

CHANGE AHEAD

Are You Ready For Your Next Big Supply Chain Initiative?

Big dollars chase supply chain improvement initiatives. Opportunities are significant—but so are costs.

Are you spending your money wisely? Are you ready?

Supply chain performance improvement projects are usually wrapped around technology adoption exercises. They suggest great promise, but often end up limping across the finish line. The benefits are elusive and the results don't look different enough to justify the cost and pain.

For your next one, wouldn't it make sense to make sure the investment idea passes the smell test and puts you in the winner's circle? Of course it would—but far too few doggedly insist on proving the problem, proving the solution, and proving readiness to proceed. It only makes sense to step back before the project begins and take a hard look to make sure you have the ingredients for success in place.

Technology is not the first stage of the solution. A vendor selection process does not equal readiness.

Dissatisfaction with the status quo is all some businesses need to put their future in the hands of technology vendors. The vendors are, after all, the people selling "solutions". They can readily speak to solutions to problems as they define them, and some of those problem statements may resonate with you.

But vendors have defined the playing field to suit their needs, and it may not suit yours no matter how attractive their proposition.

- **Are you considering an advanced methodology you don't currently use but is embodied in their tool?** They are not going to be the ones to tell you that you need to up your game with internal staff capabilities that are as smart as the system. There's

nothing worse than a black box whose inner workings your own team can't explain and replicate.

- **Does your current environment suffer from data quality drag effects? Are the players in a manual process constantly morphing data in the person-to-person Excel food chain?** Just wait until you try to get an integrated system to digest your data salad. The vendors will just nod and say “oh yes, data quality is important” without noting that there's nothing stopping you from starting that cleanup TODAY. Which you should.
- **Do you even operate the way the tool does?** The flow from demand to supply is inexorable in most supply chain tools. That hardly describes how many businesses operate, which often operate in siloes with giant gaps in timing and communication right where advanced systems try to operate seamlessly. This isn't just a question of process tuning—many people get measured and rewarded by practices that are going to be obliterated by the system. Just wait till the implications sink in.
- **Tools are smart.** People tend to think they're smart too, and often they are. An unavoidable consequence of bringing in sophisticated systems is that it puts experienced people in a tough spot—admitting that their decades of experience can be equaled by “a machine”. The vendors will tell you that your people are still needed—as “modelers”—but won't tell you that it's often a different animal who can be successful at that than the day-to-day tactical firefights in which your best people earned their stripes.

Pre-project due diligence: Spend a little, save a lot.

Consider a bit of serious due diligence. Before you put major company dollars into play, take your project's objectives and readiness for a test drive. See if you can build confidence in “yes” answers to the following questions. At worst, you'll have identified critical management and risk containment areas for your initiative.

Question 1: Are we solving the right problem?

Squeaky wheels do get greased, because they're so darn annoying. However, in the end to end supply chain, you may be returning to the scene of crimes already solved. It's been shown that supply chain investments tend to chase previous success stories as much as they venture into the depths of what truly needs fixing.

Question 2: Are we starting with the basics in place?

Most companies that complete large projects perform a post go-live “lessons learned” analysis and the topics that come up are usually the same.

1. Is your data any good? Systems don't clean up bad data, they choke on it. If your culture allowed debris to creep into your existing systems environment, adding or replacing will only worsen it. Poor data quality is a cultural problem you should consider addressing as a prerequisite, not as a project component. "Data cleanup" is a ridiculous concept if it's not accompanied by aggressive institutional changes to keep it clean going forward.
2. Are your processes and roles definitive enough to correctly scope and map the solution? For example, do you know what your S&OP looks like or are you waiting for your vendor to explain their version to you?
3. Are you able to articulate the best practices you want to adopt separate from the tool you choose? Folks wanting to improve things like forecasting, or inventory deployment, should be fluent enough in those techniques to have already modeled both the adoption and the desirable results that can be obtained.

Question 3: Are our people prepared to be successful?

This is more than a question of resources or skill sets, but those are important. Can once-tactical planners make the shift to abstract modeling? Can managers work across the aisle now that they are joined at the hip by the system?

Are you prepared to do job and organization redesign? Are the potentially affected parties on board with possibly radical change? Are you ready to realign the rewards people receive with new definitions of "good"?

Are you ready to take some of your best people and backfill their day job? Getting over the hump will take focus and bandwidth, both of which are usually woefully underestimated.

Question 4: Do we have an implementation methodology that is wide and deep enough?

Adoption has a lot of moving parts and if nothing else, this discussion should affirm that the keys to success go way beyond technology. The process used to roll out new systems needs to tackle the collateral change needs every bit as aggressively as the technology components. It's easy to come up with a topic-down plan based on when management wants a project to be live but a thoughtful review of the wide variety of changes required and the intermediate deadlines that must be achieved will create a realistic plan for dealing with the unexpected events that will surely come up.

Question 5: Are we asking our vendors the right questions?

The decision process can be a minefield. Your vendors are old hands at it and their goal is to win, not necessarily because they are the best choice for you. As you articulate your "requirements", are you providing them with a yes/no checklist they can play games with, or are you giving them something they have to understand and interpret in order to respond intelligently?

Call it necessary preparation or call it insurance – but either way make sure you’re ready for change.

If the questions posed are making you stop and think, that’s a great step forward. The next step is to decide how you can best get good answers that can guide your preparations and improvement efforts.

Spinnaker does efficient, thoughtful change readiness assessments to help create a foundation for a successful transformation. We can help you understand where the speed bumps are in your organization, and what they portend for your project objectives. We help determine the best course of action through or around those barriers, and de-risk your effort as a result. At the same time, we help you see the impact various improvements can have on your end-to-end performance, assuring that you’re spending money and focus on the biggest contributors to success.

This is not a design or blueprinting exercise. It is a thoughtful survey of your company’s processes, human capital, culture, and business objectives that will provide a clear-eyed evaluation of your readiness to take that next big step.

Spinnaker is an atypical service provider, uniquely qualified to help companies acquire new insights, depart from their internal traditions, and take novel steps forward to better leverage their new technology. Eventually, pain becomes gain.

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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