



CoE Enablement: Does your company have a Supply Chain Design Center of Excellence (CoE) or are you planning on building one?

How Supply Chain Design CoE's are Different

The practice of building a CoE is common in many business functions. In most applications, a CoE is taking an **on-going business process** and making it more robust by improving the design of the process, technology capabilities, organizational skills and capabilities, and methodologies. Using CoEs to drive continuous improvement in critical business processes can drive tremendous business value but usually the CoE doesn't do the work – they enable the broader organization to perform better.

Supply Chain Design work is different. Traditionally, Supply Chain Design is primarily a **project** driven exercise. The transition of project based work to a CoE presents unique challenges. In our experience, a lot of Supply Chain Design CoE's are a CoE by name only. In reality, it is just a few people doing projects independently under the name of a CoE without building any additional infrastructure. When those people move on to new roles, the CoE falls apart. In this Executive Briefing, we will discuss what is needed to create a CoE that transitions Supply Chain Design from a project-based activity to a true business process capability in your organization.

Differences Between a Supply Chain Design Project and an effective Supply Chain Design CoE

Running an effective Supply Chain Design CoE differs from running an effective project in 3 main buckets: infrastructure, compelling events, and scope.

Infrastructure: The infrastructure at the beginning of the study is without a doubt the biggest difference between one-off project and a CoE. In almost all cases, when a project is undertaken, all the activities to prepare the model data are focused on one-time analysis. The tools used to complete such analysis include Microsoft Access and Excel, cleanup efforts are ad-hoc, and repeatability is low. Most one-off projects fail due to data quality, speed of execution, or modeling expertise. However, in a CoE environment with proper infrastructure, the data flows to build a model should be automated and the data problems should already be identified and addressed. As a result, the base business models should already be built and the effort shifts from data collection to scenario analysis. This shifts the work load

from technical efforts to more value efforts related to communication and change management focused on the business problem being solved.

Compelling Events: Most of the time a Supply Chain Design effort is undertaken as a Project, it is because something is forcing a decision to be made. We call this force a compelling event. The upside of a compelling event is that it provides a project with clarity of direction, intense focus, and external time pressures. Without a compelling event, it is often perceived as a risky move to make supply chain changes. Without the benefit of externally provided factors, a Supply Chain Design CoE's mission can be unclear and overcoming the status quo bias can be a significant hurdle. For this reason, it is critical to define a clear role and mission for the SCD CoE. Even if the opportunities for a Supply Chain design CoE to improve business performance are obvious, if the analysis provided by the team cannot be incorporated into the set of end-to-end business planning processes used to manage the business, the status quo will win the day and the CoE will not be effective

Scope: A one-off project must have laser focus to be successful. Out of necessity of the data collected, the technology used, and the models developed are just to support that particular project. The activities are not treated as separate entities, and separate infrastructures are not created due to tight timelines.

To be effective in the content of an integrated business planning process, however, a CoE needs to anticipate the required elements that can be evaluated and build infrastructure that is flexible and able to evaluate a range of problems. This will enable the CoE to support any design questions into the future, and supports a significantly wider scope than that required for any given project. As such, the data requirements, technologies used, and communication channels required grow in proportion. This enables the CoE to support the full footprint, which is critical to its success.

What it takes for a CoE to be Effective



People: *Are you responding actively and constructively to the new challenges your business faces? Does your team have the technology knowledge and the communications skills to be successful?*

The CoE exists to help execute analytics but also align processes, people, and technology. Developing the right organizational capabilities to execute analysis on a repeatable, sustainable basis while engaging with the business to address real business problems is a significant challenge. Strong communications skills are critical and engagement is far more effective than hiding out in the ivory tower.



Process: *Are your processes both effective and analytically sound but also within reach of the planners?*

Process issues often have legacy beliefs, assumptions, and nostalgia lurking somewhere. The CoE needs to be the relentless champion and advocate the new way of doing things. To be effective, the CoE needs to be fluent and persuasive in the advantages of doing so, while being authoritative enough on historical practices to call its bluff. The “soft” skills to achieve this are just as important as supply chain expertise—planners respond more constructively if they are heard and engaged, rather than steamrolled.



Technology: *Does the solution address business problems as advertised? Are issues rapidly and correctly diagnosed to root cause?*

With the network design technology and analytics, the CoE acts as referee, interpreter, and the guiding hand of enhanced usage. Successful network design – especially in a CoE environment – also requires integration and reporting capabilities. The CoE should be the go-to source for ingenuity and rationality about how best to drive the software’s behavior and usage into line with legitimate business requirements. Tools live or die by the data they consume. Data definition, quality measurement, and adequate governance are prime topics for the CoE to take leadership on.



Policies: *Are you addressing the right business problems, staying on message, and making it easy for the business to adopt results?*

The CoE is uniquely positioned to be the voice of alignment between business strategy and the adoption of specific practices and system capabilities. However, the policy role of the CoE is not to control but to influence, primarily through relentless advocacy and coaching on how to adhere to the vision and institutionalize strategies.



Metrics: *Are you tracking process performance measures that tell a story relevant to both operational assumptions and targeted benefits?*

Metrics are a key CoE contribution that is sometimes overlooked. The CoE is ideally positioned to define and produce metrics of operational performance and planner goal attainment that remind people why they agreed to deploy the software in the first place. They are also well situated to maintain a data-driven view on the state of the organization vs. requirements, defining and tracking measures of planner capability and training. Finally, the CoE can be the prime asset in managing data quality, identifying the “choke points” of key data elements and establishing measures to proactively monitor and guide corrective action.

How Spinnaker Helps

Spinnaker is an atypical Supply Chain Design service provider that is uniquely qualified to help companies pursue a holistic approach to CoE development. With both deep supply chain design experience and significant integrated planning experience over nearly 15 years we have helped companies develop sustainable Network Design capabilities. Our approach, outlined above in the Spinnaker 5 Lenses, helps companies do more than scratch the surface with their technology investment, and instead get sustained value creation and higher overall returns.

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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