

CASE STUDY

END-TO-END SUPPLY CHAIN ASSESSMENT

VISION, IMPLEMENTATION
PLAN, AND EXECUTION

IMPROVED INVENTORY
ORDERING, VELOCITY,
STRATEGIC SOURCING. VENDOR CAPACITY

OVERALL IMPROVED SERVICE
WITH LOWER INVENTORY

1. DIAGNOSE:

Client Challenges

A carpet manufacturer's hard surface flooring business had a rapidly growing, global supply chain. Consequently, the client recognized a need to improve business processes in order to address **extended lead times, product variability complexity, decision making alignment and increased pressure** on customer driven requirements.

Specifically, it recognized gaps in **inventory ordering and speed, strategic sourcing, vendor management, and several related logistics processes** connected to the global supply chain.

These processes included **information flows, leadership strategic alignment, inventory control and placement, financial forecasting, and vendor capacity planning**. Struggling to plan for variability, the client had just begun to include vendors' complex capacity in its ordering plans.

2. ASSESS:

Current State

The client strategically partnered with LeanCor Supply Chain Group to create a **vision and implementation plans for an optimized end-to-end supply chain** that balances supply and demand by having the right inventory at the right places to minimize total cost of fulfillment. They sought to determine:

- The planned **order to delivery process**
- The **best flow** that would enable the client to order what was needed without excess stock
- If the client was properly **calculating safety stock** and order amounts based on variability
- How to see **lead time variability** differently to reduce waste in the process
- How the client could **model vendor capacity**

As a trusted supply chain consulting provider, LeanCor's end-to-end supply chain assessments typically focus on a list of themes, which include:

- End-to-end supply chain **alignment**
- One-team **collaborative decision making**
- Supply chain connection – **planning and execution infrastructure**
- Supply chain **visibility and capability**
- Supply chain **performance and total cost management**

These themes are used as the basis of all assessment recommendations - which begin with a client **self-assessment** (in survey format) against **LeanCor's proprietary Supply Chain Maturity Model** of best practices.

After facilitating this self-assessment, conducting a river of waste exercise, and extensive data analysis, LeanCor's supply chain consultants categorized the **client's top five major business problems**:

1. Disconnected information flow
2. Strategic alignment
3. Inventory control
4. Forecast accuracy
5. Vendor capacity

3. DESIGN: Future-State Strategy

From there, LeanCor worked alongside the client to recommend a prioritized list of future-state **improvement projects** that would help close the gaps and alleviate the business problems.

They also developed a list of **business metric dashboard** with which to measure progress toward its goals. These included metrics such as cash-to-cash cycle time, total network inventory, vendor capacity, lead times, forecast accuracy, total cost of fulfillment, and more.

After prioritizing the improvement projects, LeanCor placed them onto an **implementation road map** with short-term (immediate), medium-term (3-9 months) and long-term (12+ months) timelines.

These projects were assigned to the departments responsible for implementing

them - portfolio management, demand planning, supply planning, regional inventory planning, and sourcing.

Each project corresponded with a resulting **deliverable** (examples: "reduced systems," "vendor schedule"), **critical-to-quality (CTQ) outputs** aligned with their dashboard metrics, and **potential failure modes** to watch out for.

In addition to the dashboard, LeanCor supplied the client with a **future-state report card** from which to quickly gauge current-vs.-future-state scores relative to the best

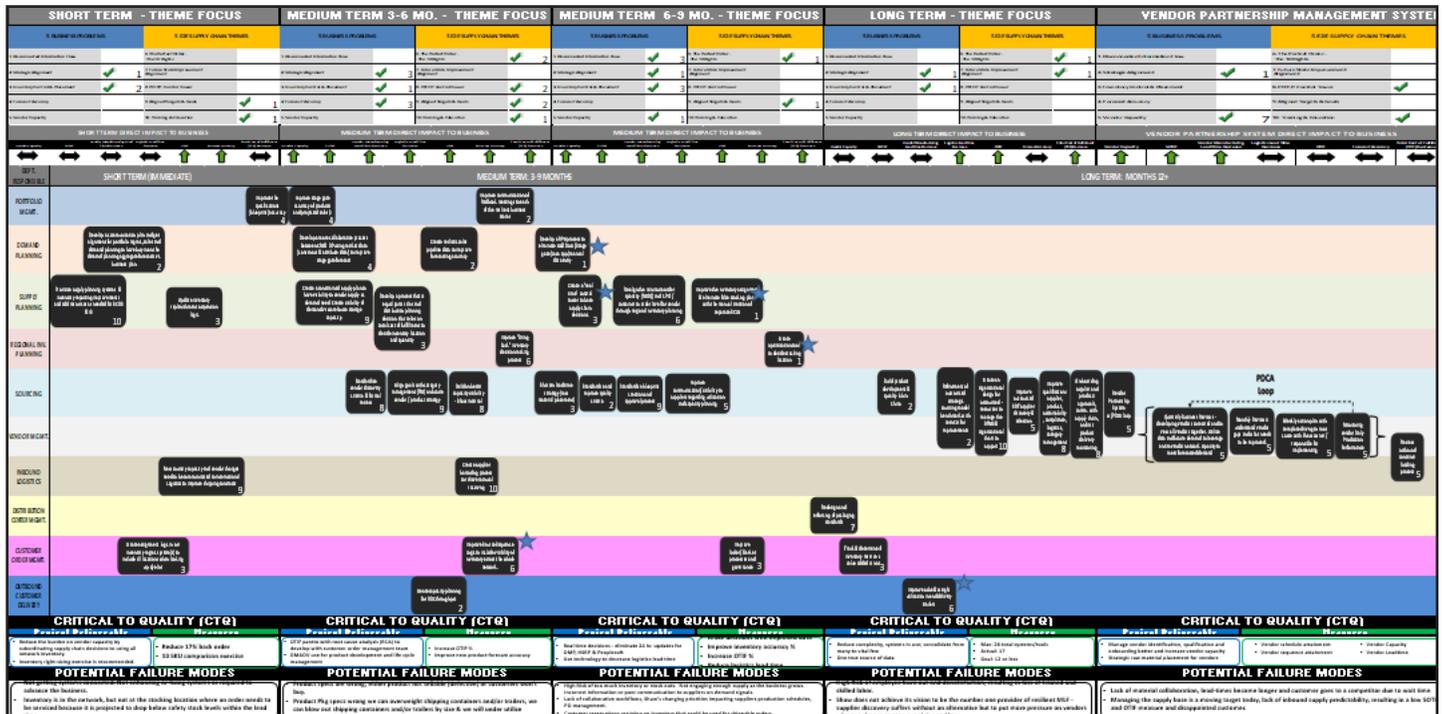
practices from the maturity model.

For example, in the focus area of "disconnected information flow," client survey-takers self-assessed themselves with a score of 1.7. Their goal was to reach a weighted score of 3.5 after working through the implementation plans.

After this successful project, the client and LeanCor continue to strategically partner on implementation work and initiatives that **connect the global supply chain with an integrated perspective for operational excellence.**

Side 1	End-to-End Supply Chain Maturity Model				
SUPPLY CHAIN ALIGNMENT	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
Long-Term Vision Alignment	No vision exists for the supply chain.	Vision exists and working on alignment of executive level.	Mean and alignment exists at executive levels and working on overall management alignment.	Mean and alignment exists at all levels of the organization, and the vision is completely adopted by an organizational and behavioral culture.	Mean (3-5 years) and alignment exists at all levels of the organization, and the vision is completely adopted by an organizational and behavioral culture.
Strategic Outlook Principles - Best Practices	Strategic best practices (operating principles) are not known internally but are implemented.	Strategic best practices (operating principles) are known internally but not implemented.	Strategic best practices (operating principles) are known internally and implemented consistently.	Strategic best practices (operating principles) are known internally and implemented consistently.	Strategic best practices (operating principles) are well-documented, consistently adopted, and fully implemented across the end-to-end supply chain.
Aligned Targets - Goals	No strategic targets exist for the end-to-end supply chain.	Strategic targets exist and working to connect to the vision of the customer.	Strategic targets exist. They are connected to the vision of customer and working to align holistically across the business.	Strategic targets exist. They are connected to the customer. Holistic across business, and working to align from an end-to-end supply chain perspective.	Strategic targets exist for long-term results. They are connected to the customer, holistically across the end-to-end supply chain, and alignment exists within the entire business where the targets may be established in multiple locations.
Current State Transparency	There is no interest in understanding the reality of the current state.	There is interest in understanding the current state and we are beginning the work.	Analysis of the current state has been developed and we are ongoing working on the supply.	Analysis of the current state has been developed. Leadership is engaged on the subject, and we are starting to share and activate the reality with the organization.	Analysis of the current state has been developed, leadership is aligned on the subject, and we have shared the reality with the organization. Current state values are updated continuously for an actual review.
Future State Improvement Alignment	There is no roadmap for the immediate future state of the end-to-end supply chain.	There is a roadmap for the future state of the end-to-end supply chain and working on setting priorities to complete the work.	There is a roadmap for the future state of the end-to-end supply chain, priorities exist to complete the work, then alignment to the priorities, and we are planning resource requirements to complete the work.	There is a roadmap for the future state of the end-to-end supply chain, priorities exist to complete the work, then alignment to the priorities, and we are planning resource requirements to complete the work.	There is a roadmap for the future state of the end-to-end supply chain, priorities exist to complete the work, then alignment to the priorities, and we are planning resource requirements to complete the work. There is alignment to the priorities and adequate resources, and investments have been made to complete the work. The roadmap connects to the long-term vision of the organization.
ONE TEAM PERFORMANCE	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
The Perfect Order - The Ten Rights	There is no understanding of the Perfect Order and working on enhancing it as a strategic goal.	There is an understanding of the Perfect Order. It is embraced as a strategic goal but only for the best of delivery.	There is an understanding of the Perfect Order. It is embraced as a strategic goal across the end-to-end supply chain.	There is an understanding of the Perfect Order. It is embraced as a strategic goal across the end-to-end supply chain.	There is an understanding of the Perfect Order and we have defined the Ten Rights across the extended value chain. The Perfect Order is embraced as a strategic goal across the end-to-end supply chain with leadership to the extended value chain (Physical, Operational, and Marketing - enabling processes).
Visible KPIs - Measures	No KPIs exist.	KPIs exist at the process level only.	KPIs exist at the process level and function level.	KPIs exist at the process level, function level, and working on holistic KPIs at the end-to-end supply chain.	KPIs exist at the process level, function level, and are connected to the extended value chain. There is alignment and support for these KPIs to meet improvement objectives.
Leadership Participation	Leaders are not actively involved in people or process development.	Leaders are actively involved in people development but not in process development.	Leaders are actively involved in people development and process development, but not in execution of the process.	Leaders are actively involved in people development, process development, and execution of the process, and the improvement of the processes. Leaders are trained systems thinkers.	Leaders are actively involved in people development, process development, execution of the process, and the improvement of the processes. Leaders are trained systems thinkers.
Optimized Management System	No management systems exist anywhere in the organization.	Management systems exist sporadically but they are informal and not at the organization.	Management systems exist consistently, but they are informal and not at the organization.	Management systems exist consistently. They are formal, but not at all levels of the organization.	Management systems exist consistently. They are formal and at all levels of the organization. Management systems are well-defined and are the system which drive effective decision making and improvement (continuous improvement).
Aligned Decision Making	Leaders are not aware of systems thinking or collaborative decision making.	Leaders are aware of systems thinking, but not collaborative in their decision making.	Leaders are aware of systems thinking and are collaborative in decision making, but only internally.	Leaders are aware of systems thinking and are formally collaborative in their decision making, but decisions are focused on local improvement.	Leaders are aware of systems thinking, are formally collaborative in their decision making, and decisions are focused on extended and visible interconnected consequences.

SNAPSHOT: SUPPLY CHAIN MATURITY MODEL



FUTURE STATE IMPLEMENTATION ROAD MAP