

SIMSWORX PTY LTD

How to implement a business improvement program across your supply chain outline.

This outline has been framed in order to workshop some of the issues that may become apparent with the implementation of a business improvement program across your Supply Chain.

Summary of pertinent issues.

- the Supply Chain Planning process is a strong foundation from which to move forward to an end to end supply chain planning group
- the end to end process that operates the supply chain is not readily understood and shared
- the understanding of what needs to be improved is in an idealistic sense appreciated however the how to achieve this is not
- people misunderstand the immense amount of operational hands on work required to achieve positive outcomes
- computer and systems integration are heralded as the answer in isolation of processes and people
- there is an immense cost associated with not acting now and/or inappropriate interventions:
- the cost of goodwill between partners
- lost opportunity cost

Benefits to the supply chain

- Improved and balanced end to end process
- Increase in the realisation of additional supply chain capacity
- Substantial reduction in demurrage and other operational costs
- Substantial increase in revenues and margins

Supply Chain Evaluation

The purpose of a continuing evaluation of the supply chain interrelationship is:

- To identify and remove issues and barriers before they become problems
- To visibly promote a true concept of continuous business improvement and value-add through continuous strengthening and growth of the supply chain partners relationship
- To maintain a high level of transparency between partners
- Provide a firm and regular basis for review
- To strengthen ongoing relationships
- Questions to be asked are how, when and what process will be adopted.

Supply Chain capacity balancing

Capacity analysis and understanding is fundamental in determining both supply chain balancing and understanding limiting capacities within the chain.

Why balance the Supply chain?

If the supply chain is not balanced the Supply Chain incurs costs due to rehandling, opportunity costs and losses surrounding unrealised capacity usage.

Balancing the Supply chain is also required to address seasonality and demand fluctuation. Capacity planning across the Supply chain should be structured according to overall demand, rather than resourcing for the peak demand periods. Therefore, to achieve this, the Supply Chain must structure its resources for maximum flexibility and be scalable in times of lower demand.

It is of little value to improve something if it cannot be sufficiently fed by the preceding process. This simply leads to waste in time, activity, capital and costs.

Understanding the needs

As a precursor to any integrated supply chain it is fundamental to understand the needs of the organisations in specific and general terms. Everyone appears to know what has to be done but there appears little awareness of how this is to be achieved. How is considered to be solutions anchored in the operational reality.

The remainder of this document concerns itself mostly with the “how” implementation of an integrated supply chain will, or can, proceed. A common, shared understanding of reality, placing some borders around requirements, defining what’s in and what’s not in must be defined. People or organisations then take a specific brief rather than doing what they think may be right and appropriate. By definition the “brief” must be built on tangible operational outcomes; delivery on time in full, value for money, and quality service. In essence both “what” to be improved and “how” to implement such improvements has to be considered.

Effective improvement simply becomes effective strategy anchored in operational reality. The on-going management task becomes one of regression minimisation. Ensuring positive improvements are cemented in place through the enactment of appropriate management routines and behaviours to formalised system requirements.

Defining the “what”; systems and behaviours - defining targets and measures

In many respects the “what” is usually very well known. We want to improve by X%, we want to get better systems, we want to work together, we want less problems. However, this is only a starting position. These need to be migrated systematically into a process that will culminate in the definition of simple yet robust targets and measures. A series of outcomes are thus developed that are both defined and measurable.

Definition should consider micro and macro elements and cover system requirements, processes, customers, Supply Chain partners, logistics, behaviours and financials. The outcome of this is essentially a business plan and business case for action.

Defining the “how”, systems and behaviours

Management case studies provide a legion of failures related to organisations that have not considered how the implementation will take place. That is embedding the initiative in place as a normal way people work. The best laid strategies; systems and plans are totally limited by the ability of people to put them into operational practice. It is therefore of paramount importance to develop an early implementation strategy. This is usually most effective when the “what” is developed

systematically through the people who are going to use it in their normal work environment and as part of what they do daily. Success is addictive and compounds upon itself. People have minimised anxiety, as large initiatives are not dropped on them, they develop small consistent elements and prove the concept in daily life. Implementation of improvements thus becomes a continuous process validated by operational proof of concept. Results are delivered faster and owned by individuals and groups up-front. Finally the burden for improvement of operational outcomes is broadened from an individual to the group who will eventually be empowered to operate process elements.

Planning and implementation strategies

In order to control the whole one must be in control of the component pieces. When the “what” and the “how” are connected it provides the management of the supply chain with a powerful tool to ensure the process is well thought out and realistic. It assists in understanding that each individual understands what is required of them and that they agree. Moreover, it provides a means to ensure that the initiative and process is kept strictly to schedule and that any variations are corrected promptly. In effect it keeps management one-step ahead of the initiative and puts both managers and people in the driver’s seat preparing them for what unfolds. Therefore there are no surprises or awkward ambushes. Accountability is teamed with responsibility upfront and becomes the cornerstone of how systems will be embedded.

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