Module 1
Section A: Supply Chain Transformations

Term
Circular economy

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Module 1
Section A: Supply Chain Transformations

Term
Competitive advantage

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Module 1
Section A: Supply Chain Transformations

Term
Core competencies

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Section A: Supply Chain Transformations

Term
Core process

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Term
Demand shaping

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Section A: Supply Chain Transformations

Term
Digital supply chain

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Section A: Supply Chain Transformations

Term
Disintermediation

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Section A: Supply Chain Transformations

Term
Diversification strategy

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The advantage a company has over its rivals in attracting customers in relation to its competitors. Sources of the advantage include characteristics that a competitor cannot duplicate without substantial cost and risk, such as a manufacturing technique, brand name, or human skill set. Syn.: competitive edge.

An economic system intended to minimize waste and maximize the use of resources through a regenerative process achieved through long-lasting design, maintenance, repair, reuse, remanufacturing, refurbishing, recycling, and upcycling. Ant.: linear economy.

That unique capability that is central to a company's competitive strategy.

Skills or knowledge 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. Core competencies may be in the form of technology, skills of personnel, or knowledge and expertise solely owned by the organization.

The use of digital technology and content to improve supply chain performance, such as computers and other connected devices, the internet of things (IoT), and related sensors and digital content. For example, real-time monitoring of equipment can allow companies to proactively schedule maintenance or replace parts.

The use of tactics — such as price incentives, advertising, product positioning, product modifications and substitutions or trade programs — to influence customers' purchasing behavior to balance supply and demand more effectively.

An expansion of the scope of the product line to exploit new markets. A key objective of a diversification strategy is to spread the company's risk over several product lines in case there should be a downturn in any one product's market.

The process of eliminating an intermediate stage or echelon in a supply chain with the goal of reducing total supply chain operating expenses, total supply chain inventory, and/or total cycle time to increase the profitability of the remaining echelons. See: echelon.

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Section A: Supply Chain Transformations

Term
Five-forces model of competition

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Section A: Supply Chain Transformations

Term
Four Ps

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Section A: Supply Chain Transformations

Term
Functional product

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Section A: Supply Chain Transformations

Term
Global Reporting Initiative (GRI)

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Section A: Supply Chain Transformations

Term
Horizontally integrated firm

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Term
Key performance indicator (KPI)

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Section A: Supply Chain Transformations

Term
Key success factors

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Section A: Supply Chain Transformations

Term
Multicountry strategy

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A set of marketing tools to direct the business offering to the customer. The four Ps are product, price, place, and promotion.

A methodology for analyzing competitive pressures in a market and assessing the strength and importance of each of those pressures.

A network-based organization that pioneered the world's most widely used sustainability reporting framework.

Mature products that tend to have long product life cycles, low profit margins, and predictable demand. Ant.: innovative product.

1) A financial or nonfinancial measure that is used to define and assess progress toward specific organizational goals and that typically is tied to an organization's strategy and business stakeholders. A KPI should not be contradictory to other departmental or strategic business unit performance measures. 2) A metric used to measure the overall performance or state of affairs. Supply Chain Operations Reference (SCOR) level 1 metrics are considered KPIs.

An organization that seeks to produce or sell a type of product in numerous markets. Horizontal integration exists when an organization produces or sells similar products in various geographical locations. Horizontal integration in marketing occurs more frequently than horizontal integration in production. See: vertically integrated firm.

A strategy in which each country market is self-contained. Customers have unique product expectations that are addressed by local production capabilities. Syn.: multidomestic strategy.

The product attributes, organizational strengths, and accomplishments with the greatest impact on future success in the marketplace.

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Section A: Supply Chain Transformations

Term
Multinational strategy

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Section A: Supply Chain Transformations

Term
Omni-channel network

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Section A: Supply Chain Transformations

Term
Omnichannel order fulfillment

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Section A: Supply Chain Transformations

Term
Order qualifier

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Section A: Supply Chain Transformations

Term
Order winner

Module 1
Section A: Supply Chain Transformations

Term
Performance objective

Module 1
Section A: Supply Chain Transformations

Term
Product life cycle

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Section A: Supply Chain Transformations

Term
Product profiling

A cross-channel sales approach in which all sales channels, including online, mobile, telephonic, mail order, self-service, and physical retail establishments, are aligned and fulfillment processes are integrated to provide consumers with a seamless shopping experience in alignment with the company's brand proposition. Examples of this include integrated fulfillment, dedicated fulfillment, pool distribution, direct store delivery, store fulfillment, and flow-through fulfillment.

A strategy to out-compete rivals that focuses on opportunities to achieve cross-business and cross-country coordination, thereby enabling economies of scope and an improved competitive position with regard to reducing costs, cross-country subsidization, and so on. See: global strategy.

A competitive characteristic that a firm must exhibit to be a viable competitor in the marketplace. For example, a firm may seek to compete on characteristics other than price, but in order to qualify to compete, its costs and the related price must be within a certain range to be considered by its customers. Syn.: qualifiers. See: order loser, order winner.

The ability to confirm, aggregate, orchestrate, and fulfill orders through multiple service points, including warehouses, stores, and suppliers, through the application of distributed order management, advanced warehouse management, and transportation management systems. The objective is to reduce fulfillment time and costs while enhancing the customer experience. Some of the network designs include integrated, dedicated, pool, direct-store-delivery, store, and flow-through fulfillment. See: distributed order management.

A measurement that enables the firm to monitor whether or not the firm's strategy is being accomplished. Thus, the measurement should be aligned to strategy. Performance objectives may differ based on the hierarchical level of the firm (e.g., department, business unit, or corporation) and should be aligned with the corresponding strategy for that level. See: operational performance measurement, strategic performance measurements.

A competitive characteristic that causes a firm's customers to choose that firm's goods and services over those of its competitors. Order winners can be considered to be competitive advantages for the firm. Order winners usually focus on one (rarely more than two) of the following strategic initiatives: price or cost, quality, delivery speed, delivery reliability, product design, flexibility, aftermarket service, and image. See: order loser, order qualifier.

1) A graphical device used to ascertain the level of fit between a manufacturing process and the order-winning criteria of its products. It can be used at the process or company level to compare the manufacturing capabilities with the market requirements to determine areas of mismatch and identify steps needed for realignment. 2) Removing material around a predetermined boundary by means of numerically controlled machining. The numerically controlled tool path is automatically generated on the system.

The stages a new product goes through from beginning to end, from initial research and development, through growth and maturity, to decline and phase-out. See: life cycle analysis.

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Section A: Supply Chain Transformations

Term
Product-mix flexibility

Module 1
Section A: Supply Chain Transformations

Term
Reverse supply chain

Module 1
Section A: Supply Chain Transformations

Term
SWOT analysis

Module 1
Section A: Supply Chain Transformations

Term
Service industry

Module 1
Section A: Supply Chain Transformations

Term
Strategic plan

Module 1
Section A: Supply Chain Transformations

Term
Strategy

Module 1
Section A: Supply Chain Transformations

Term
Supply chain

Module 1
Section A: Supply Chain Transformations

Term
Supply chain management

The planning and controlling of the processes of moving goods from the point of consumption back to the point of origin for repair, reclamation, recycling, or disposal. See: reverse logistics.

The ability to change over quickly to other products produced in a facility, as required by demand shifts in mix.

1) In its narrowest sense, an organization that provides an intangible product (e.g., medical or legal advice). 2) In its broadest sense, all organizations except farming, mining, and manufacturing. The service industry includes retail trade; wholesale trade; transportation and utilities; finance, insurance, and real estate; construction; professional, personal, and social services; and local, state, and federal governments.

An analysis of the strengths, weaknesses, opportunities, and threats of and to an organization. SWOT analysis is useful in developing strategy. See: environmental scanning.

For an enterprise, identifies how the company will function in its environment. The strategy specifies how to satisfy customers, how to grow the business, how to compete in its environment, how to manage the organization and develop capabilities within the business, and how to achieve financial objectives. See: strategic plan.

A plan for how to marshal and determine actions to support the mission, goals, and objectives of an organization. A strategic plan generally includes an organization's explicit mission, goals, and objectives as well as the specific actions needed to achieve those goals and objectives. See: business plan, strategic planning, strategy, tactical plan(s).

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.

The flow of products, information and money through a network of partners from raw material suppliers to end users.

Module 1
Section A: Supply Chain Transformations

Term
Time-based competition (TBC)

Module 1
Section A: Supply Chain Transformations

Term
Value-driven enterprise

Module 1
Section A: Supply Chain Transformations

Term
Vertically integrated firm

Module 1
Section B: Value Proposition, Methodologies, and Organizational Design

Term
Agile supply chain

Module 1
Section B: Value Proposition, Methodologies, and Organizational Design

Term
Balanced scorecard

Module 1
Section B: Value Proposition, Methodologies, and Organizational Design

Term
Buffer

Module 1
Section B: Value Proposition, Methodologies, and Organizational Design

Term
Constraint

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Term
DMAIC

An organization that is designed and managed to add utility from the viewpoint of the customer in the transformation of raw materials into a finished good or service.

A broad-based corporate strategy that emphasizes time as the vehicle for achieving and maintaining a sustainable competitive edge. Its characteristics are as follows: (1) It deals only with those lead times that are important to the customers, (2) the lead-time reductions must involve decreases in both the mean and the variance, and (3) the lead-time reductions must be achieved through system or process analysis (the processes must be changed to reduce lead times). Reductions in lead times are achieved by changing the processes and the decision structures used to design, produce, and deliver products to the customers. TBC involves design, manufacturing, and logistical processes.

A supply chain that has the ability to respond quickly to sudden or unpredictable changes in customer demand, supply availability, or the marketplace. See: agile manufacturing.

An organization with functions that were previously performed by suppliers but are now done internally. See: horizontally integrated firm.

1) A quantity of materials awaiting further processing. It can refer to raw materials, semi-finished stores or hold points, or a work backlog that is purposely maintained behind a work center. 2) In theory of constraints, buffers can be time or material, and they support throughput and/or due date performance.

A list of financial and operational measurements used to evaluate organizational or supply chain performance. The dimensions of the balanced scorecard 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.

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

1) Any element or factor that prevents a system from achieving a higher level of performance with respect to its goal. Constraints can be physical, such as a machine center or a lack of material, but they can also be managerial, such as a policy or procedure. 2) One of a set of equations that cannot be violated in an optimization procedure.

Module 1

Section B: Value Proposition, Methodologies, and Organizational Design

Term

Gemba

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Genchi genbutsu

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Lean Six Sigma (LSS)

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Term

Poka-yoke

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Postponement

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Quality

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Module 1

Section B: Value Proposition, Methodologies, and Organizational Design

Term

Root cause analysis

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Section B: Value Proposition, Methodologies, and Organizational Design

Term

Six sigma

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A Japanese phrase meaning to visit the shop floor to observe what is occurring to facilitate problem-solving and process improvement.

The place where humans create value or the real workplace. Gemba also is a philosophy that states, “Go to the actual place; see the actual work.”

Mistake-proofing techniques, such as manufacturing or setup activity, designed in a way to prevent an error from resulting in a product defect. For example, in an assembly operation, if each correct part is not used, a sensing device detects that a part was unused and shuts down the operation, thereby preventing the assembler from moving the incomplete part to the next station or beginning another operation. This is sometimes spelled poke-yoke. Syns.: failsafe technique, failsafe work method, mistake-proofing.

A methodology that combines the improvement concepts of lean and six sigma. It uses the seven wastes of lean and the define, measure, analyze, improve, control (DMAIC) process from six sigma and awards recognition of competence through judo-style belts.

Conformance to requirements or fitness for use. Quality can be defined through five principal approaches: (1) Transcendent quality is an ideal and a condition of excellence. (2) Product-based quality is based on a product attribute. (3) User-based quality is fitness for use. (4) Manufacturing-based quality is conformance to requirements. (5) Value-based quality is the degree of excellence at an acceptable price. Also, quality has two major components: (1) quality of conformance, which is quality defined by the absence of defects, and (2) quality of design, which is quality measured by the degree of customer satisfaction with a product’s characteristics and features.

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 reduces excess finished goods in the supply chain. Syn.: delayed differentiation.

A methodology that uses a set of management tools and techniques for the improvement of business processes. The intent is to reduce the probability of an error or defect by decreasing process variation and improve product quality.

Analytical methods to determine the core problem(s) of an organization, process, product, market, and so forth. See: current reality tree (CRT), five whys, stratification analysis.

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Section B: Value Proposition, Methodologies, and Organizational Design

Term

Six sigma quality

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Term

Total quality management (TQM)

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Term

Value chain

Module 1

Section B: Value Proposition, Methodologies, and Organizational Design

Term

Value chain analysis

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Term

Value stream mapping (VSM)

Module 1

Section C: Drivers of Supply Chain Transformation

Term

Benchmark measures

Module 1

Section C: Drivers of Supply Chain Transformation

Term

Benchmarking

Module 1

Section C: Drivers of Supply Chain Transformation

Term

Corporate culture

A management approach to quality improvement that is driven through customer satisfaction. TQM is based on the participation of all members of an organization in improving processes, goods, services, and the culture in which they work. The methods for implementing this approach are found in teachings of such quality leaders as Philip B. Crosby, W. Edwards Deming, Kaoru Ishikawa, J.M. Juran, and Genichi Taguchi. See: manufacturing philosophy.

The six sigma approach is a set of concepts and practices that focuses on reducing variability in processes and reducing deficiencies in the product. Important elements are (1) producing only 3.4 defects for every 1 million opportunities or operations and (2) process improvement initiatives striving for six sigma-level performance. Six sigma is a business process that permits organizations to improve bottom-line performance by creating and monitoring business activities to reduce waste and resource requirements while increasing customer satisfaction. See: design for six sigma (DFSS).

An examination of all links a company uses to produce and deliver its products and services, starting from the origination point and continuing through delivery to the final customer.

The functions within a company that add value to the goods or services that the organization sells to customers and for which it receives payment.

A set of measurements or metrics that is used to establish goals for improvements in processes, functions, products, and so on. Benchmark measures are often derived from other firms that display best-in-class achievement.

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. It is used to help reduce waste, decrease flow time, and make the process flow more efficient and effective.

The set of important assumptions that members of the company share. It is a system of shared values about what is important and shared beliefs about how the company works. These common assumptions influence the ways the company operates.

Comparing products, processes, and services to those of another organization thought to have superior performance. The benchmark target may or may not be a competitor or even in the same industry. There are seven common forms of benchmarking. See: competitive benchmarking, financial benchmarking, functional benchmarking, performance benchmarking, process benchmarking, product benchmarking, strategic benchmarking.

Module 1

Section C: Drivers of Supply Chain Transformation

Term

Total cost of ownership (TCO)

In supply chain management, the total cost of ownership of the supply delivery system is the sum of all the costs associated with every activity of the supply stream. The main insight that TCO offers to the supply chain manager is the understanding that the acquisition cost is often a very small portion of the total cost of ownership.