, and is closer to a cash flow concept of income than is traditional accounting. Provides a simplified and more accurate form of direct costing that subtracts true variable costs (those costs that vary with throughput quantity). Unlike traditional cost accounting systems in which the focus is generally placed on reducing costs in all the various accounts, the primary focus of [this] is on aggressively exploiting the constraint(s) to make more money for the firm. Syn: constraint accounting, throughput accounting.</p>	<p style="text-align: center;">Definition</p> <p>A management accounting method based on the belief that because every system has a constraint that limits global performance, the most effective way to evaluate the impact that any proposed action will have on the system as a whole is to look at the expected changes in the global measures of throughput, inventory, and operating expense.</p>
	<p style="text-align: center;">Definition</p> <p>All the money an organization spends in generating goal units.</p>

Module1: Section C: Logistics Strategy within the Supply Chain	Module1: Section C: Logistics Strategy within the Supply Chain
Term strategic planning	Term strategic plan
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Module1: Section C: Logistics Strategy within the Supply Chain	Module1: Section C: Logistics Strategy within the Supply Chain
Term dwell	Term link
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Module1: Section C: Logistics Strategy within the Supply Chain	Module1: Section C: Logistics Strategy within the Supply Chain
Term total cost of ownership (TCO)	Term make-or-buy cost analysis
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Module1: Section C: Logistics Strategy within the Supply Chain	Module1: Section C: Logistics Strategy within the Supply Chain
Term make-or-buy decision	Term outsourcing
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<p style="text-align: center;">Definition</p> <p>The plan for how to marshal and determine actions to support the mission, goals, and objectives of an organization. Generally includes an organization's explicit mission, goals, and objectives and the specific actions needed to achieve those goals and objectives. See: business plan, operational plan, strategic planning, strategy, tactical plan.</p>	<p style="text-align: center;">Definition</p> <p>The process of developing a strategic plan. See: operational planning, strategic plan, tactical planning.</p>
<p style="text-align: center;">Definition</p> <p>The transportation method used in a logistics system to connect the nodes of the system.</p>	<p style="text-align: center;">Definition</p> <p>The duration of time between when cargo arrives in a terminal's in-transit storage area and when it is shipped out by clearance transportation.</p>
<p style="text-align: center;">Definition</p> <p>A comparison of all the costs associated with making an item versus the cost of buying the item.</p>	<p style="text-align: center;">Definition</p> <p>In supply chain management, [this] is the sum of all the costs associated with every activity of the supply stream. The main insight that [this] offers to the supply chain manager is the understanding that the acquisition cost is often a very small portion of [this concept].</p>
<p style="text-align: center;">Definition</p> <p>The process of having suppliers provide goods and services that were previously provided internally. [This] involves substitution-the replacement of internal capacity and production by that of the supplier. See: subcontracting.</p>	<p style="text-align: center;">Definition</p> <p>The act of deciding whether to produce an item internally or buy it from an outside supplier. Factors to consider in the decision include costs, capacity availability, proprietary and/or specialized knowledge, quality considerations, skill requirements, volume, and timing.</p>

Module1: Section C: Logistics Strategy within the Supply Chain	Module1: Section C: Logistics Strategy within the Supply Chain
Term insourcing	Term subcontracting
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Module1: Section C: Logistics Strategy within the Supply Chain	Module1: Section C: Logistics Strategy within the Supply Chain
Term offshore	Term core competencies
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Module1: Section C: Logistics Strategy within the Supply Chain	Module1: Section C: Logistics Strategy within the Supply Chain
Term break-even analysis	Term product life cycle
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Module1: Section C: Logistics Strategy within the Supply Chain	
Term product life cycle management (PLM)	
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<p>Definition</p> <p>Sending production work outside to another manufacturer. See: outsourcing.</p>	<p>Definition</p> <p>Using the firm's internal resources to provide goods and services. See: make-or-buy decision.</p>
<p>Definition</p> <p>Bundles of skills or knowledge sets that enable a firm to provide the greatest level of value to its customers in a way that is difficult for competitors to emulate and that provides for future growth. [These] are embodied in the skills of the workers and in the organization. They are developed through collective learning, communication, and commitment to work across levels and functions in the organization and with the customers and suppliers. For example, [one of these] could be the capability of a firm to coordinate and harmonize diverse production skills and multiple technologies.</p>	<p>Definition</p> <p>Outsourcing a business function to another company in a different country than the original company's country.</p>
<p>Definition</p> <p>1) The stages a new product goes through from beginning to end (i.e., the stages that a product passes through from introduction through growth, maturity, and decline). 2) The time from initial research and development to the time at which sales and support of the product to customers are withdrawn. 3) The period of time during which a product can be produced and marketed profitably.</p>	<p>Definition</p> <p>A study of the number of units, or amount of time, required to recoup an investment.</p>
	<p>Definition</p> <p>The process of facilitating the development, use, and support of products that customers want and need. Helps professionals envision the creation and preservation of product information, both to the customer and along the reverse-logistics portion of the supply chain.</p>

Module1: Section D: Logistics Framework	Module1: Section D: Logistics Framework
<p>Term strategic alliance</p> <p>APICS CLTD Learning System © 2023</p>	<p>Term supply chain risk</p> <p>APICS CLTD Learning System © 2023</p>
Module1: Section D: Logistics Framework	Module1: Section D: Logistics Framework
<p>Term functional organizational structure</p> <p>APICS CLTD Learning System © 2023</p>	<p>Term matrix organizational structure</p> <p>APICS CLTD Learning System © 2023</p>
Module1: Section D: Logistics Framework	
<p>Term SWOT analysis</p> <p>APICS CLTD Learning System © 2023</p>	

<p style="text-align: center;">Definition</p> <p>The variety of possible events and their outcomes that could have a negative effect on the flow of goods, services, funds, or information resulting in some level of quantitative or qualitative loss for the supply chain.</p>	<p style="text-align: center;">Definition</p> <p>A relationship formed by two or more organizations that share information (proprietary), participate in joint investments, and develop linked and common processes to increase the performance of both companies. Many organizations form [these] to increase the performance of their common supply chain.</p>
<p style="text-align: center;">Definition</p> <p>An organizational structure that is a team and project-based approach between functions and divisions.</p>	<p style="text-align: center;">Definition</p> <p>An organizational structure in which authority and decision-making are arranged by functional groups such as finance, marketing, manufacturing, and research.</p>
	<p style="text-align: center;">Definition</p> <p>An analysis of the strengths, weaknesses, opportunities, and threats of and to an organization.</p>

Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term performance measurement system	Term standard
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Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term audit	Term balanced scorecard
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Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term dashboard	Term key performance indicator (KPI)
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Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term Supply Chain Operations Reference (SCOR) model	Term perfect order fulfillment
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<p style="text-align: center;">Definition</p> <p>1) An established norm against which measurements are compared. 2) An established norm of productivity defined in terms of units of output per set time (units/hour) or in standard time (minutes per unit). 3) The time allowed to perform a specific job including quantity of work to be produced. See: standard time.</p>	<p style="text-align: center;">Definition</p> <p>A system for collecting, measuring, and comparing a measure to a standard for a specific criterion for an operation, item, good, service, business, etc. [It] consists of a criterion, a standard, and a measure. Syn: metrics. See: performance criterion, performance measure, performance standard.</p>
<p style="text-align: center;">Definition</p> <p>A list of financial and operational measurements used to evaluate organizational or supply chain performance. The dimensions of [this] might include customer perspective, business process perspective, financial perspective, and innovation and learning perspectives. It formally connects overall objectives, strategies, and measurements. Each dimension has goals and measurements.</p>	<p style="text-align: center;">Definition</p> <p>An objective comparison of actions to policies and plans.</p>
<p style="text-align: center;">Definition</p> <p>A financial or nonfinancial measure that is used to define and assess progress toward specific organizational goals and typically is tied to an organization's strategy and business stakeholders. [This] should not be contradictory to other departmental or strategic business unit performance measures. A metric used to measure the overall performance or state of affairs. SCOR level 1 metrics are considered [these].</p>	<p style="text-align: center;">Definition</p> <p>An easy-to-read management tool similar to an automobile's dashboard designed to address a wide range of business objectives by combining business intelligence and data integration infrastructure. See: executive dashboard.</p>
<p style="text-align: center;">Definition</p> <p>A measure of an organization's ability to deliver a perfect order. See: perfect order.</p>	<p style="text-align: center;">Definition</p> <p>A process reference model developed by the Supply Chain Council and endorsed by the Association for Supply Chain Management (ASCM) as the standard cross-industry diagnostic tool for supply chain management. [It] describes the business activities associated with satisfying a customer's demand, which include plan, source, make, deliver, return, and enable. Use of [this] includes analyzing the current state of a company's processes and goals, quantifying operational performance, and comparing company performance to benchmark data. [It] has developed a set of metrics for supply chain performance, and ASCM members have formed industry groups to collect best practices information that companies can use to evaluate their supply chain performance.</p>

Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term perfect order	Term order fulfillment cycle time
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Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term order fulfillment lead time	Term upside supply chain adaptability
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Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term downside supply chain adaptability	Term overall value at risk (VAR)
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Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term total cost to serve	Term cost of goods sold (COGS)
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<p>Definition</p> <p>See: order fulfillment lead time.</p>	<p>Definition</p> <p>1) An order in which the "seven Rs" are satisfied: the right product, the right quantity, the right condition, the right place, the right time, the right customer, and the right cost. 2) A fulfillment metric used to measure order proficiency; i.e., the order meets the following criteria: on time, complete, accurate, and undamaged.</p>
<p>Definition</p> <p>A discrete measurement of the quantity of increased production a supply chain can achieve and sustain for 30 days.</p>	<p>Definition</p> <p>The average amount of time between the customer's order and the customer's receipt of delivery; this includes every manufacturing or processing step in between.</p>
<p>Definition</p> <p>The sum of the probability of risk events times the monetary impact of the events; can impact any core supply chain functions (e.g. plan, source, make, deliver, and return) or key dependencies.</p>	<p>Definition</p> <p>A discrete measurement of the reduction in quantities ordered sustainable at 30 days prior to delivery with no inventory or cost penalties.</p>
<p>Definition</p> <p>An accounting classification useful for determining the amount of direct materials, direct labor, and allocated overhead associated with the products sold during a given period of time. See: cost of sales.</p>	<p>Definition</p> <p>The sum of the supply chain cost to deliver products and services to customers. Includes the cost to plan the supply chain; source materials, products, goods, merchandize and services; produce, manufacture, remanufacture, refurbish, repair and maintain goods and services; manage orders, customer inquiries and returns; and deliver products and services at the agreed location (point of revenue). Comprises both direct cost and indirect cost.</p>

Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term cash-to-cash cycle time	Term days of supply
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Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term return on supply chain fixed assets	Term return on working capital
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Module1: Section E: Strategic Performance Management	Module1: Section E: Strategic Performance Management
Term benchmarking	Term best practice
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<p style="text-align: center;">Definition</p> <p>1) Inventory-on-hand metric converted from units to how long the units will last. For example, if there are 2,000 units on hand and the company is using 200 per day, then there are 10 [of these]. 2) A financial measure of the value of all inventory in the supply chain divided by the average daily cost of goods sold rate.</p>	<p style="text-align: center;">Definition</p> <p>An indicator of how efficiently a company manages its assets to improve cash flow. Calculated as inventory days plus accounts receivable days minus accounts payable days. See: cash conversion cycle.</p>
<p style="text-align: center;">Definition</p> <p>A measure of profit on the amount of capital consumed. Calculated as after-tax operating income divided by net working capital.</p>	<p style="text-align: center;">Definition</p> <p>The return an organization receives on its invested capital in supply chain fixed assets. Includes the fixed assets used to plan, source, make, deliver, and return. Calculated as (supply chain revenue</p>
<p style="text-align: center;">Definition</p> <p>1) A method or technique that consistently shows results superior to those achieved through other means, often used as a benchmark. Best practices can be defined within an organization, within an industry, or across industries. 2) Practices that have had a proven and positive impact on organizational or supply chain performance. They are categorized as follows: Current-Not emerging, not obsolete; Structured-Feature a clearly stated goal, scope, process, and procedure; Proven-Demonstrated in a working environment and linked to key metrics; Repeatable-Proven in multiple organizations and industries.</p>	<p style="text-align: center;">Definition</p> <p>Comparing products, processes, and services to those of another organization thought to have superior performance. [This] target may or may not be a competitor or even in the same industry. There are seven common forms of [this]. See: competitive benchmarking, financial benchmarking, functional benchmarking, performance benchmarking, process benchmarking, product benchmarking, strategic benchmarking.</p>

Module1: Section F: Reengineering and Continuous Improvement	Module1: Section F: Reengineering and Continuous Improvement
Term business process reengineering (BPR)	Term continuous replenishment
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Module1: Section F: Reengineering and Continuous Improvement	Module1: Section F: Reengineering and Continuous Improvement
Term lean production	Term Just-in-Time (JIT)
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Module1: Section F: Reengineering and Continuous Improvement	Module1: Section F: Reengineering and Continuous Improvement
Term agile supply chain	Term agile manufacturing
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Module1: Section F: Reengineering and Continuous Improvement	Module1: Section F: Reengineering and Continuous Improvement
Term postponement	Term six sigma
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Definition

A process by which a supplier is notified daily of actual sales or warehouse shipments and commits to replenishing these sales (for example, by size or color) without stockouts and without receiving replenishment orders. The result is a lowering of associated costs and an improvement in inventory turnover. See: rapid replenishment, vendor-managed inventory.

Definition

A procedure that involves the fundamental rethinking and radical redesign of business processes to achieve dramatic organizational improvements in such critical measures of performance as cost, quality, service, and speed. Any [of this type of] activity is distinguished by its emphasis on process, rather than functions and products, and the customers for the process.

Definition

A philosophy of manufacturing based on planned elimination of all waste and on continuous improvement of productivity. It encompasses the successful execution of all manufacturing activities required to produce a final product, from design engineering to delivery, and includes all stages of conversion from raw material onward. The primary elements of [this] are to have only the required inventory when needed; to improve quality to zero defects; to reduce lead times by reducing setup times, queue lengths, and lot sizes; to incrementally revise the operations themselves; and to accomplish these activities at minimum cost. In the broad sense, it applies to all forms of manufacturing-job shop, process, and repetitive-and to many service industries as well. Syn: short-cycle manufacturing, stockless production, zero inventories.

Definition

A philosophy of production that emphasizes the minimization of the amount of all the resources (including time) used in the various activities of the enterprise. It involves identifying and eliminating non-value-adding activities in design, production, supply chain management, and dealing with customers. [It also employs] teams of multiskilled workers at all levels of the organization and use highly flexible, increasingly automated machines to produce volumes of products in potentially enormous variety. [It] contains a set of principles and practices to reduce cost through the relentless removal of waste and through the simplification of all manufacturing and support processes. Syn: lean, lean manufacturing.

Definition

Syn: agile supply chain.

Definition

The ability to respond quickly to unpredictable changes in customer needs by reconfiguring operations. Syn: agile manufacturing.

Definition

A methodology that furnishes tools for the improvement of business processes. The intent is to decrease process variation and improve product quality.

Definition

A product design, or supply chain strategy that deliberately delays final differentiation of a product (assembly, production, packaging, tagging, etc.) until the latest possible time in the process. This shifts product differentiation closer to the consumer to reduce the anticipatory risk of producing the wrong product. The practice eliminates excess finished goods in the supply chain. Sometimes referred to as delayed differentiation.

Module1: Section F: Reengineering and Continuous Improvement	Module1: Section F: Reengineering and Continuous Improvement
Term DMAIC	Term continuous improvement
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Module1: Section F: Reengineering and Continuous Improvement	Module1: Section F: Reengineering and Continuous Improvement
Term continuous process improvement (CPI)	Term kaizen
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Module1: Section F: Reengineering and Continuous Improvement	Module1: Section F: Reengineering and Continuous Improvement
Term cost of poor quality	Term plan-do-check-action (PDCA)
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Module1: Section F: Reengineering and Continuous Improvement	Module1: Section F: Reengineering and Continuous Improvement
Term employee involvement (EI)	Term employee empowerment
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Definition

The act of making incremental, regular improvements and upgrades to a process or product in the search for excellence.

Definition

Acronym for define-measure-analyze-improve-control.

Definition

The Japanese term for improvement; refers to continuing improvement involving everyone-managers and workers. In manufacturing, [this] relates to finding and eliminating waste in machinery, labor, or production methods. See: continuous process improvement.

Definition

A never-ending effort to expose and eliminate root causes of problems; small-step improvement as opposed to big-step improvement. Syn: continuous improvement. See: kaizen.

Definition

A four-step process for quality improvement. In the first step[...], a plan to effect improvement is developed. In the second step[...], the plan is carried out, preferably on a small scale. In the third step[...], the effects of the plan are observed. In the last step[...], the results are studied to determine what was learned and what can be predicted. [This] cycle is sometimes referred to as the Shewhart cycle (because Walter A. Shewhart discussed the concept in his book, Statistical Method from the Viewpoint of Quality Control) or as the Deming circle (because W. Edwards Deming introduced the concept in Japan and the Japanese subsequently called it the Deming circle). Syn: plan-do-check-act cycle, Shewhart circle of quality, Shewhart cycle. See: Deming circle.

Definition

The costs associated with performing a task incorrectly and/or generating unacceptable output. These costs would include the costs of nonconformities, inefficient processes, and lost opportunities. See: quality costs.

Definition

The practice of giving non-managerial employees the responsibility and the power to make decisions regarding their jobs or tasks. It is associated with the practice of transfer of managerial responsibility to the employee. [This] allows the employee to take on responsibility for tasks normally associated with staff specialists. Examples include allowing the employee to make scheduling, quality, process design, or purchasing decisions.

Definition

The concept of using the experience, creative energy, and intelligence of all employees by treating them with respect, keeping them informed, and including them and their ideas in decision-making processes appropriate to their areas of expertise. [It] focuses on quality and productivity improvements. Syn: people involvement.

**Module1: Section F: Reengineering
and Continuous Improvement**

Term

value stream mapping

Definition

A lean production tool to visually understand the flow of materials from supplier to customer that includes the current process and flow as well as the value-added and non-value-added time of all the process steps. Used to lead to reduction of waste, decrease flow time, and make the process flow more efficient and effective.