Module 2
Section A: Supply Chain Design and Optimization

Term
Electronic document

Module 2
Section A: Supply Chain Design and Optimization

Term
Information system

Module 2
Section A: Supply Chain Design and Optimization

Term
Information technology

Module 2
Section A: Supply Chain Design and Optimization

Term
Level of service

Module 2
Section A: Supply Chain Design and Optimization

Term
Sourcing

Module 2
Section A: Supply Chain Design and Optimization

Term
Sunk cost

Module 2
Section A: Supply Chain Design and Optimization

Term
Supply chain design

Module 2
Section A: Supply Chain Design and Optimization

Term
Supply chain resilience

Interrelated computer hardware and software along with people and processes designed for the collection, processing, and dissemination of information for planning, decision making, and control.

The electronic representation of a document that can be printed.

A measure (usually expressed as a percentage) of satisfying demand through inventory or by the current production schedule in time to satisfy the customers' requested delivery dates and quantities. In a make-to-stock environment, [this] is sometimes calculated as the percentage of orders picked complete from stock upon receipt of the customer order, the percentage of line items picked complete, or the percentage of total dollar demand picked complete. In make-to-order and design-to-order environments, [it] is the percentage of times the customer-requested or acknowledged date was met by shipping complete product quantities. Syn.: measure of service, service level. See: cycle service level.

The technology of computers, telecommunications, and other devices that integrate data, equipment, personnel, and problem-solving methods in planning and controlling business activities. Information technology provides the means for collecting, storing, encoding, processing, analyzing, transmitting, receiving, and printing text, audio, or video information.

1) The unrecovered balance of an investment. It is a cost, already paid, that is not relevant to the decision being made about the future. 2) Capital already invested that for some reason cannot be retrieved. 3) A past cost that has no relevance with respect to future receipts and disbursements of a facility undergoing an economic study. This concept implies that since a past outlay is the same regardless of the alternative selected, it should not influence the choice between alternatives.

The process of identifying a company that provides a needed good or service.

The ability of a supply chain to anticipate, create plans to avoid or mitigate, and/or to recover from disruptions to supply chain functionality.

The determination of how to structure a supply chain. Design decisions include the selection of partners, the location and capacity of warehouse and production facilities, the products, the modes of transportation, and supporting information systems.

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Active tag

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Advanced planning and scheduling (APS)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Aggregation

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Automatic identification system (AIS)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Available-to-promise (ATP)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Batch processing

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Big data

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Business process management (BPM)

Techniques that deal with the analysis and planning of logistics and manufacturing during short, intermediate, and long-term time periods. Describes any computer program that uses advanced mathematical algorithms or logic to perform optimization or simulation on finite capacity scheduling, sourcing, capital planning, resource planning, forecasting, demand management, and others. These techniques simultaneously consider a range of constraints and business rules to provide real-time planning and scheduling, decision support, available-to-promise, and capable-to-promise capabilities.

A radio frequency identification tag that broadcasts information and contains its own power source. See: radio frequency identification (RFID).

A system that can use various means, including bar code scanning and radio frequencies, to sense and load data in a computer.

The concept that pooling random variables reduces the relative variance of the resulting aggregated variable. For example, the relative variance in sales of all models of automobiles sold by a firm is less than that for a single model.

1) A manufacturing technique in which parts are accumulated and processed together in a lot. 2) A computer technique in which transactions are accumulated and processed together or in a lot. Syn.: batch production.

1) In operations, the uncommitted portion of a company's inventory and planned production maintained in the master schedule to support customer-order promising. [This] quantity is the uncommitted inventory balance in the first period and is normally calculated for each period in which an MPS receipt is scheduled. In the first period, [this] includes on-hand inventory less customer orders that are due and overdue. Three methods of calculation are used: discrete [...], cumulative [...] with look-ahead, and cumulative [...] without look-ahead. (2) In logistics, the quantity of a finished good that is or will be available to commit to a customer order based on the customer's required ship date. To accommodate deliveries on future dates, [this] is usually time-phased to include anticipated purchases or production receipts. See: discrete available-to-promise, cumulative available-to-promise.

A business discipline or function that uses business practices, techniques, and methods to create and improve business processes. BPM is a holistic approach to the use of appropriate process-related business disciplines to gain business performance improvements across the enterprise or supply chain. It promotes business effectiveness and efficiency while striving for innovation, flexibility, and integration with technology. Most process improvement disciplines or activities can be considered as BPM.

Collecting, storing, and processing massive amounts of data for the purpose of converting it into useful information.

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Business-to-business e-commerce (B2B)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Business-to-consumer e-sales (B2C)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Capable-to-promise (CTP)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Cloud computing

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Collaborative planning, forecasting, and replenishment (CPFR)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Consignment

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Content management applications

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Continuous replenishment

Business being conducted between businesses and final consumers, largely over the internet. It includes traditional brick and mortar businesses that also offer products online and businesses that trade exclusively on the internet.

Business conducted over the internet between businesses. The implication is that this connectivity will cause businesses to transform themselves via supply chain management to become virtual organizations—reducing costs, improving quality, reducing delivery lead time, and improving due-date performance.

An emerging way of computing in which data is stored in massive data centers that can be accessed from any computer connected to the internet.

The process of committing orders against available capacity as well as inventory. This process may involve multiple manufacturing or distribution sites. Used to determine when a new or unscheduled customer order can be delivered. Employs a finite-scheduling model of the manufacturing system to determine when an item can be delivered. Includes any constraints that might restrict the production, such as availability of resources, lead times for raw materials or purchased parts, and requirements for lower-level components or subassemblies. The resulting delivery date takes into consideration production capacity, the current manufacturing environment, and future order commitments. The objective is to reduce the time spent by production planners in expediting orders and adjusting plans because of inaccurate delivery-date promises.

1) A shipment that is handled by a common carrier. 2) The process of a supplier placing goods at a customer location without receiving payment until after the goods are used or sold. See: consigned stocks.

A collaboration process whereby supply chain trading partners can jointly plan key supply chain activities from production and delivery of raw materials to production and delivery of final products to end customers.

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.

Supports the evolutionary life cycle of digital-based information and makes information dynamically updatable online; includes the ability to publish content to a repository and support access to digital-based content.

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Data cleansing

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Data dictionary

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Section B: End-to-End Connectivity and Visibility

Term
Data mining

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Section B: End-to-End Connectivity and Visibility

Term
Data normalization

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Database management system (DBMS)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Decision support system (DSS)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
E-business

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Electronic commerce (e-commerce)

1) A catalog of requirements and specifications for an information system. 2) A file that stores facts about the files and databases for all systems that are currently being used or for the software involved.

Sifting through a database to find and fix mistakes such as misspelling, missing information, and false data.

A database maintenance term used in the context of relational databases, which helps to minimize the duplication of information or safeguard the database against certain types of logical or structural data anomalies. It is often used when merging data from one or more databases.

The process of studying data to search for previously unknown relationships. This knowledge is then applied to achieving specific business goals.

A computer system designed to assist managers in selecting and evaluating courses of action by providing a logical (usually quantitative) analysis of the relevant factors.

The software designed for organizing data and providing the mechanism for storing, maintaining, and retrieving that data on a physical medium (i.e., a database). [This] separates data from the application programs and people who use the data and permits many different views of the data.

The use of computer and telecommunication technologies to conduct business via electronic transfer of data and documents.

Abbreviation for electronic business. Refers to conducting business processes on an electronic network, typically the internet. See: e-commerce.

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Electronic data interchange (EDI)

Module 2
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Term
Electronic product codes (EPCs)

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Section B: End-to-End Connectivity and Visibility

Term
Enterprise resource planning (ERP)

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Term
Extranet

Module 2
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Term
Information system architecture

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Term
Intranet

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Legacy systems

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Local area network (LAN)

Codes that are used with RFID tags to carry information on the product that will support warranty programs.

The paperless (electronic) exchange of trading documents, such as purchase orders, shipment authorizations, advanced shipment notices, and invoices, using standardized document formats.

A network connection to a partner's network using secure information processing and internet protocols to do business.

Framework for organizing, defining, and standardizing the business processes necessary to effectively plan and control an organization so the organization can use its internal knowledge to seek external advantages. An ERP system provides extensive databanks of information including master file records, repositories of cost and sales, financial details, analysis of product and customer hierarchies, and historic and current transactional data.

A privately owned network that makes use of internet technology and applications to meet the needs of an enterprise. It resides entirely within a department or company and provides communication and access to information, similar to the internet, for internal use only.

A model of how the organization operates regarding information. The model considers four factors: (1) organizational functions; (2) communication of coordination requirements; (3) data modeling needs; and (4) management and control structures. [This] should be aligned with and match the architecture of the organization.

A high-speed data communication system for linking computer terminals, programs, storage, and graphic devices at multiple workstations distributed over a relatively small geographic area such as a building or campus.

A computer application program that is old and interfaces poorly with other applications but is too expensive to replace. It often runs on antiquated hardware.

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Section B: End-to-End Connectivity and Visibility

Term
Middleware

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Modular system

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Network

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Operating system

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Passive tag

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Personally identifiable information (PII)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Point-of-sale (POS)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Point-of-sale information

A system architecture design in which related tasks are grouped in self-contained packages. Each package, or module, of tasks performs all of the tasks related to a specific function. Advances in functions can be implemented without affecting other packages or modules because of the loose coupling with other modules. One example is a multitiered architecture in which application business rules are separated from the data management rules. Another example is a client-server architecture in which user interface tasks are separated from the application software. See: open system architecture.

Software that interconnects incompatible applications software and databases from various trading partners into decision-support tools such as ERP.

A set of software programs that controls the execution of the hardware and application programs. The operating system manages the computer and network resources through storage management, disk input/output, communications linkages, program scheduling, and monitoring system usage for performance and cost allocations.

1) The interconnection of computers, terminals, and communications channels to facilitate file and peripheral device sharing as well as effective data communication. 2) A graph consisting of nodes connected by arcs.

Any representation of information that permits the identity of an individual to whom the information applies to be reasonably inferred by either direct or indirect means. Further, PII is defined as information: (i) that directly identifies an individual (e.g., name, address, social security number or other identifying number or code, telephone number, email address, etc.) or (ii) by which an agency intends to identify specific individuals in conjunction with other data elements, i.e., indirect identification. (These data elements may include a combination of gender, race, birth date, geographic indicator, and other descriptors). Additionally, information permitting the physical or online contacting of a specific individual is the same as personally identifiable information. This information can be maintained in either paper, electronic or other media.

A RFID tag that does not send out data and is not self-powered. See: radio frequency identification (RFID) tag.

Information about customers collected at the time of sale.

Abbreviation for point of sale.

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Section B: End-to-End Connectivity and Visibility

Term
Quick-response program (QRP)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Radio frequency identification (RFID)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Semipassive tag

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Section B: End-to-End Connectivity and Visibility

Term
Server

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Software-as-a-service (SaaS)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Supply chain event management (SCEM)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Supply chain visibility

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Term
Transportation management system (TMS)

A system using electronic tags to store data about items. Accessing or retrieving this data is accomplished through a specific radio frequency and does not require close proximity or line-of-sight access. See: active tag, passive tag, semi-passive tag.

A system of linking final retail sales with production and shipping schedules back through the chain of supply; employs point-of-sale scanning and electronic data interchange, and may use direct shipment from a factory to a retailer.

A computer or software package that provides a specific kind of service to client software running on other computers. The term can refer to a particular piece of software; for example, a web server or the machine on which the software is running. A single server machine could have several different server software packages running on it, thus providing many different servers to clients on the network.

An RFID tag that sends out data, is self-powered, and widens its range by harnessing power from the reader. See: radio frequency identification (RFID).

A term associated with supply chain management software applications, in which users have the ability to flag the occurrence of certain supply chain events to trigger some form of alert or action within another supply chain application. SCEM can be deployed to monitor supply chain business processes such as planning, transportation, logistics, or procurement. It can also be applied to supply chain business intelligence applications to alert users to any unplanned or unexpected events.

A software licensing and distribution model that provides access to applications via the internet on a subscription basis. A service provider hosts the application at its data center and customers access it through a web browser. Often referred to as “on-demand” software and used by companies to avoid purchasing, implementing and maintenance costs.

A computer application system designed to manage transportation operations. This type of application typically includes modules focused on specific functions, such as intermodal transportation, import and export management, fleet service management, and load planning and optimization.

Sharing information throughout the supply chain to create transparency among supply chain partners; for example, the ability of supply chain partners to access demand and production information from trading partners.

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Section B: End-to-End Connectivity and Visibility

Term
Value-added network (VAN)

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Warehouse management system (WMS)

Module 2
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Term
Web directory

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Term
Web services

Module 2
Section B: End-to-End Connectivity and Visibility

Term
Wide area network (WAN)

Module 2
Section C: Supply Chain Metrics and Reports

Term
Accounts payable

Module 2
Section C: Supply Chain Metrics and Reports

Term
Accounts receivable

Module 2
Section C: Supply Chain Metrics and Reports

Term
Average inventory

A computer application system designed to manage and optimize workflows and the storage of goods within a warehouse. It often interfaces with automated data capture and enterprise resource planning systems.

A network, often supporting EDI, providing services additional to those provided by common carriers.

A common internet or intranet framework that enables the movement of data from one supply chain application to another, without the requirement for a direct connection between the two applications and without regard to the underlying operating system for those applications.

A list of web pages that is structured hierarchically.

The value of goods and services acquired for which payment has not yet been made.

A public or private data communication system for linking computers distributed over a large geographic area.

One-half the average lot size plus the safety stock, when demand and lot sizes are expected to be relatively uniform over time. The average can be calculated as an average of several inventory observations taken over several historical time periods; for example, 12-month ending inventories may be averaged. When demand and lot sizes are not uniform, the stock level versus time can be graphed to determine the average.

The value of goods shipped or services rendered to a customer for which payment has not yet been received. Usually includes an allowance for bad debts.

Module 2
Section C: Supply Chain Metrics and Reports

Term
Balance sheet

Module 2
Section C: Supply Chain Metrics and Reports

Term
Balanced scorecard

Module 2
Section C: Supply Chain Metrics and Reports

Term
Cash flow

Module 2
Section C: Supply Chain Metrics and Reports

Term
Cost accounting

Module 2
Section C: Supply Chain Metrics and Reports

Term
Cost of goods sold (COGS)

Module 2
Section C: Supply Chain Metrics and Reports

Term
Cost variance

Module 2
Section C: Supply Chain Metrics and Reports

Term
Current price

Module 2
Section C: Supply Chain Metrics and Reports

Term
Customer order fulfillment cycle time

A list of financial and operational measurements used to evaluate organizational or supply chain performance. Dimensions 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.

A financial statement showing the resources owned, the debts owed, and the owner's share of a company at a given point in time. See: funds flow statement, income statement.

The branch of accounting that is concerned with recording and reporting business operating costs. It includes the reporting of costs by departments, activities, and products.

The net flow of dollars into or out of the proposed project. The algebraic sum, in any time period, of all cash receipts, expenses, and investments. Also called cash proceeds or cash generated.

In cost accounting, the difference between what has been budgeted for an activity and what it actually costs.

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.

The average actual cycle time consistently achieved to fulfill customer orders. For each individual order, this cycle time starts at the order receipt and ends at customer acceptance of the order.

The price currently being paid, as opposed to standard cost.

Module 2
Section C: Supply Chain Metrics and Reports

Term
Dashboard

Module 2
Section C: Supply Chain Metrics and Reports

Term
Days of supply

Module 2
Section C: Supply Chain Metrics and Reports

Term
Days outstanding

Module 2
Section C: Supply Chain Metrics and Reports

Term
Digital Capabilities Model (DCM) for Supply Networks

Module 2
Section C: Supply Chain Metrics and Reports

Term
Executive dashboard

Module 2
Section C: Supply Chain Metrics and Reports

Term
Funds flow statement

Module 2
Section C: Supply Chain Metrics and Reports

Term
Gross margin

Module 2
Section C: Supply Chain Metrics and Reports

Term
Income statement

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.

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.

A reference model for supply chain professionals to guide the development of digital supply networks. The model is designed in a relational manner to help envision and then build the digitally enabled capabilities required to transform linear supply chains into a set of dynamic networks.

A term used to imply the amount of an asset or liability measured in days of sales. For example, accounts payable days are the typical number of days that a firm delays payment of invoices to its suppliers.

A financial statement showing the flow of cash and its timing into and out of an organization or project. Syn.: cash flow statement, statement of cash flows.

A set of cross-functional metrics for measuring company performance that indicates the health of the company. It usually includes the company's key performance indicators. See: dashboard.

A financial statement showing the net income for a business over a given period of time. See: balance sheet, funds flow statement.

The difference between total revenue and the cost of goods sold. Syn.: gross profit margin.

Module 2
Section C: Supply Chain Metrics and Reports

Term
International Financial Reporting Standards (IFRS)

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Section C: Supply Chain Metrics and Reports

Term
Inventory turnover

Module 2
Section C: Supply Chain Metrics and Reports

Term
Inventory valuation

Module 2
Section C: Supply Chain Metrics and Reports

Term
Inventory velocity

Module 2
Section C: Supply Chain Metrics and Reports

Term
Net working capital

Module 2
Section C: Supply Chain Metrics and Reports

Term
Obsolescence

Module 2
Section C: Supply Chain Metrics and Reports

Term
Order fulfillment dwell time

Module 2
Section C: Supply Chain Metrics and Reports

Term
Perfect order

The number of times that an inventory cycles, or “turns over,” during the year. A frequently used method to compute inventory turnover is to divide the annual cost of sales by the average inventory level. For example, an annual cost of sales of $21 million divided by an average inventory of $3 million means that inventory turned over seven times. Syn.: inventory turns, turnover. See: inventory velocity.

A common global language for business affairs so that company accounts are understandable and comparable across international boundaries. As a result of growing international shareholding and trade, they are rules to be followed by accountants to maintain books of accounts that are comparable, understandable, reliable, and relevant whether the users are internal or external.

The speed with which inventory passes through an organization or supply chain at a given point in time as measured by inventory turnover. See: inventory turnover.

The value of the inventory at either its cost or its market value. Because inventory value can change with time, some recognition is taken of the age distribution of inventory. Therefore, the cost value of inventory is usually computed on a FIFO, LIFO, or standard cost basis to establish the cost of goods sold.

1) The condition of being out of date. A loss of value occasioned by new developments that place the older property at a competitive disadvantage. A factor in depreciation. 2) A decrease in the value of an asset brought about by the development of new and more economical methods, processes, or machinery. 3) The loss of usefulness or worth of a product or facility as a result of the appearance of better or more economical products, methods, or facilities.

The current assets of a firm minus its current liabilities.

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.

Any lead time caused by customer requirements during the order fulfillment process when no activity takes place. Note that this dwell time is different from idle time or non-value-added lead time, which are caused by inefficiencies in the organization’s processes and therefore ultimately under responsibility of the organization. These latter kinds of idle time should not be deducted from Order Fulfillment Cycle Time.

Module 2
Section C: Supply Chain Metrics and Reports

Term
Perfect order fulfillment

Module 2
Section C: Supply Chain Metrics and Reports

Term
Productivity

Module 2
Section C: Supply Chain Metrics and Reports

Term
Profit margin

Module 2
Section C: Supply Chain Metrics and Reports

Term
Return on supply chain fixed assets

Module 2
Section C: Supply Chain Metrics and Reports

Term
Return on working capital

Module 2
Section C: Supply Chain Metrics and Reports

Term
SCOR metrics

Module 2
Section C: Supply Chain Metrics and Reports

Term
Standard cost accounting system

Module 2
Section C: Supply Chain Metrics and Reports

Term
Standard costs

1) An overall measure of the ability to produce a good or a service. It is the actual output of production compared to the actual input of [resources, and] is a relative measure across time or against common entities (labor, capital, etc.). In the production literature, attempts have been made to define [its total] where the effects of labor and capital are combined and divided into the output. One example is a ratio that is calculated by adding the dollar value of labor, capital equipment, energy, and material, and so forth and dividing it into the dollar value of output in a given time period. This is one measure of [the total factor type of this.] See: efficiency, labor productivity, machine productivity, utilization. 2) In economics, the ratio of output in terms of dollars of sales to an input such as direct labor in terms of the total wages. Known as single factor productivity or partial factor productivity.

A measure of an organization's ability to deliver a perfect order. See: perfect order.

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

1) The difference between the sales and cost of goods sold for an organization, sometimes expressed as a percentage of sales. 2) [In traditional accounting for a product, this] is the product selling price minus the direct material, direct labor, and allocated overhead for the product, sometimes expressed as a percentage of selling price.

In SCOR, metrics measure the ability of processes to achieve the strategic objectives associated with performance attributes. SCOR recognizes three levels of predefined metrics: Level 1 metrics are diagnostics for the overall health of the supply chain. Level 2 metrics serve as diagnostics for the level 1 metrics. Level 3 metrics serve as diagnostics for level 2 metrics.

A measure of profit on the amount of captial consumed. Calculated as after-tax operating income divided by net working capital.

The target costs of an operation, process, or product including direct material, direct labor, and overhead charges.

A cost accounting system that uses cost units determined before production for estimating the cost of an order or product. For management control purposes, the standards are compared to actual costs, and variances are computed.

Module 2
Section C: Supply Chain Metrics and Reports

Term
Suboptimization

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Term
Supply Chain Operations Reference (SCOR) model

Module 2
Section C: Supply Chain Metrics and Reports

Term
Usage variance

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.

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.

Deviation of the actual consumption of materials as compared to the standard.