



EXECUTIVE BRIEFING



“What Happened To My ROI?”

Why do sizzling expectations become fizzling results so often in technology adoption projects?

Implementing technical solutions for supply chain automation and performance improvement is usually justified by grand expectations of improved supply chain operational results that pay for the exercise many times over.

There are big dollars at stake here, both for the investment required and for the expected returns. Project teams spend a lot of effort analyzing and projecting financial and qualitative benefits. Executives agree to proceed on the basis of achieving these outcomes. Initiatives are launched with a good deal of hoopla about the benefits that will emerge...and then the work starts.

As the project unfolds, issues, delays, and challenges accumulate to the point where the ability to “go live” at all, much less attaining the benefits once promised, appears to be in doubt. T.S Eliot’s “and this is how the world ends, not with a bang but a whimper” is often a fitting quote for those who survive a technology implementation.

The working teams find the new system *enslaves rather than liberates*. Cynicism abounds at the executive level. Follow-on efforts are viewed with disbelief or ridicule. The price tag was high and the results are dismal.

Investment made; benefits elude.

“We need a tool” is a familiar refrain from the supply chain team, who feel the weight of the constant computational overhead of making operational decisions, large and small.

They are awash in inventory and anticipate game-changing improvements. They make constant diving catches to maintain customer service levels and expect a more systematic, exception-driven response system. They sustain a chaotic, volatile interaction with suppliers that is frustrating to both sides. With Excel as the *de facto* support mechanism, they picture advanced planning and execution applications as streamlining tools that will let them spend more time on analysis and less time on nuts-and-bolts caretaking of the supply chain. The supply chain team believes they can drive a new level of performance with an effective tool, promising to redesign the end-to-end process for improved productivity and lower cost.

And yet, to the extent this happens at all, it is overshadowed by conflict, pain, delays, and cost overruns while pursuing the promised new world order.

Did they define success correctly? Did they invest where it was most critical?

Spinnaker uses a framework called the **5 Lenses** to help clients understand the realities of their supply chains and the nature of improvements that will result in value. These are:

- **People:** are you staffed, trained, and organized as needed?
- **Process:** do your business practices give you the results you want?
- **Technology:** are your systems and data up to snuff?
- **Policies:** do the rules of your business really match your supposed goals?
- **Metrics:** are your definitions of performance and operational health driving the right balance?

Although most initiatives claim to speak to the above dimensions, in practice most give lip service to anything but the technology itself.

The 5 Lenses apply, not only to ongoing activity, but to transformation projects themselves; if they are effectively ignored, poor outcomes are no surprise. Spinnaker has seen many companies expect to embrace true process redesign and organizational upgrades, but lack the methodology and framework needed to structure the work required. Traditional technology service providers are guilty of glossing over some of these essential ingredients, making reference to vague “change management” capabilities that are often the first to be eliminated due to cost pressure. Spinnaker suggests a self-assessment that offers insights into what causes a failed implementation and how to mitigate common pitfalls:

Are your people and organization lined up to perform at the targeted level?

Transformative change is work above and beyond the day-to-day conduct of current business, and requires different priorities. Too many companies try to drive major changes without dedicating key people and giving them the room to shift focus by backfilling their roles. Ten people spending 10% of their time is seldom effective, but one person spending 100% can drive real change.

Silos are commonly acknowledged but seldom addressed; it is nobody’s job to look at things that flow across rather than within organizational boundaries. Even though shared objectives across different business units are essential to improve fundamental supply chain behaviors, they remain rare.

The skill profile to operate advanced technology systems is typically quite different than tactically focused supply chain practitioners. There is a large conceptual gap between present assumptions and future best practices, and some in the workforce may not be able to cross the gap.

Are you driving process redefinition with leading practices, or through the rear-view mirror?

As projects move from concept to execution, the players in the room shift to the day-to-day practitioners; the topic quickly moves to “requirements.” As processes get blueprinted, the details of daily work are easier to identify and discuss than the process that “should” be visualized. The service providers that are brought

in to facilitate the exercise are far more knowledgeable in tool features than in end-to-end best practice. There is often pressure not to debate individual requirements simply due to the pace of project commitments. The resulting designs often entrench legacy assumptions in conflict with natural system behavior, which adds cost, complexity, and brittleness to the solution.

The automated version of what you already do today is no more likely to reduce inventory or achieve other objectives than before you purchased the expensive tool.

Have you truly understood what your chosen technology does, and what data you must feed it?

Running the supply chain in most companies involves a good deal of “push” behavior, trying to drive to outcomes driven by forecasts and budgetary assumptions. Most supply chain systems, on the other hand, are designed to be responsive to changes in demand signals whether welcome or not. Practitioners are caught in the middle between fundamental system behavior and management expectations, and their adaptation of system capabilities often becomes convoluted and ineffective.

Automation is inherently model-driven, while the Excel culture it is intended to replace is much more forgiving and responsive to in-the-moment changes. Most people underestimate the extent of defining and maintaining the model (“master”) data needed to generate useful results. The starting point of these datasets is usually stale and often corrupt.

Waiting until there’s an automation project to undertake data “cleanup” is missing a cultural point of change: one-time cleanups simply lead to recurring issues in the future that can effectively neuter the potential benefits of adopting automation.

Are both the explicit and the unspoken business rules of your enterprise on the table and up for discussion?

The business policies of typical companies often conflict with each other, and supply chain automation is frequently pulled in different directions by competing interest groups. The folks managing demand want product mix flexibility, while the supply side wants production and procurement predictability and stability. At the system level it is a balancing act because the individual objectives have never had to be mutually tuned in such a formal way. The complexity caused by “corner cases” tends to skyrocket, when in fact there are some things that will never fit cleanly into the mechanization of decisions.

In the legacy world, factions have managed to preserve some of their prerogatives informally. The marketing team spreads some upside around to “meet the numbers” while the manufacturing side smooths out production by staying only loosely coupled with the actual production schedule. The adoption of formal, structured systems tends to shine a harsh, unwelcome light on these practices, but they don’t readily go away.

Are you measuring success in a balanced way? Are you measuring anything at all?

At the enterprise level, many companies have balanced metrics of supply chain performance, but as they are distributed into the organization they tend to be allocated rather than shared. A sales group singularly focused on customer service is polarized from an operations team measured against asset utilization. Company performance is a question of the right balancing of the two.

Balanced Scorecard methods are well suited to maintaining holistic focus on not just current departmental performance but the effectiveness of change efforts themselves. Too many companies, once the decision is made to proceed, step away from active governance of key projects and fail to define objective measures of success.

The breadth and depth of successfully driving change

There are no short cuts. The superficial savings of not doing these things right is a drop in the bucket compared to the lost opportunity of achieving the gains originally aspired to.

- At the executive level, holding advocates accountable for thinking beyond the core technology is essential.
- For departmental leaders and stakeholders, thinking *across* organizational lines is hard work but necessary.
- For IT, business acumen and hardheaded insistence on the non-technology components of success are needed to keep implementation details in line with strategic expectations.
- For all involved, a willingness to free up resources, and upgrade staff to meet a higher bar, is perhaps the single most difficult, yet imperative, step.

Getting Started / Getting Unstuck

Hope is not a strategy, but too often a project is allowed to proceed even though it is compromised from the outset. Candid assessment against a framework that spells out all fundamental needs can be painful, but these are marathon efforts that won't forgive inadequate planning and preparation.

Spinnaker is recognized for identifying, organizing, and driving ALL the work that influences success in supply chain automation. After all, spending the effort at any level is only worth it when things actually fall into place.

We hope you found this information to be helpful. To access more Spinnaker thought leadership [click here](#), or to learn more about our services [click here](#).

About Spinnaker:

Spinnaker is a supply chain services company that helps clients grow, manage risk, reduce costs, and improve customer service by developing world-class supply chain capabilities. Our services help clients develop the right supply chain strategy for their business challenges and implement the process and technology solutions to improve Demand/Supply Planning, Procurement and Sourcing, Logistics and Warehousing, and Reverse Logistics business performance. Spinnaker offers a unique service delivery model that combines the strength of deeply experienced management and technology consultants with a seasoned team of business process outsourcing (BPO) and 3rd-party logistics (3PL) professionals. Founded in 2002, Spinnaker has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

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