

Supply Chain Assessments: Want the Right Answers? Ask the Right Questions.

When you are trying to evaluate supply chain capability and health, make sure you look in the right places

When your supply chain performance falls short of your goals and expectations, it's an absolutely valid response to investigate "why?"

Like most, you have probably made significant investments in technology, training, and other performance levers in the pursuit of supply chain agility and cost reduction. Also like many others, though, you may still see elevated levels of inventory, have difficulty meeting customer expectations for service, experience challenges managing manufacturing operations cost effectively, and experience alarming levels of chaos and firefighting to get through what should be an ordinary day.

Once the decision is made to dig into what's going on, the next steps are critical. Many attempts to assess what's going on fail to expose what really matters—and where it's happening.

Have you cast a wide enough net?

The business practices, systems, and rules generating pain aren't always what you might think. Inventory "policies", for example, are seldom the primary influencer of actual inventories. Instead, it's often created by oversimplified rules or seat-of-the-pants risk management in the planning process. And your demand forecasts often include "upside" buffers that represent probable inventory builds hiding in plain sight.

When planning evaluations of supply chain issues, it's always important to be sure you are looking far enough upstream to find the culprits. Depending on how your organization defines "supply chain", this can cause consternation with functions that didn't expect to be under scrutiny.

Are people doing precisely what you reward them for?

Departmental objectives don't always line up with your overarching goals. In fact, they are often at odds with each other. When it takes an act of Parliament to get an order on the line for an impatient customer, it's easy to rail against manufacturing—until you notice that they are graded on line utilization, not service. If your sales force consistently lowballs their forecasts and leaves you playing constant catch-up, it starts to make more sense when it turns out their compensation is tied to “meet or beat” measures.

One of the reasons that Spinnaker created its 5 Lenses framework is that the traditional “people, process, technology” trio doesn't sufficiently address WHY people do what they do. We add both metrics and business policies to the mix, and in doing so can expose important drivers of behavior that might otherwise be missed.

Does the work really get done where you think?

The nominal responsibilities for supply chain decisions are often far different in practice. Planners may release plans but they are treated as guidelines by the factory, who determines what actually gets built in a cadence that only faintly resembles what planners requested. Inventory may appear to be the responsibility of planners as well, but in truth they keep the peace by letting sales dictate inventory buffers for customers they want to protect. Even when policies are clearly articulated, they can be interpreted very differently – inventory for build-to-forecast products can vary widely depending on whether a planner or factory interprets this policy as “build next week's forecast” or “build next quarter's forecast”. At quarter-end, everyone from the CEO on down can distort the process by hockey-sticking sales or production.

Assessment requires a dispassionate and honest analysis of who's on the playing field and what positions they are playing.

The tools run, but are you thinking magically about what they will do?

Most companies have various systems and tools for planning and operating their supply chain. However, these often are used in name only, and the real effort is off to the side in a jumble of spreadsheets and isolated departmental tools. Things constantly get lost in translation, different groups operate from different assumptions, and the resulting distortions are hard to pin down and cumulatively overwhelming.

The “feeder” processes that should be providing robust support for your systems with key parameters and configuration decisions often don't exist or are woefully underinvested. Adopting truly model-driven behavior is a struggle for most companies, and – often in the name of not “overcomplicating” things – systems get set up with defaults and oversimplified rules of thumb that end up distorting plans and projections in a way that renders them useless, aggravating planners, and causing a duplication of effort.

Do you really want to know the answers?

For many companies, “supply chain” is a department, but its behavior and health spans every function from sales to finance. Often, there are employees in other functions that are fundamental influencers of supply chain performance with or without even realizing it. Competent analysis will highlight root cause issues wherever they are, but the sponsors of the assessment may not have broad buy-in. Rather than face conflict for which they are unprepared, some people try to unrealistically confine assessment scope to the point where the true levers of performance are out of reach.

Needless to say, this is hardly favorable for useful results.

How can you make sure you cover the bases?

Spinner has an efficient, mature methodology for conducting impactful assessments at any scale and scope. Combined with our extensive supply chain expertise and our 5 Lenses framework, we help you confidently diagnose your key issues, localize their drivers, understand the system-level impacts, and identify the most important gaps and remediations that will lead to quantum performance improvements. Just as importantly, we are ready to explain what we find and why it matters in a way that brings your organization along for the improvement journey. Contact us today to discuss your challenges and learn how we can help you address the 5 Lenses to drive meaningful, sustainable positive change in your organization.

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

About Spinner:

Spinner 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. Spinner 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, Spinner has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

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