CTSC
**CERTIFIED IN TRANSFORMATION
FOR SUPPLY CHAIN**

MODULE 4: REVIEW OF SUPPLY CHAIN TRANSFORMATION

APICS

ASCM

Review of Supply Chain Transformation

- **Section A:** Assess the Transformation
- **Section B:** Communicate Results and Reflect on the Transformation

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SECTION A: ASSESS THE TRANSFORMATION

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Section A Learning Objectives

- Share metrics indicating the level of success.
- Understand how to properly implement tracking mechanisms.
- Determine the maturity rating for a supply chain.

Early Project Terminations

Projects may be canceled early for many reasons, including

The goals of the project no longer align with the organization's strategy.	Scope creep has been allowed to grow to unacceptable levels.	The organization no longer has the funding or other resources to support the project.

Observing Success in Multiple Ways

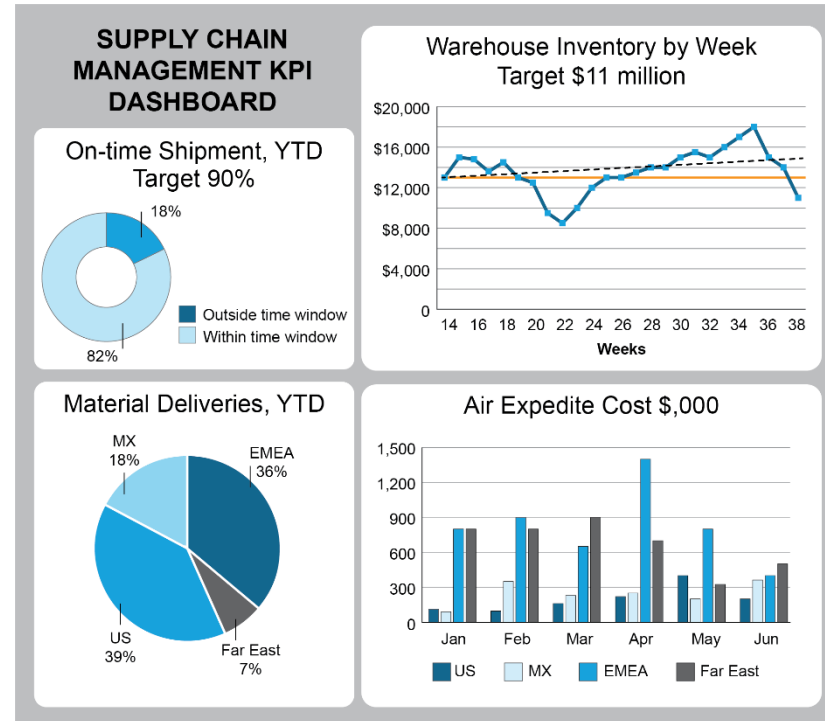| Business performance metrics	Capability performance metrics	Change management performance metrics	Operations performance metrics
	Standardization	Simplification	

Using Tracking Mechanisms

- To be effective, metrics must be visible and monitored regularly.
- Tracking mechanisms:
  - Scorecards
  - Dashboards
  - Control towers

Sustaining and Documenting Improvements

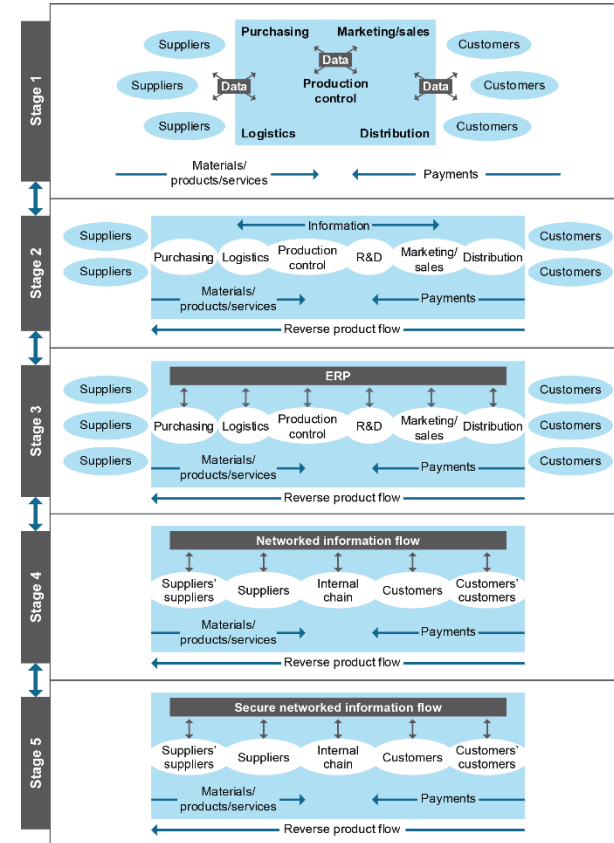|			
Process mapping for end users	**Systems landscape**	**SOPs**	**RACI charts**
Process maps for workflows	**KPIs for end users**	**Training manuals**	**Work instructions**

Determine Maturity Rating

Five-stage maturity model:

- Stage 1—multiple dysfunction
- Stage 2—semifunctional enterprise
- Stage 3—integrated enterprise
- Stage 4—extended enterprise
- Stage 5—orchestrated supply chain

Determine Maturity Rating, continued

Reassessing the supply chain level post-transformation may provide a high-level view of the overall success of the transformation project.

Key indicators for each level:

Stage 1. This is a reactive supply chain.

Stage 2. This is a reactive efficient supply chain.

Stage 3. This is a proactive efficient supply chain.

Stage 4. This is a strategic driver supply chain.

Stage 5. This is a consistent/systematic supply chain.
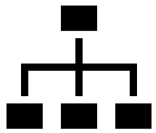
Review Assessment and Audit Results

- It is important to review the assessment of the supply chain.
- Audits are major undertakings.

- To ensure that audits are effective:

Use standard criteria

Plan audit thoroughly

Create plan for results communication and follow-up

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SECTION B: COMMUNICATE RESULTS AND REFLECT ON THE TRANSFORMATION

Section B Learning Objectives

Share the importance of visibility and transparency both to the success of the project transformation and to regular supply chain operations.

Compare specific results metrics to initially identified targets to share the success attained.

Report results to various internal and external stakeholders, sharing specific, useful information depending on the needs of the stakeholder.

Visibility and Transparency

- Visibility and transparency are common transformation goals.

  – Compare performance to initial target.

- Transformation team members can be powerful assets in their day-to-day business areas.

- Ensure performance of post-transformation supply chain is visible, including staff up-skilling or training progress.

Reviewing Results on the Scorecard

Goal	Measure	Target	Actual
Customer Perspective			
Meet customer delivery promises.	Percentage of orders delivered in full to customer	99%	99%
Meet customer quality expectations.	Customer order perfect condition	99%	99%
Business Process Perspective			
Improve responsiveness to distributors.	Order fulfillment cycle time	2 days	3 days
Assuring quality failure condition of returned items.	Perfect return order fulfillment	95%	96%

Reviewing Results on the Scorecard, continued

Goal	Measure	Target	Actual
Financial Perspective			
Streamline cash availability.	Cash-to-cash cycle time	0 days	–1 days
Maximize supply chain efficiency.	Total supply chain management cost	<8.0% of revenue	8.2% of revenue
Innovation and Learning Perspective			
Quickly react to demand increases/decreases.	Supply chain agility	30 days	27 days
Keep staff highly trained.	Training	80 hours	60 hours

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Reviewing Results on the Scorecard, continued

Metric	To-Be Goal	Post-Transformation Performance
Cash-to-cash cycle time	–1 days	–1 days
Days sales outstanding	27 days	27 days
Days payables outstanding	55 days	55 days
Inventory days of supply	27 days	29 days
• Days, RM	5 days	6 days
• Days, WIP	1 day	2 days
• Days, FG	21 days	21 days

Reporting Results

KPIs	**Hard-to-quantify achievements**	**Transformation project successes and failures**
Commendable individual efforts	**Project management process improvements**	**Record of frameworks**
	Risk management reports	**Conclusions about project**

Reporting Results, Continued

Top 5 Customer Priorities in Order	Competing Distributor	Sample, Inc. (Initial Benchmarking)	Sample, Inc. (Post Transformation Benchmarking)
1. Replenishment frequency	5	5 (initially at parity)	6 (currently at advantage)
2. Order completeness	7	3 (initially underperforming)	8 (currently at advantage)
3. Reliable delivery windows	2	8 (initially superior)	8 (currently superior)
4. Reverse logistics	4	4 (initially at parity)	4 (currently at parity)
5. Lead time quoting accuracy	4	6 (initially at advantage)	6 (currently at advantage)

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Gather Feedback and Document Lessons Learned

Check and rate completion and performance.

Execute corrective actions where needed.

Conduct a post-mortem meeting on how to improve.

Compile and present feedback to the steering committee.

Adaptable Supply Chains

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

Continuous Improvement and Identifying Future Initiatives

Supply chain leaders must continually monitor to see what is working and what isn't.

Identification may result from a regular process evaluation.

Changes may have led to adaptions and additional opportunities.

Changing the supply chain is never really "done."