



## Supply Chain Improvement

Demand and profits are down and market uncertainties increased. You've reduced manufacturing costs and taken out spare capacity as far as practically possible. Where do you turn your attention next?

In many cases, the only option is to look beyond the production process to the broader supply chain. Many leading edge companies have extended their management of physical logistics to address the entire supply chain process, from supplier to buyer, in order to shorten product life cycles, increase competition, and meet the heightened expectations of customers. There are clear opportunities for making supply chains more cost-effective, more transparent and more responsive to improve customer service.

Four areas are key to effective supply chain improvement: process, measurement, information management and technology. Best practice in these areas includes:

- Integrating internal functional processes and systems across the enterprise. This includes the physical supply chain execution and management processes:
  - Customer service management
  - Demand management
  - Materials and Production planning
  - Logistics and inventory management
  - Order Fulfilment
  - Sourcing and Procurement
  - Supplier management
  - Product development and commercialisation
- Collaborating with suppliers and customers, involves sharing information and integrating inter-company processes to improve resource utilisation and to enhance end-consumer satisfaction across the supply chain as a whole
- Automating management and execution processes, such as order tracking, online purchasing and materials and production planning. This allows cost, time and waste to be taken out of the supply chain.

Intercai has over the past 12 years helped many organisations to engage in business improvement initiatives that have led directly to increased competitiveness and profitability. Our approach has helped our clients to take advantage of investment opportunities in process and technologies at manageable levels of risk.

The advanced technologies that enable supply chain improvements were once only available to larger organisations. New, inexpensive, open-source technologies are sufficiently simple to provide rapid time-to-implement and immediate benefit and are putting such solutions within reach of smaller companies.

We can help your own people apply best practices to improve performance in areas of opportunity. The benefits from such initiatives include improving customer service, greater efficiency, lower inventory costs, shorter cycle and lead times, and reduced supply chain complexity.

*Intercai Mondiale is an established business consultancy with a proven track record of implementing and managing business change.*



**How much could you improve the performance of your supply chain?**

Supply Chain Performance Scorecard			Performance Versus Competition			
Performance Attribute	Definition	SCOR LEVEL 1 Metric	Your Org	Median	Best in Class	Value of Improvement
Supply Chain Delivery Reliability	Correct product, place, time, quantity, condition to correct customer	Delivery Performance to Request		95.0%	99.9%	Revenue improvement from customer retention and reduced cost of failure
		Delivery Performance to Commit		95.0%	99.8%	
Responsiveness	Velocity at which supply chain provides products to customers	Order Fulfilment Lead Time		7.3	1.7	
Flexibility	Agility of supply chain to respond to changes in market, maintain competitive advantage	Upside Production flexibility		29.0 days	9.0 days	Enables service and cost improvement and competitive advantages
Cost	Costs associated with operating supply chain	Total SCM Costs as % revenue		9.8%	3.2%	Reduced administration costs
Assets	Effectiveness in managing assets to satisfy demand. Includes fixed and working capital	Cash to Cash Cycle Time		91.4 days	19.8 days	Improved Return on assets
		Net Asset Turns		2.8	6.4	

Source: Supply Chain Operations Reference model (SCOR) from Supply Chain Council. Average cross industry measures are used as exemplars for illustration only.

**Structuring a Supply Chain Improvement Programme**

Our recommended approach comprises four phases followed by ongoing management and optimisation. This approach is designed to de-risk investments and prioritise the development focus to maximise returns.

**Phase 1 Improvement Assessment and Analysis**

- Define opportunities based on operations strategy and performance shortfalls
- Define targets, quantify benefit and prioritise

**Phase 2 Analyse supply chain and processes.**

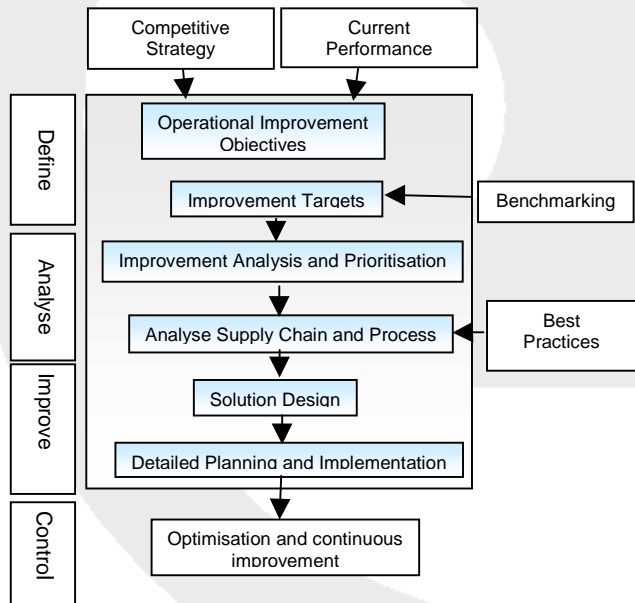
- Modelling the current supply chain flows
- Measuring service and financial performance.

**Phase 3 Design Improvement Solution**

- Run simulations on model supply chain
- Generate ideas through improvement teams
- Align supply chain, process and information
- Define process change and technology deployment

**Phase 4 Detailed Planning and Implementation**

- Develop detailed designs and plans
- Define business case
- Manage change



For more information about our services or to arrange an Improvement Assessment please contact Jeremy Povey (jeremy.povey@intercai.co.uk)