CTSC CERTIFIED IN TRANSFORMATION FOR SUPPLY CHAIN

MODULE 3: EXECUTING SUPPLY CHAIN TRANSFORMATION

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Module 3 Overview

Executing Supply Chain Transformation

- **Section A:** Adopt a Change Management Plan
- **Section B:** Design and Implement Supply Chain Transformation Work Streams and Projects
- **Section C:** Implement Governance and a Risk Management Framework

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SECTION A: ADOPT A CHANGE MANAGEMENT PLAN

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Section A Learning Objectives

- Select and tailor change management process.
- Assign change management roles.
- Confirm communication process and channels.
- Develop to-be job definitions and recruitment plans.
- Provide training programs and simulations.
- Evaluate skill levels before and after training.
- Identify and implement incentives, including intrinsic and extrinsic motivators.

Transformation Process Road Map

1. Create rationale and urgency for supply chain transformation.
2. Prepare for supply chain transformation.
3. Execute the supply chain transformation.
   - Tailor and roll out change management, communications, and training and engage stakeholders.
   - Decompose supply chain value streams and create detailed to-be process maps.
   - Conduct pilot projects, implement individual projects, and scale up to enterprisewide solutions.
4. Review the supply chain transformation.

Finalize Selection of a Change Management Methodology

Does the method address the Cs of change management?

Commitment	**Concept**	**Configuration**
Communication	**Culture**	**Customization**
Cooperation	**Coordination**	**Collaboration**

ADKAR Change Management Model

Kotter's Eight-Step Change Model

1. Create urgency for the change.
2. Build a guiding coalition with enough power and leadership capability to sustain change momentum.
3. Create a compelling vision of the to-be state and a strategy to get there.
4. Communicate the vision using every possible method and moment.
5. Enable comprehensive action by removing blockers.
6. Create quick wins.
7. Use quick-win credibility to make more change happen faster.
8. Link new behaviors to organizational success (new cultural foundation).

Tailor the Change Management Methodology

- Tailoring (customizing) can create risk.
- Tailor change management at
  - Portfolio level
    - Network subculture
    - Coalition power
    - Ground rules
  - Project or work stream level.

The type of project management to use to roll out change management: traditional or agile

The required frequency and means of each type of communication, including frequency and style of internal team communications

Change management tools and techniques to use

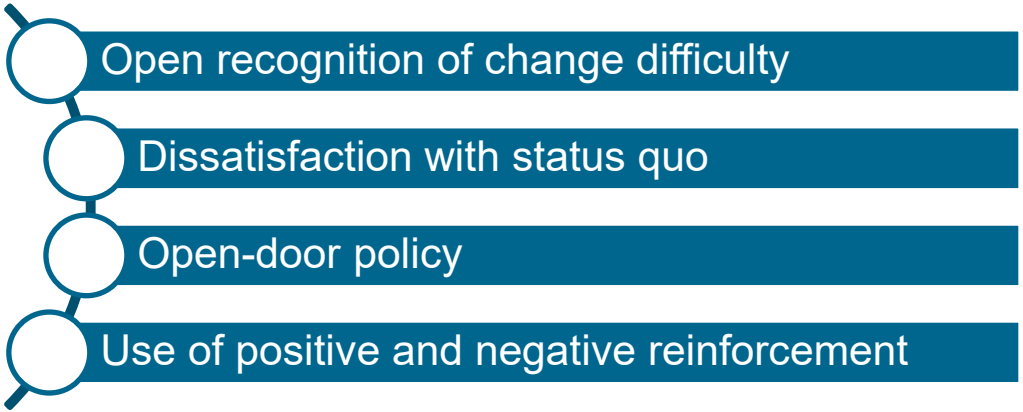
How feedback or performance measurement results will be used to improve

Change Control Board (CCB) and Other Options

Change Control	Change Control Board	Agile Change
▪ Subset of change management ▪ Ensure – Conformance to intended scope – Adherence to budget and schedule constraints	▪ At portfolio level (significant uncertainty) and/or project level ▪ Collect all change requests. – Technical merit – Value (incremental costs and benefits) – Scope changes: more funds/time	▪ Project team, including product owner, have change control responsibility. ▪ Benefits – Make faster decisions. – Embrace change even late in development.

Change Sponsor

- Executive change sponsor and sponsors at lower levels
  - Accountable for desired level of change
  - Visible and active leaders of change well past end of projects
  - Guardians of change vision
- Enablers:



Change Agents/Champions and the Guiding Coalition

- Change cannot be just top-down; must also be bottom-up.
  - First-line managers/workers know actual situation on ground.
    - Feedback
    - Complexity appropriateness
- Change agents or champions
  - Help change sponsor be effective and remain visible.
  - Require training and appropriate competency level (e.g., foundation, specialist, master).
  - Qualities: curious, approachable, enabling.

Topic 3: Provide Planned Communications and Training

PRINCE2® Internal/External Communications/Channels

Document: Communications Management Approach **Author:** Project Manager
Project: Project 1, CPFR, West Coast Pilot, Phase 1—Costking Customer

1. Introduction:

The CPFR project is a collaboration between Sample, Inc., and its key West Coast customers, so it requires strong external communications. Costking is the collaboration customer for phase 1 of the pilot.

2. Communication Procedure:

- The project manager is responsible for all internal communications with the project team and will report weekly to the steering committee's project subcommittee using a summary report.
- The director of sales is responsible for all formal external communications but may delegate technical communications to relevant SME team members.

3. Tools and Techniques:

- The project manager will use the project portal for all internal communications and project documents.
- The director of sales will use site visits, virtual meetings, and a newsletter to communicate with participating customers.

4. Records:

The following reports will be issued for internal communications: summary report, milestone report, project results report, issue report, lessons learned report, change management report, newsletter (electronic).

5. Timing of Communication Activities:

The project manager will meet with the project subcommittee on a biweekly basis and have a formal presentation for go/no-go at each milestone.

6. Reports/Stakeholder Matrix:

Name	Timing	Recipients
Summary report	Weekly	Project subcommittee
Milestone report	Milestone	Project subcommittee
Project results report	Project close	Project subcommittee
Issue report	As needed	Project manager, change control board
Lessons learned report	Project close	Project subcommittee
Change management report	Six months post-project	Steering committee
Newsletter	Milestone	Customers, all internal staff

7. Roles and Responsibilities:

Project subcommittee	Inform the steering committee
Project manager	All internal communications, all project planning, monitoring, and controlling
Director of sales	Key customer communications and presentations
SME team members	Communicate with customer's SMEs

8. Scales—Priority and Severity:

Priority	Use MoSCoW (**M**ust, **S**hould, **C**ould, **W**on't)
Severity levels	1 = Project manager, 2 = Project subcommittee

9. Stakeholder Analysis:

The project manager will map out stakeholder power and influence maps for internal and external stakeholders. The director of sales will be consulted on this analysis.

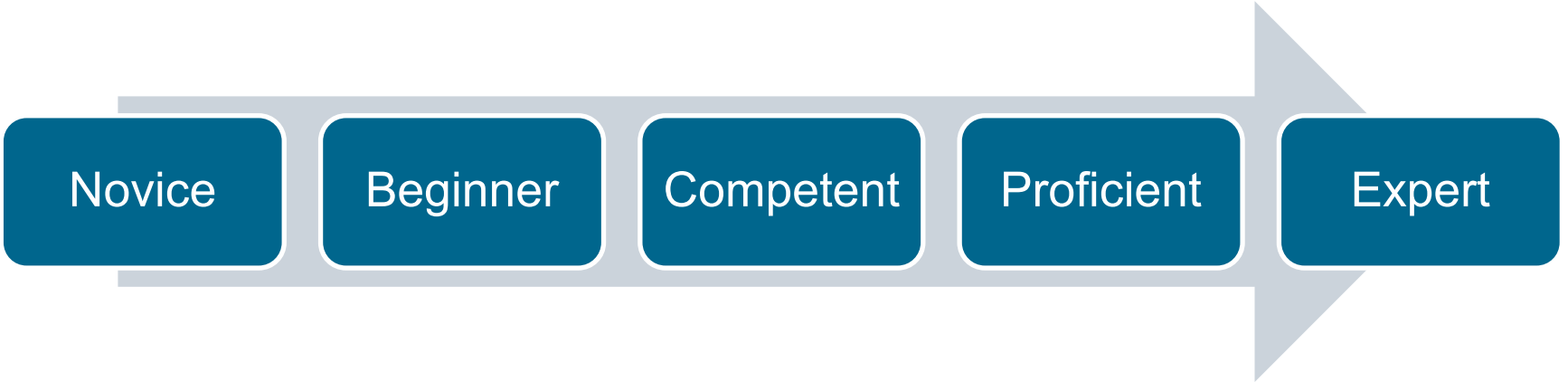
Topic 3: Provide Planned Communications and Training

Internal and External Communications and Channels

Audience	Awareness		Urgency		Capability	
	When	**What**	**When**	**What**	**When**	**What**
Directly impacted staff	Early Early, mid	Meeting/virtual Small team meetings/virtual	Early Mid Late	Meeting/virtual Walkthrough participation Simulations, initial training	Late	Technical and skill training
Executive sponsor	Early Weekly	One on one, slide shows Status reporting	Early Early	One on one, gap analysis Status reporting	Early Weekly	Leader training Status reporting
SMEs	Weekly	One on one	Weekly	One on one	Weekly	One on one

Develop Tailored Job Definitions

- Job definition: specific to-be skills, experiences, and training
- Headcount per role
- Competency level: level or state of qualification to perform a certain role or task



Perform Training Needs Assessment (TNA) and Fill Gaps

- Map existing human resources to new roles as feasible.
- Partner with human resources function.
  - Skill or experience gaps in staff (new skills, more proficiency)
  - Recruitment plan
  - Talent development strategy and process
- Perform TNA at multiple points.
  - Transformation team staffing for well-trained teams
  - To-be roles for operations

Support Recruitment of New Roles

- Talent management: recruitment, selection, and training
- Transformation professionals help human resources by
  - Ensuring that role descriptions use up-to-date references
  - Providing supply chain problems to solve as an employment test
  - Indicating what is easier to train (e.g., supply chain basics) or harder (e.g., problem solving)
  - Assessing cost-effectiveness of getting expert or training less-experienced hire

Implement Training Programs and Simulations

Training Programs

- Close identified gaps.
- Start early.
  - Transformation tools
  - Big picture
  - What's in it for me
- Technical training, integrating activities, problem solving, analytics interpretation

Simulations (Business Games)

- Experiential learning by taking on defined role and seeing feedback on choices, for example
  - Fresh Connection: silos, value of strategy and collaboration
  - Triple Connection: sustainability
  - Blue Connection: circular supply chain

Perform Pre- and Post-Training Evaluations

- Evaluate training and pilot projects for ROI/effectiveness.
  - Before: objective baseline
  - After: gaps
- Metrics should focus on relevance.
  - Industry
  - What is being trained

Business bottom-line indicators

Measures that reflect improvement

Measurable, specific measures for each learning outcome

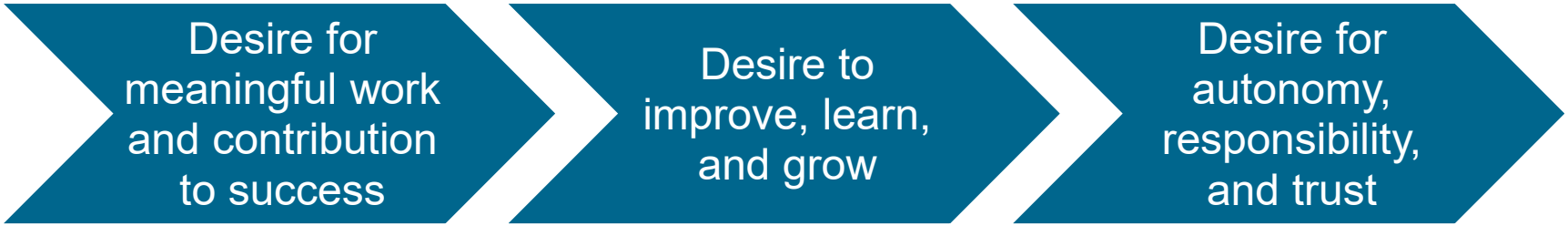
Process quality metrics

Avoiding Training Pitfalls: Failure to Change Behavior

Timeliness	Wrong Things/ Participants	Wrong Method of Delivery	Overly Complex or Simple
▪ Provided too early ▪ Unable to practice	▪ Failed to use best staff to develop training ▪ Poor material relevance ▪ Cross-training too focused on techniques, not enough on problem solving or results	▪ Too much lecture ▪ Not enough hands-on ▪ No chance to apply training	▪ Failure to teach at level audience can understand ▪ Presenting basics when more advanced training is needed

Use Intrinsic Motivators

- Psychological motivations
  - From within individual
  - Curiosity, pride in work, satisfaction with work
- Examples: Inspiring vision, volunteer on coalition, valuing suggestions, multicultural sensitivity, sharing information



Topic 4: Identify and Implement Incentives

Employee Involvement and Empowerment as Motivators

- Involvement: treat with respect, keep informed, include in decision making
- Empowerment: transfer of managerial responsibility
- Engaged and involved employees
  - More likely to support change
  - Better workers because they take ownership over work
- Executives set tone, managers coach and train, and workers improve their tasks.

Use Extrinsic Motivators

- Extrinsic motivators: sources external to person
  - Individual or team rewards and punishments
  - Competitive salaries, bonus pay, benefits, promotions
  - Public or private praise or criticism
  - Probation, loss of bonus pay, demotions, termination
- Careful use of performance appraisals: balance internal and external motivators
- Necessary to some extent but provide smaller and smaller marginal benefits when increased

Role of Performance Appraisal

- More extrinsic than intrinsic
- Efficient employee recognition/reward system beneficial to intrinsic motivation

Facilitating a long-term focus with continuous improvement

Promoting teamwork

Minimizing employee dissatisfaction

Enhancing employee interest in financial performance of organization

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SECTION B: DESIGN AND IMPLEMENT SUPPLY CHAIN TRANSFORMATION WORK STREAMS AND PROJECTS

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Section B Learning Objectives

- Collaborate at desired level using guidelines and strong recommendations.
- Engage stakeholders: develop, ensure readiness.
- Decompose value streams to lowest industry-neutral level (e.g., SCOR DS level 3).
- Design processes in detail to industry-, location-, or methodology-specific level (e.g., SCOR DS level 4).
- Conduct two-phased pilot projects.
- Scale up to enterprisewide solutions.

Build Trust and Relationships with Stakeholders

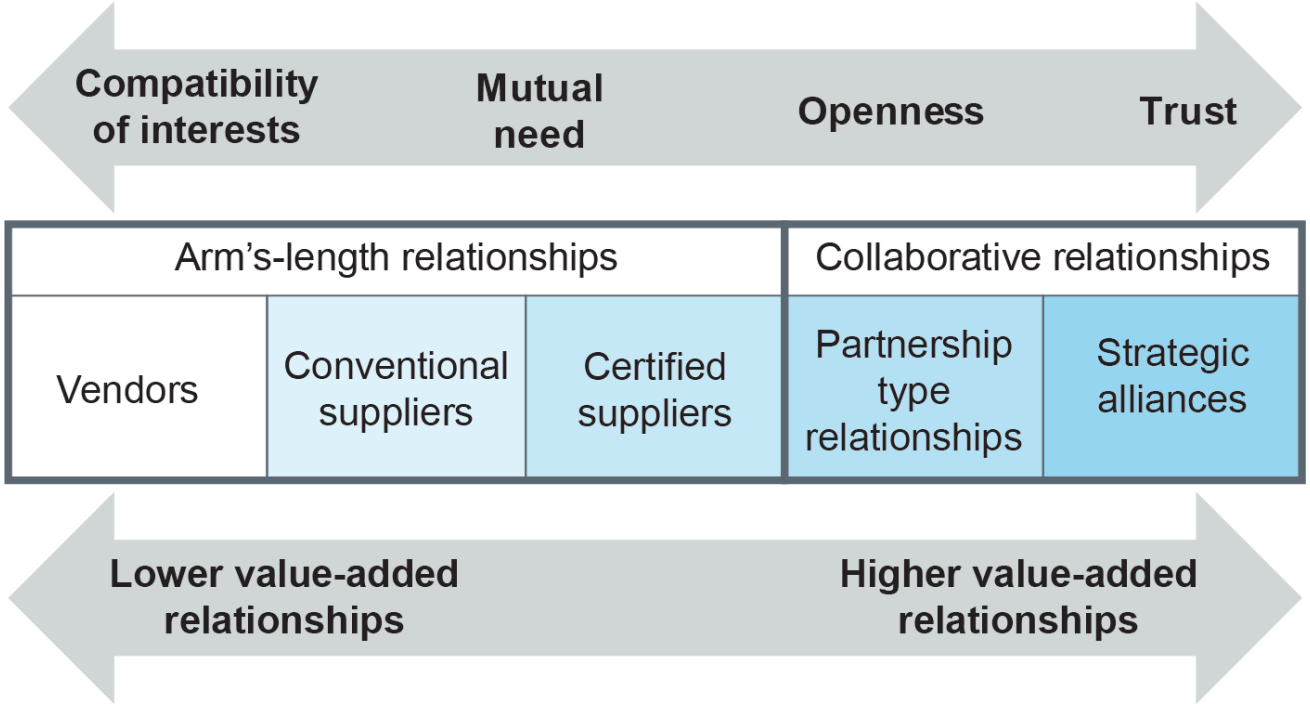
- Rely on influence grid.
  - Evaluate for changes in individuals' positions.
  - Add/remove people.
- Changes in attitudes:
  - How person speaks about transformation
  - How person reacts to problems

Influence:	Low	Medium	High
Oppose			
Neutral			
Support			

Build Trust and Relationships with Customers and Suppliers

External transformation participants

- Trust and relationships essential
- Initiate from highest levels
- Strong recommendations



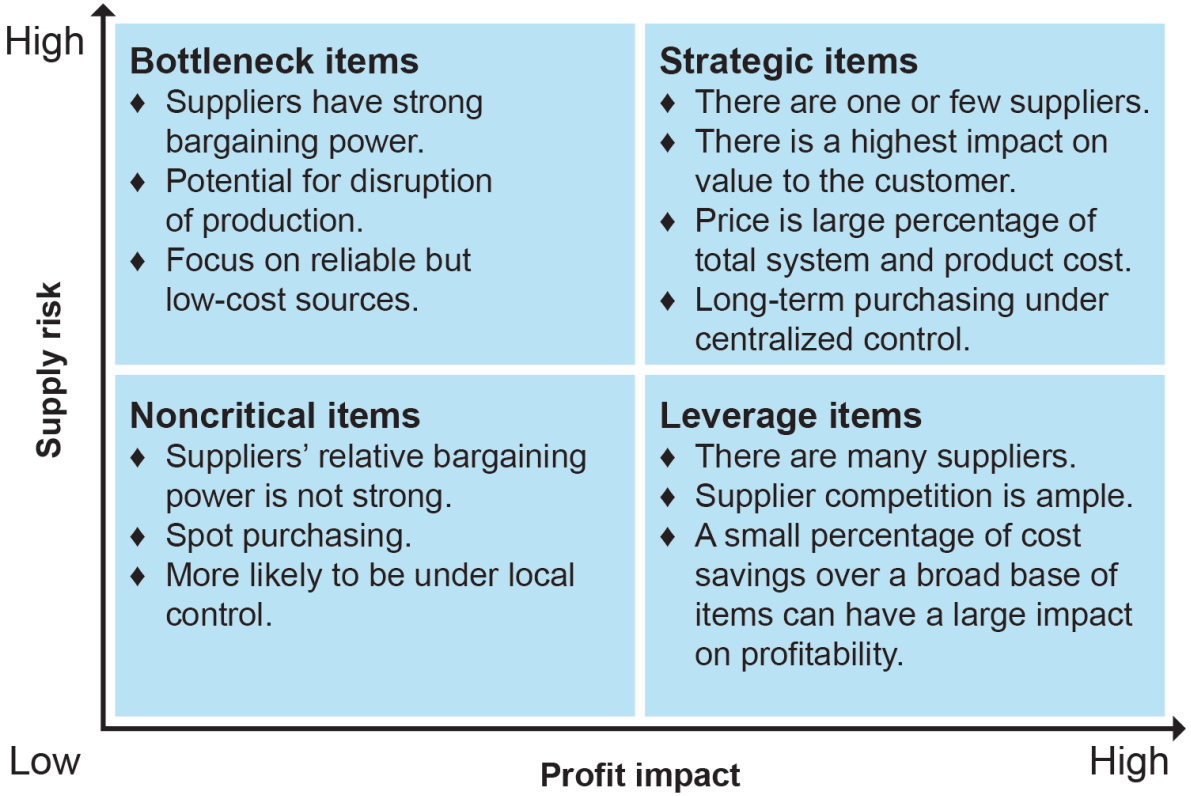
Type of Supply Chain and Ideal Relationship Type

Low-cost strategy customers	• Arm's-length, lean processes
Customers with high demand variability	• Certified suppliers or partnership-type for agility
Project-driven customers	• Logistics (e.g., 3PL) collaborative partner • Range of supplier relationships
Customer-supplier long-term collaboration segment	• Work toward partnership or alliance
Customers needing innovative or emergency capacity	• Higher level relationship, sharing benefits/losses

Ideal Relationship Assessment Example

	Low Strategic Importance	Short-Term Relationship	Many Alternative Parties	Low Partner Brand Value	Noncritical Items	Leverage Items or Other Low Risk
Transactional						
Communicative						
Cooperative		X	X			X
Coordinated	X				X	
Synchronized				X		
	High Strategic Importance	Long-Term Relationship	Few Alternative Parties	High Partner Brand Value	Strategic Items	Bottleneck Items or Other High Risk

Kraljic Portfolio Matrix



Enablers of Trust

- Be dependable and stable.
- Stay in regular contact.
- Be credible: follow through and give honest feedback.
- Show empathy and concern for results.
- Compromise, cooperate, and resolve disagreements.

Stakeholder Development/Readiness: Stakeholder Engagement

- Active listening
- Mentoring
- Educating
- Training
- Investing in stakeholder development
- Providing encouragement
- Cajoling
- Addressing conflicts
- Overcoming resistance to change

Decompose To-Be Supply Chain Value Streams to Industry-Neutral Process Elements Level (SCOR DS Level 3)

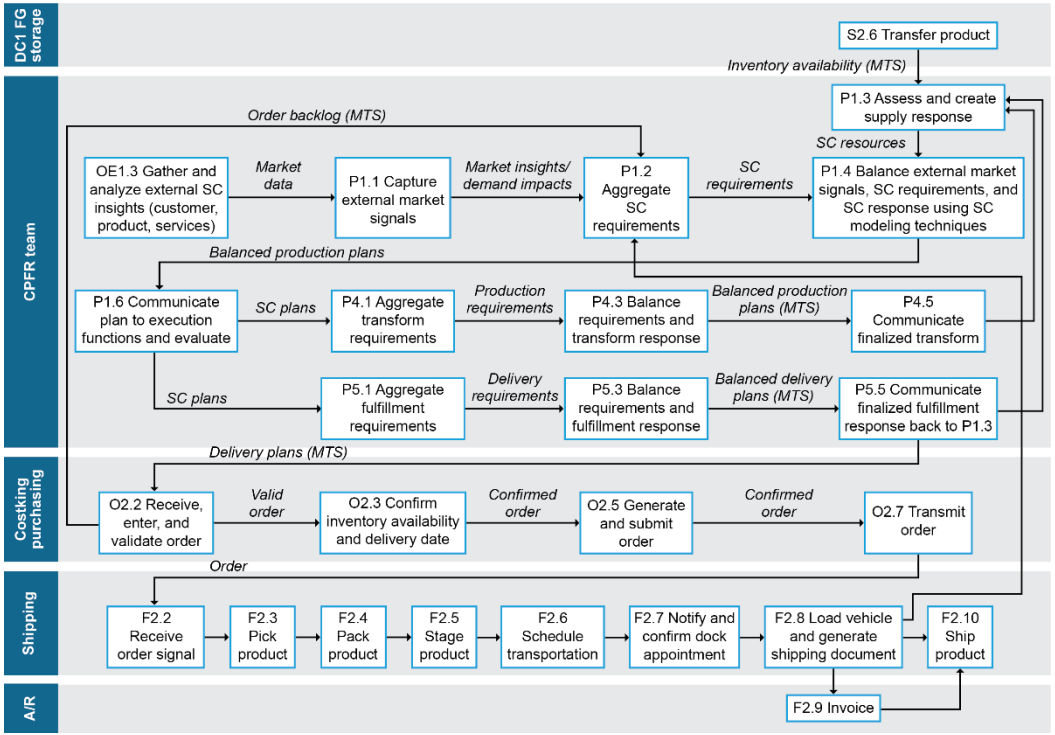
- Projects that passed prior phase gates now have value streams designed in greater detail.
- Sample, Inc., CPFR example: Process collaboration areas

	Supplier (Sample, Inc.)	Areas of Collaboration	Customer (Costking)
Demand & Supply Management			
Source		←	S Source
Source		←	S1.7 Determine level of collaboration arrangement
Source		←	S2.1 Establish order signal
Source		←	S3.1 Establish order signal
Plan	P1.1 Capture external market signals	↔	P1.1 Capture external market signals
Plan	P5.1 Aggregate fulfillment requirements	↔	P3.1 Aggregate source requirements
Plan	P5.2 Assess and create initial fulfillment response	↔	P3.2 Assess and create initial source response
Plan	P5.3 Balance requirements and fulfillment response	↔	P3.3 Balance requirements and source response
Plan	P5.4 Replan, analyze, and select optimal fulfillment response	↔	P3.4 Replan, analyze, and select optimal source response
Plan	P5.5 Communicate finalized fulfillment response back to P1.3	↔	P3.5 Communicate finalized source response back to P1.3
Plan		→	P6.1 Aggregate return requirements

Based on SCOR DS. Used with permission.

Topic 2: Design and Test Solutions

Sample, Inc., Demand and Supply Management CFPR at SCOR DS Level 3



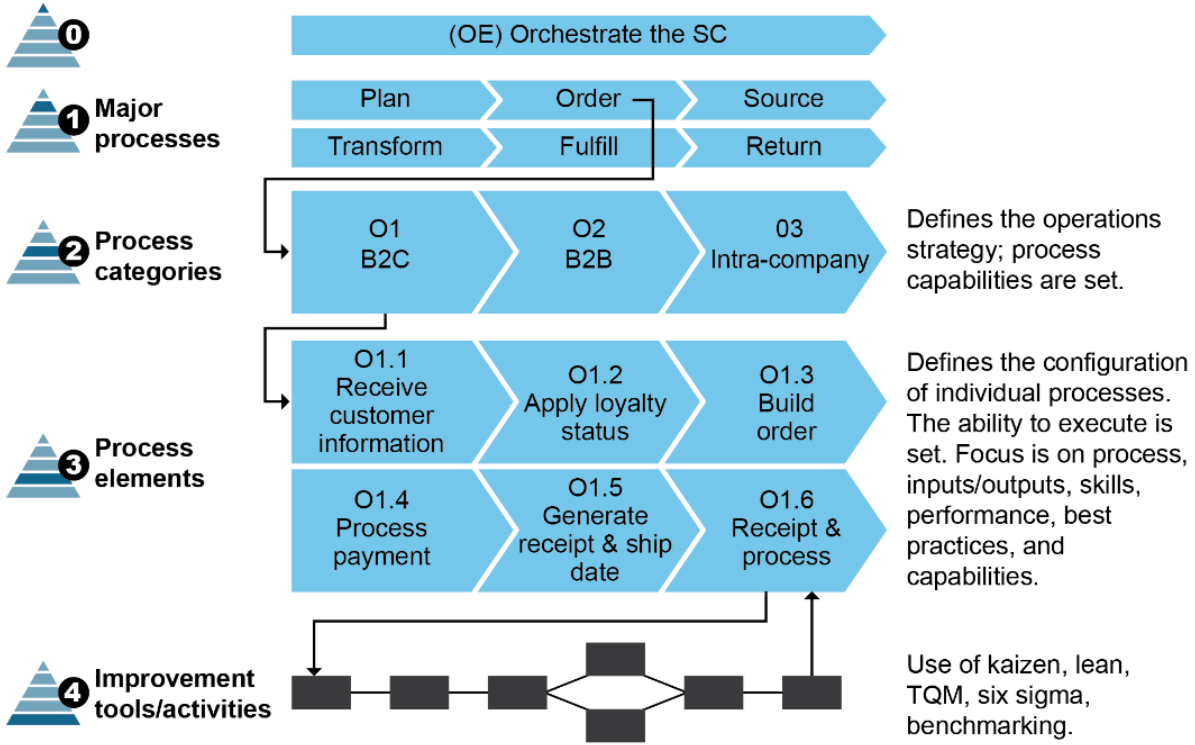
RACI Diagram for Sample, Inc., To-Be CPFR

Process	Accountable	Responsible	Consulted	Informed
OE1.3 SC insights, P1.1 Market signals	Supply planner	Supply chain analyst	Customer liaisons, sales manager	Chief supply chain officer
P4.3 Balance transform	Lead production planner	Production planner	DC 1 warehouse manager	DC 2 warehouse manager
P5.3 Balance fulfill	Lead shipping and receiving manager	DC 1 shipping and receiving manager	DC 2 shipping and receiving manager	Customer service

Topic 2: Design and Test Solutions

Decompose Process Elements in To-Be Supply Chain Value Streams to Industry-Specific Level (SCOR DS Level 4)

- Completed process map
- ERP transaction scope map
- Storyboards of ERP transaction screens



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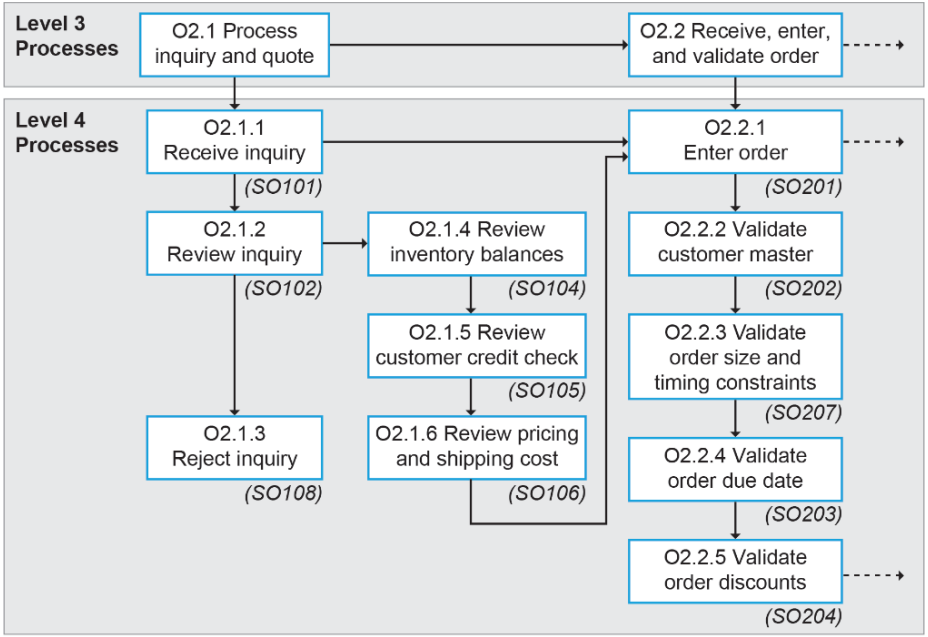
Topic 2: Design and Test Solutions

Decompose Process Elements in To-Be Supply Chain Value Streams to Industry-Specific Level (SCOR DS Level 4), continued

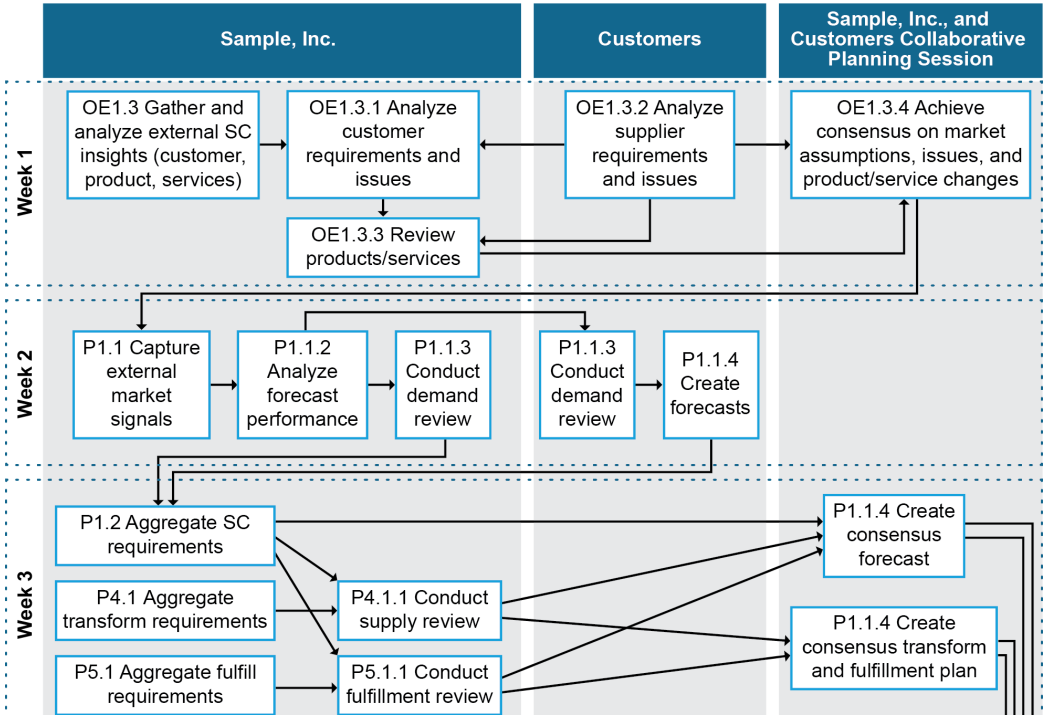
Project team created new process O2.2.3 to limit customer orders to allowed collaborative forecast range.



Source: Adapted from *SCOR Professional Training: Participant Workbook*, Version 2.5. Chicago: ACSM, 2020.

Topic 2: Design and Test Solutions

Decompose Process Elements in To-Be Supply Chain Value Streams to Industry-Specific Level (SCOR DS Level 4), continued

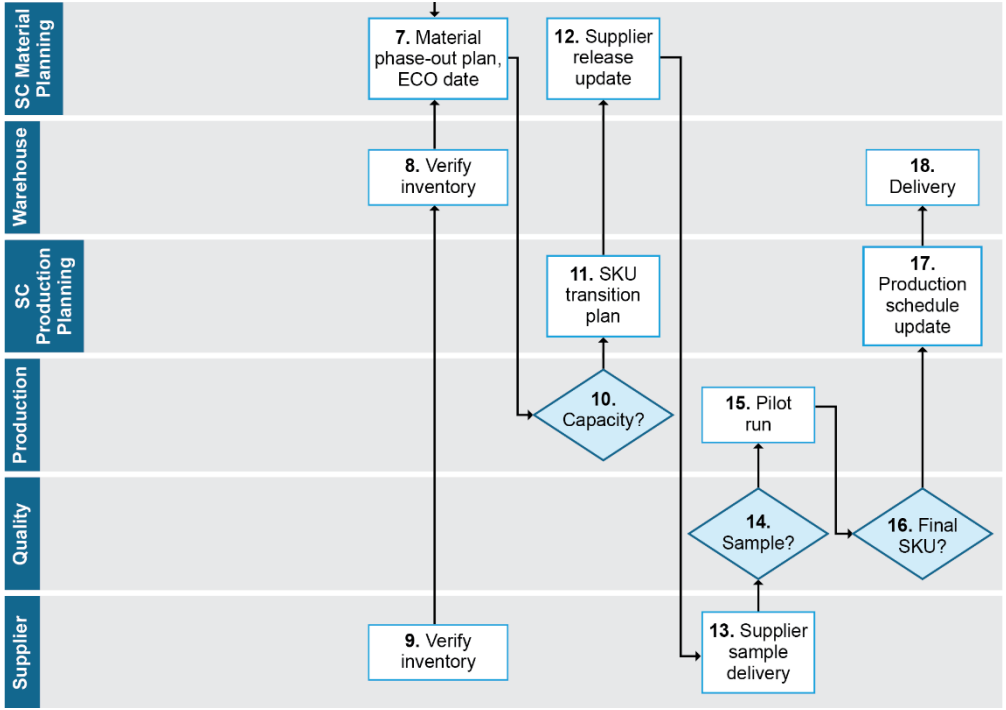


Topic 2: Design and Test Solutions

Decompose Process Elements in To-Be Supply Chain Value Streams to Industry-Specific Level (SCOR DS Level 4), continued

Process flowcharts may contain

- Decision points
- Approval steps
- Time phasing (see next slide).



Mockup and Prototype Process and Flow

Prototyping

- Prove feasibility.
- Elicit feedback for iterative improvement.
- Physical: 3D printing
- ERP configuration
  - To-be parameters
  - Experts, “staple yourself to an order”

Roll Out Training and Documentation

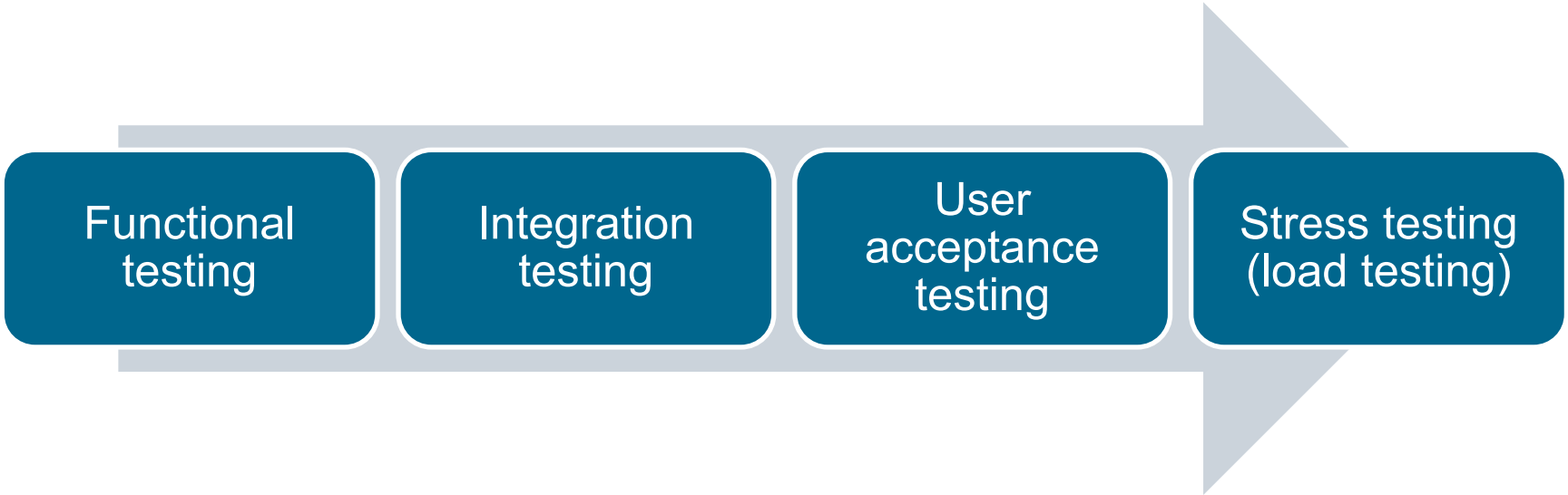
- Standard operating procedures
- Policies
- Business rules
- Job aids
- Training materials

Train “Power Users”

- Training
  - Industry-specific (level 4) process elements
  - System transactions
- Leverage power users during
  - Solution tests
  - Pilot.

Solution Tests

- Sandbox environment for solution tests
- Levels of testing common to software development:



Conduct Pilot Projects

Pilot Projects

- Fully operational implementation
- Test to-be process solution on small scale
- Two phases (iterative)
  - Pilot one
  - Feedback, reflection, refinement
  - Pilot two with more refinement

Goals of Pilot Projects

- Resource expenditure and risk to small scope
- Scope, duration: meaningful data
- Underlying causes of metric results
- Scalability feedback
- Factors that slow enterprisewide rollout

Project Reporting, KPIs, and Measurement Methods

- Project management office (PMO)
  - Policies for individual projects
  - Chartering and development
- Specifying KPIs
  - KPIs to use/avoid (actionable information)
  - To have like-to-like measurements among projects
  - To get stakeholder support or other exceptions
- Compliance requirements

Implement Projects and Project Charters/Milestones

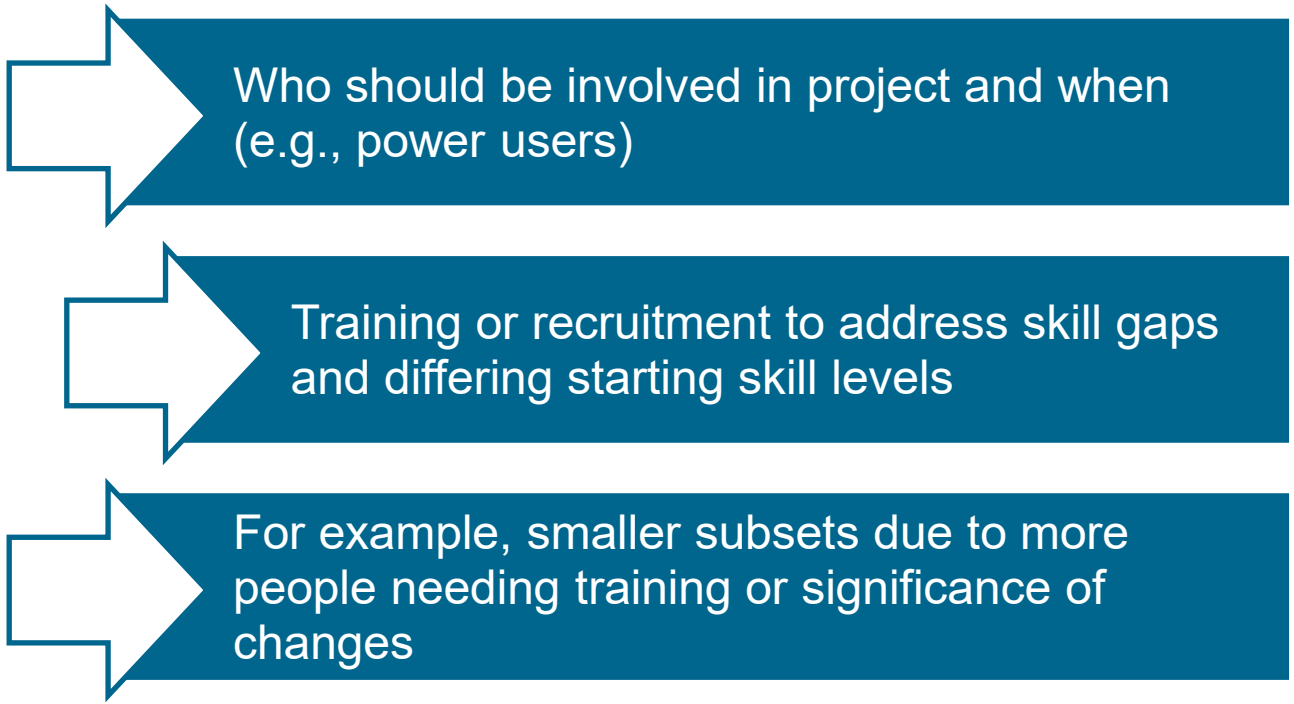
Project x Implementation Charter: x
Project Description
Problem Statement
Project Objectives
Project Scope
Project Dependencies and Blockers
Project Benefits
Project Steps or Milestones
Project Resources and Approvals

Implement Project Schedules, Kickoff Dates, and Performance Baselines

- Each project needs schedule, kickoff date, and performance baselines.
- Kickoff
  - Very important milestone
  - Introduces project to team and stakeholders
  - Shared expectations and assumptions
  - Answers to questions

Understand Scaling Challenges

- How to scale up to enterprisewide solutions begins in pilot projects.
- Consider complexity.
- Changes impact more people than initially considered.



Using Rollout Plans/Technology Cutover Plans

Rollout Plans

- Change management plan timing, resistance assessment.
- Document implementation steps.
- Two-phase pilots per area provide time to
  - Train power users
  - Do change management.
- Staggered or all-at-once plan.

Technology Cutover Plans

- Delivery, testing/checking, acceptance, integration, training.
- Cutover
  - Go-live date
  - Maintain dual systems for time
  - Rolling cutover.

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SECTION C: IMPLEMENT GOVERNANCE AND A RISK MANAGEMENT FRAMEWORK

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Section C Learning Objectives

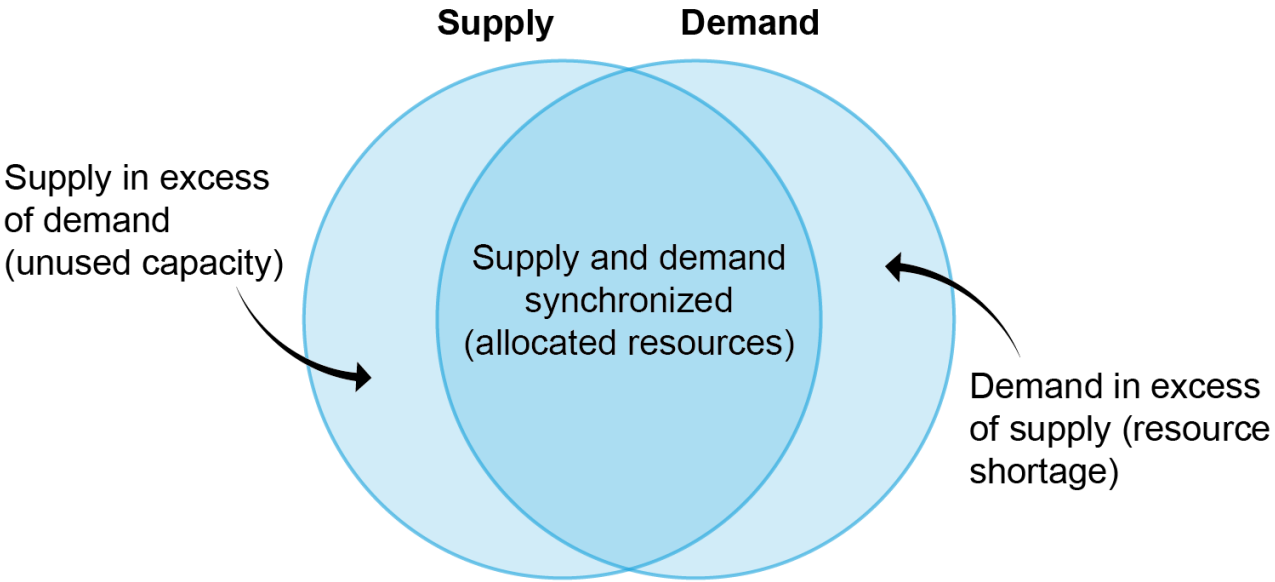
- Use project portfolio management (PPM) to prioritize and sequence projects, share resources, and manage assumptions.
- Ensure that risks of portfolios and individual projects are assessed and managed.
- Establish secure, resilient, and/or sustainable supply chains by implementing
  - Supply chain information security
  - Resilient supply chain benchmarks
  - Triple bottom line
  - ASCM Enterprise Certification for Sustainability.

Use Project Portfolio Management (PPM)

- Manage integration of individual transformation projects
- Value: timeline extends beyond end of individual projects
- Types
  - Low control: support only
  - Medium control: compliance with some tools, reporting methods, or other governance
  - High control: directive

Allocate Shared Resources

- Goal: better leverage all shared resources
- Shared resources
  - Facilities
  - Funding
  - Equipment
  - Software licenses
  - Human resources



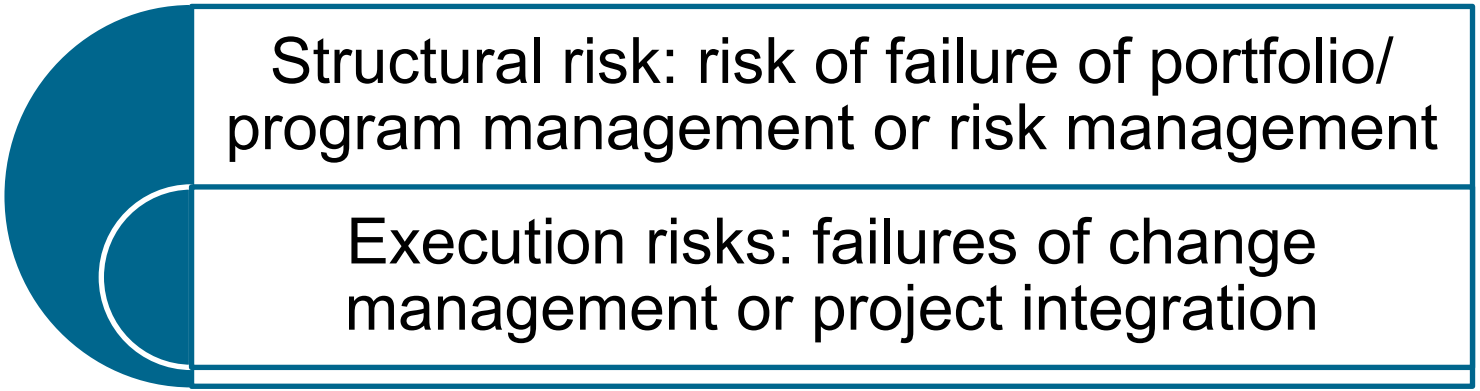
Source: Adapted from PMI, *The Standard for Portfolio Management.*

Perform Assumption Management and Review

- Assumptions are high risk for transformations
  - Can unnecessarily constrain improvement options
- Assumption surfacing, assumption challenging, and creative solution
- 5W2H tool and brainstorming
  - 5W2H: What, who, why, when, where, how, and how much
  - Brainstorming: challenge assumptions and form creative ideas

Implement Portfolio and Project Risk Management

- Governance
  - Risk management done at big-picture and individual project levels
  - Risk commensurate with tolerance and reward



Implement Supply Chain Security/Resilience

Supply Chain Information Security

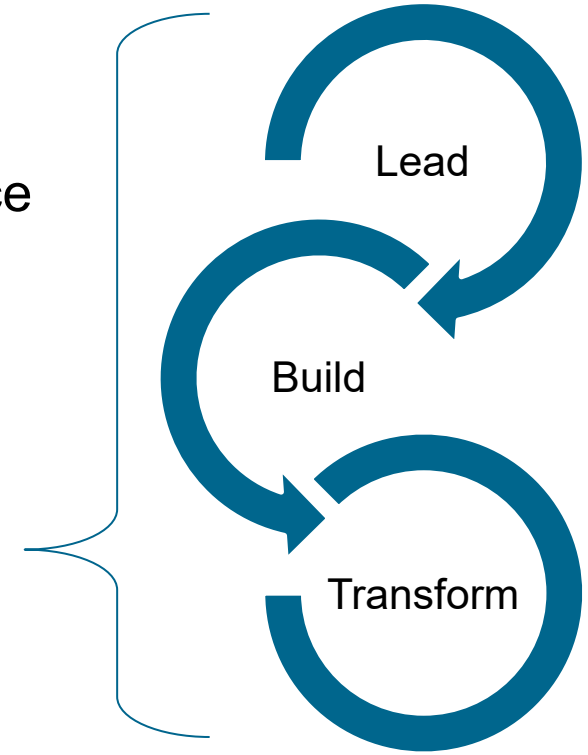
- High uncertainty and volatility
- Priority for most organizations
- ISO 28000, Security and Resilience—Security Management Systems—Requirements

Resilient Supply Chain: ISO 22316, Security and Resilience

- Resilience principles
- Needed organizational attributes
- Understand parties involved, dependencies
- Activities: how to use, evaluate, and improve attributes such as coordination of resilience across management disciplines

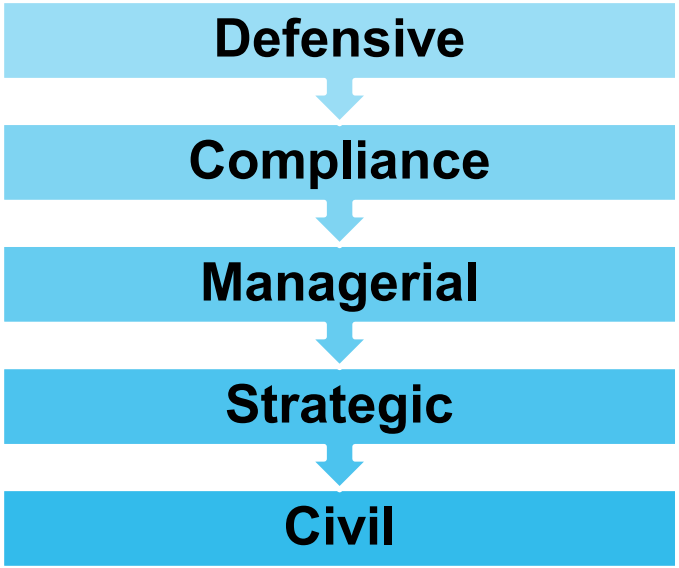
ASCM Resilient Supply Chain Benchmark Report

- Resilience not measured to absolute standard
- Operational supply chain resilience (return to normal)
  - Position and prepare
  - Sense and plan
  - Mitigate and respond
- Strategic supply chain resilience (adapt to new normal)

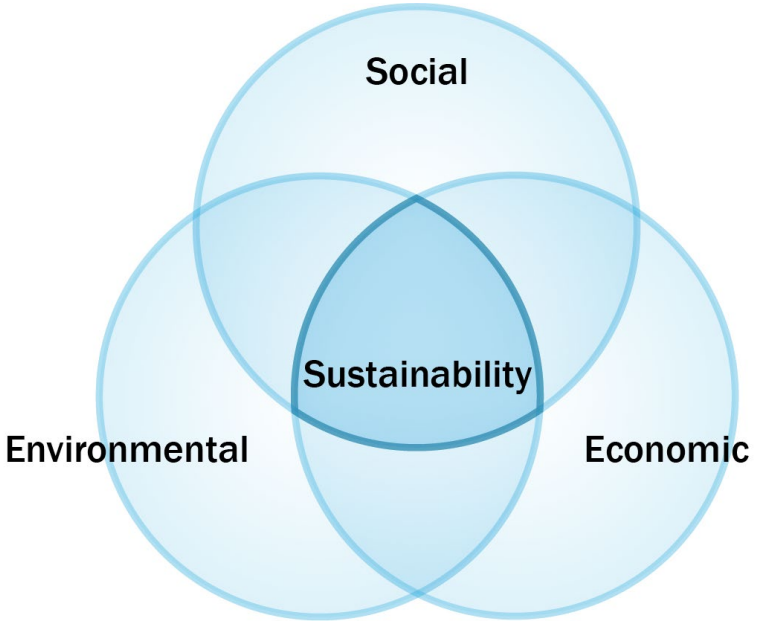


Environmental, Social, and Governance (ESG) and Social Responsibility

- Governance
  - Ethical tone
  - Regulatory compliance
  - Checks and balances
- Transformation: align with organization's sustainability maturity level



Triple Bottom Line and Sustainability Certifications or Reporting



- Must change business model
- Center: “sweet spot”
  - Seek ways to align all objectives in transformation
- Consider obtaining ASCM Enterprise Certification for Sustainability
- Consider Global Reporting Initiative for transparency