

The Fundamental's for Supply Chain Proficiency.

Becoming and Staying Relevant as a Supply Chain Organization

For any organization to prosper a certain degree of process is needed of which most important is a defined set of strategies and best practices. The old saying of "Plan your work and work your plan" is never more relevant than today as we have a plethora of data constantly available and it's very easy to get sidetracked and lose focus.

Best practices when adopted can ensure that the organization works with a set of dynamic strategies, consider these 9 Supply Chain fundamental practices:

Supply Chain organization aligned with internal customers

Staff with Supply Chain proven resources

Keep a dynamic strategic sourcing strategy

Manage Key suppliers

Understand compliance and risk issues

Utilize company assets first

Always have current data available

Establish processes and metrics

Maintain an oversight committee

Supply Chain organization aligned with internal customers

- Supply Chain must be properly organized in order to execute the plan
- Should you be centralized or de-centralized? Answer depends and varies by company.
- No prescribed answer on how to organize
- Common theme is Centralized Consensus with Decentralized execution.
- Sourcing
- Materials Management
- Logistics
- Contract Management

Staff with Supply Chain proven resources

- Recruit Supply Chain professionals with the right experience
- More focus on strategic thinking
- Interpersonal communication
- Strategic Thinking
- Value Oriented
- Relationship management skills
- Technical Skills (analytical, subject matter expertise)
- Project management Skills. Those who can:
- Understand the customers changing needs
- Continually address the changing needs

Keep a dynamic strategic sourcing strategy

Collaborative and Organized approach to spend categories with objective of selecting suppliers best suited to provide maximum value.

Strategic Sourcing implements cross functional and geographic teams for unified decision making process with Supply Chain Organization guidance and leadership.

Strategic Sourcing is the Cornerstone of Supply Chain Management

Benefits are:

- Improved buy-in from the internal business units
- Increased internal business unit satisfaction
- Assures availability of goods and services (particularly in tight markets)
- Increased responsiveness to customers changing needs.

- Promotes teamwork
- Streamlined Processes
- Quality will be improved
- Lower overall total cost and increased value

Manage Key suppliers

- Key Supplier selection is product of Sourcing Team
- This best practice that needs to have more focus.
- Supplier Management: the forgotten or ignored step in Strategic Sourcing Process
- Terminology: Alliance Management vs. Supplier Relationship Management
- Alliance Management more appropriate term: “Two Way Communication
- 4 Objectives of an Alliance Management Team:
 - Provides a mechanism to ensure relationship stays healthy
 - Creates the needed platform for problem resolution
 - Forum for developing continuous improvement goals for future
 - Ensure that Performance Measurement objectives are achieved

Understanding compliance and risk issues

- Contract Management is a focal point for best of class companies
- Sarbanes Oxley (SOX) demands controls and to mitigate risks
- Effective Contract management:
- Ensures contract compliance (using the agreements)
- Mitigates risks by standardizing terms and conditions
- Provides more spend visibility for future negotiations
- Provides platform for viewing maverick spend

Utilize company assets first

- Inventory is money
- Inventory holding cost: 20-48%
- Establish Vendor Managed Inventories (VMI's) as one Solution
- Current Market (mostly sellers vs. buyers' market) will challenge VMI programs
- Meet expected lead times
- Logistics issues particularly if sourced offshore
- Need exist to Implement improved and effective demand planning and forecasting methodology

Always have current data available

- Gather Timely Information from all available systems
 - a. One of the largest barriers is inability to retrieve precise spend data
 - b. Constantly review and update data systems
- Address multiple system inadequacies and provide solution
 1. Goal = Information available to users
 2. Information used to target opportunities of spend or process improvement
 3. Information used to monitor compliance and controls

Establish processes and metrics

- Simplify Processes and Controls and Select Correct Technologies to Complement
- Struggling Organizations often implement technology then develop processes to meet the needs of technology.
- Make Policies and Procedures simple and easy to understand
- Controls should be adequate to deter fraud or ensure that improper decisions are not being made and doing so without adding unnecessary process steps
 1. Standardize Contract Procedures Companywide
 2. Establish Central Repository that is Web Based
 3. Integrate with Financial ERP System
 4. Track Compliance more Frequently
 5. Improve Ability to Analyze Contract Performance
 6. Improve Automation (due dates, expiration dates, etc.)

Maintain an oversight committee

- Makeup of the committee: Influential Business Unit leaders, C level suite, and representation from supply chain management.
- Other committee functions
 1. Drives strategy. Gives direction to and helps align Supply Chain strategy to be consistent with company strategy
 2. Helps in removing barriers within the organization

- Influences internal decision makers. Fosters internal buy-in from the business units
- Ensures that the supply chain organization is involved in the early stages of planning and forecasting.

In conclusion

To expect different results, we may need updated roadmap

No two companies operate the same way – But all have guiding principles for success

Best Practices are a benchmark and guide for Supply Chain Effectiveness and Improvement

Company leadership expects Supply Chain Organizations to be more Transformational vs. tactically focused

Company leadership is expecting more from our Supply Chain Management profession