

Achieving Strategic Focus to Improve Supply Chain Performance



Introduction

A large, municipally owned utility sought assistance with an assessment of their supply chain function. ScottMadden was engaged by the client's executive management team to complete the assessment to improve current operations. For the past several years, the supply chain function at the company had realized considerable success on a number of fronts. For the client to continue this success, ScottMadden identified two key enablers: 1) identifying improvement opportunities to increase business unit alignment and deliver additional savings on materials and services used across the company and 2) defining a path to advance the company's supply chain maturity.

The Challenge

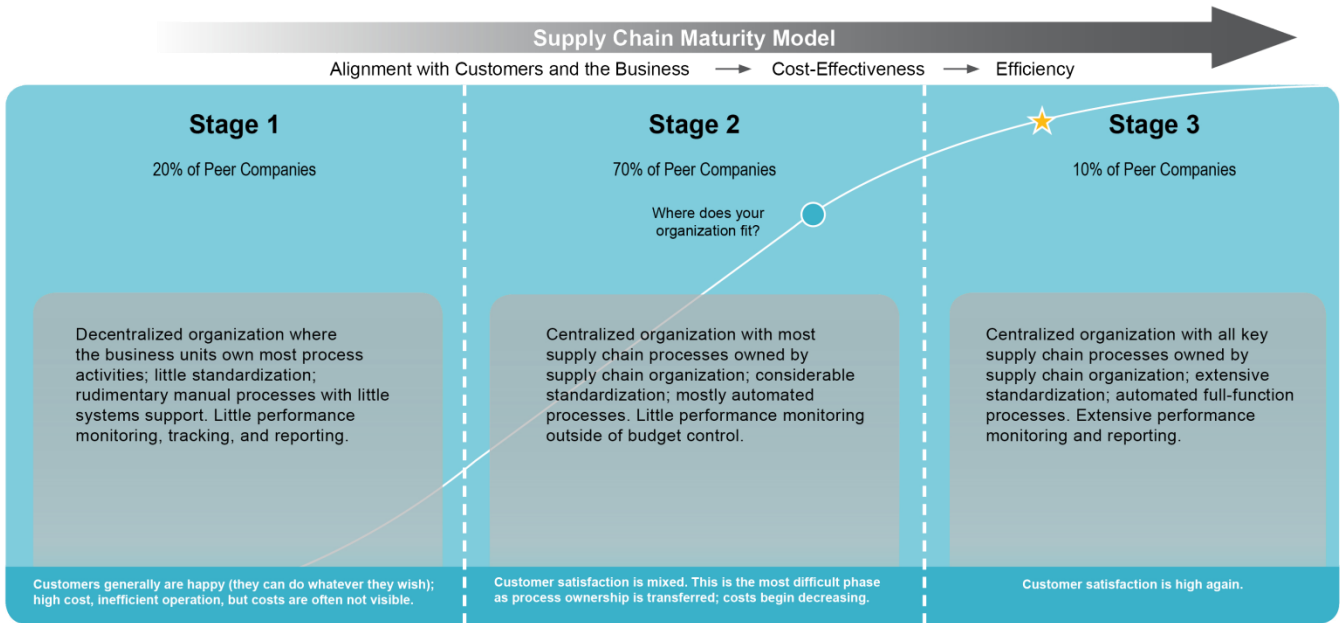
While the supply chain organization had been very focused on continuous improvement opportunities over the past several years, executive management wanted to identify additional improvement opportunities within the organization. The organization lacked strategic focus and was instead focused on transactional efficiency.

How We Helped

The six major supply chain functions cover a broad range of areas, which are typically performed by multiple business units across an enterprise. Leading practice supply chains have evolved from a "functional silo approach" in the 80s to a more "integrated model" today, which leverages standardization and process collaboration/visibility to align the appropriate skills with the degree of complexity for a particular purchase.

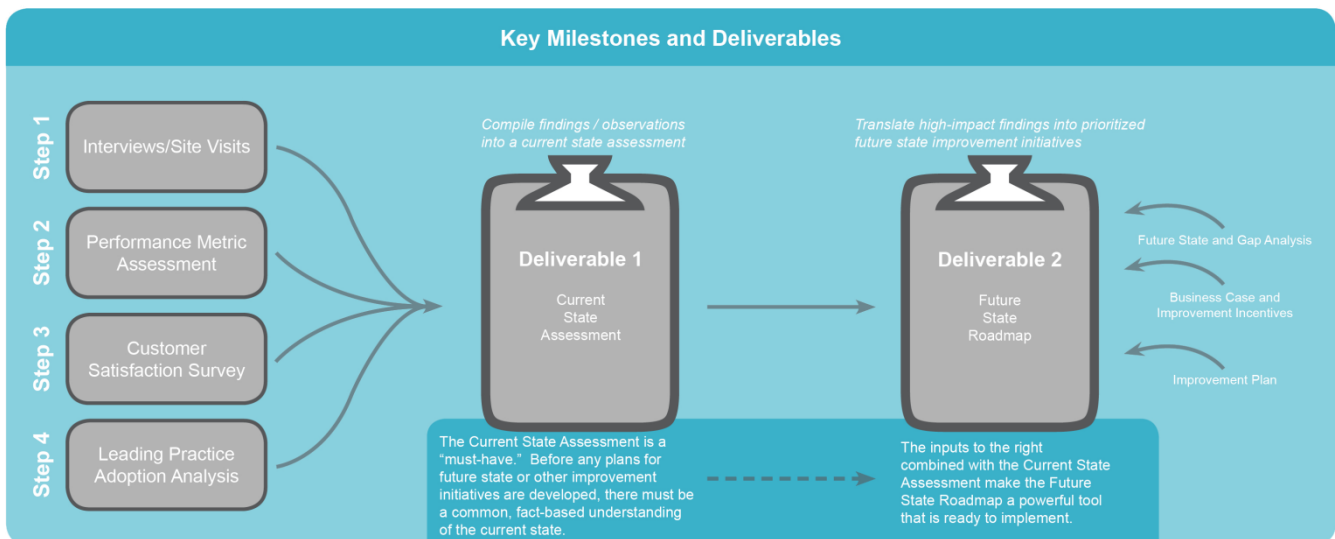
ScottMadden's understanding of the key performance levers in the supply chain and the path companies typically take as they mature provides a clear lens with which to view supply chain efficiency and effectiveness.

Evolution of Supply Chain Maturity



ScottMadden used its proprietary Supply Chain Assessment, tailored to the client's specific needs. This assessment provides a complete view of supply chain performance, identifies the highest impact opportunities, and enables executives to pursue a clear path to improve supply chain effectiveness and efficiency.

The Supply Chain Assessment Approach



Step 1: Site Visits and Interviews

Site visits are a critical input in the supply chain assessment, particularly for logistics and materials management functional areas. ScottMadden visited the client's sites to evaluate operational practices and facility cleanliness and organization. These observations provided some of the most insightful components of the current state assessment.

ScottMadden then conducted interviews with the steering committee and customers on leading practice adoption. Testimonials from stakeholders and supply chain personnel provided valuable insights into how work is done and prevailing perceptions of supply chain. These interviews allowed ScottMadden to identify practice adoption opportunity gaps, both design and execution, and find practices whose adoption would provide the highest potential for improvement.

Step 2: Performance Metric Assessment

Measuring performance and achievement is critical to improving performance. To clearly identify improvement opportunities, ScottMadden planned and established a framework to improve existing operations. This was done by obtaining data across a variety of key performance indicators. Next, ScottMadden conducted a performance metric assessment of the supply chain functions and processes in comparison to leading practices and benchmarks. This three-week process provided performance insights as well as showed the performance level across the industry.

Step 3: Customer Satisfaction Survey

ScottMadden conducted online internal customer satisfaction surveys to assess customer satisfaction with business alignment and value, availability, convenience, service, and general perceptions. With more than 150 surveys distributed, this summary provided insight into how customers perceived the value added by supply chain and offered opportunities for high-value improvement. ScottMadden compiled current state findings and observations into a current state assessment and reviewed key performance gaps with the client's director of supply chain.

Step 4: Leading Practice Adoption (LPA) Analysis

Lastly, the ScottMadden team conducted a LPA analysis through focus group sessions to score each practice. Adoption of each leading practice was assessed on breadth and depth to determine the use of the practice as well as how deeply it is ingrained in the organization. The resulting comparison provided a clear picture of the client's performance in each functional category as well as gave client leadership a view of how their supply chain performance compared to similar companies ScottMadden has evaluated in the past. This approach identified high-priority improvement opportunities and built consensus regarding the current state situation and existing practice gaps and served as an objective barometer from which to compare future progress.

There were two main deliverables: 1) Current State Assessment and 2) Future State Roadmap.

Deliverable 1: Current State Assessment

The current state assessment creates a common, fact-based understanding of the current conditions under which a supply chain organization is operating. ScottMadden used its insight and experience to determine the most significant improvement opportunities for the client's supply chain and articulated the implications of the opportunities to the company. Combining metrics with practices, interviews/site visits, and internal customer satisfaction, provided a holistic view of performance and identified where improvement opportunities existed.

Deliverable 2: Future State Roadmap

ScottMadden prioritized a future state roadmap specific to the client's needs to address the gaps that represented the highest value opportunities. Plans included: key activities and implementation considerations; an assessment of the impact on the business, level of control by supply chain, and ease of implementation; the list of deliverables and key steps. This plan provided the client with a clear path forward to implementation.

Results

ScottMadden was able to identify and prioritize key improvements for the client's supply chain organization to become a streamlined, high-performing, centralized service provider in strong partnership with internal customers and external suppliers. The future state roadmap helped the client clearly understand what was required to advance their supply chain maturity.

Critical to the future state roadmap was setting the client's focus on their strategy in the near-term. As a result, the client was able to obtain the right amount of executive support (and cross-functional buy-in) to work with their key internal customers to define an enterprise strategy for their supply chain. The resulting strategy created an alignment across the company that had not existed and provided the organizational push needed to overcome a number of systemic roadblocks. Additionally, this new strategy provided the foundation for the supply chain organization to refine their processes, policies, and performance metrics in a manner that their key internal customers could support and help drive.

One client leadership team member stated, "The assessment provided a great baseline for us to make the necessary improvements to our processes. We could not have gotten to the level of alignment between our supply chain organization and the business units we support without ScottMadden's help."

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