

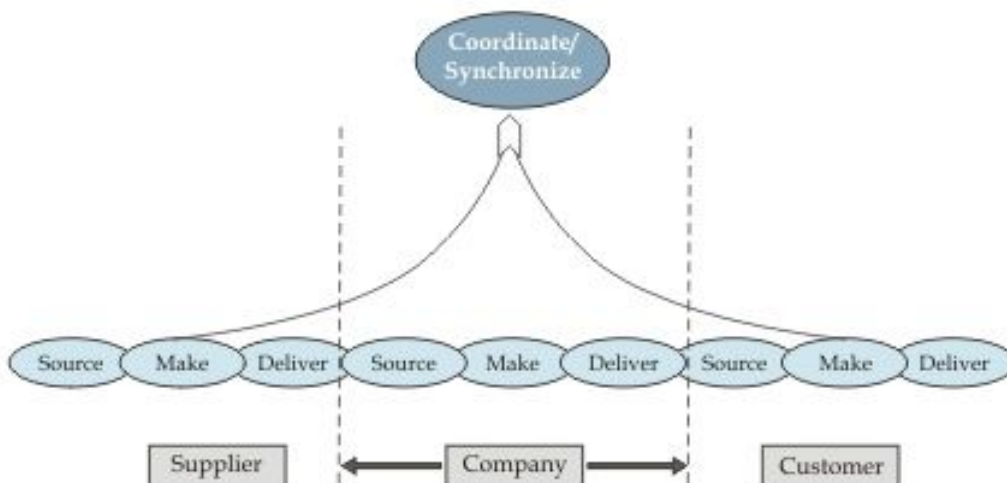
Supply Chain Health Check

Improving customer service and reducing costs are not unknown objectives. The important aspect is to **coordinate** among different functions of the organization, **synchronize** their efforts and **realign** the whole supply chains to customer's customer requirements keeping in mind the supplier's supplier constraints.

Organically grown organizations have functions like Marketing, Manufacturing, Procurement, etc. to manage the operations. Such organizations generally develop **COMMON** strategic objectives for the whole company, but at operational level, functional managers pursue their functional goals. **The focus, therefore, shifts - customer remains the focus at the organizational level, whereas, functions loose sight of the end customer.** It is primarily for such reasons that Supply Chain Health Check/Assessment (SCHA) is used as a tool for designing a roadmap for improving the Supply Chains.

SCHA looks at the whole organization as **ONE** and assesses how well this entity of supply chain is organized to serve the customer requirements. **Then customer service no longer remains the objective of customer service or marketing department, it runs through the whole organization.**

For assessing the health of Supply Chain, it is essential to map, measure and improve the five management processes of supply chain - Plan, Source, Make, Deliver, and Return. These processes are across functions and their measurement tells how well they are synchronized with each other to satisfy the customer needs.



Lunch logisticians exhibit six-sigma

Forbes Global magazine recently zeroed in on Mumbai's dabbawallah - the lunch logisticians who deliver 1.5 lakh (150 thousand) lunch boxes to hungry office goers every day scored a 6 Sigma performance rating, a term used in quality assurance ... one error in six million transactions, a benchmark reserved for blue-chip companies. [Read More](#)

More Resources

- [Continuous and Sustainable Improvement Through SC Performance Management](#)
- [Ultimate Enterprise Value Creation Using Demand-Based Management](#)
- [Supply Chain Simulation](#)
- [Variability and Supply Chain](#)
- [E-Business and Supply Chain](#)

The whole process of making the goods or offering the services, and delivering to the customer, is viewed at three levels - Planning, Execution and Managing. The **PLANNING** element maps the planning activities across the supply chain and identifies the gaps for synchronized and optimized planning. The **EXECUTION** element identifies the day-to-day execution. The plan or actual demand triggers the execution activity. The **MANAGING** element is the most important enabling process. It includes the processes established by the organization to enable effective planning and execution. **Some of the managing elements include - Management of business rules, Managing Inventory, Managing Assets, Managing Information** etc.

The health of Supply Chain can be assessed as per the five-step approach:

1. **Measure** Supply Chain performance using end-to-end metric
 - Adopt end-to-end metrics like Cash to Cash Cycle, SC Cost, response time etc.
 - Break up the key elements across processes to identify lower performing processes
2. **Analyze** the basis of competition and set targets for improvement
 - Identify the Organizational objectives and Key Success Factors for the Supply Chain
 - Benchmark the SC performance and set targets to achieve parity or advantage against competition
3. **Map** the Supply Chain Processes
 - Use standard methodology to map the processes (e.g. SCOR methodology)
4. **Understand** the Customer requirements
 - Segment the products and customers
 - Identify requirements of each customer segment
5. **Identify** the opportunities for improvements to achieve the set targets and to meet customer requirements
 - Adopt best practices
 - Evaluate opportunity areas on the basis of Returns and Implementation complexity

The outcome of a good Supply Chain Health Check exercise is a step-by-step roadmap for building a world-class supply chain.

Next Issue: [Optimized Load Planning Decisions](#)
 Previous Issue: [Allocation of Marketing Investments](#)

[Integration](#)

About DecisionCraft Analytics

DecisionCraft provides decision-making solutions to improve operational efficiency and business responsiveness. Our consulting services employ our strengths in industry knowledge, conceptual rigor, and information technologies. Developed using concepts from decision theory; our solutions use robust optimization, simulation, and statistical engines adapted to our client's focus areas.

SCM is one of the focus areas of DecisionCraft. Besides developing and offering its **proprietary SC products**, DecisionCraft offers **consulting services in SCM** and has customer engagements in Pharmaceutical, Cement, Textile, Banking, Advertising, and Energy industries.

DecisionCraft Supply Chain Offerings

[scAssessment](#)

Assesses and evaluates current health of supply chain

[Logistics Planner](#)

Synchronizes supply with demand to minimize distribution costs

[Supply Chain Simulator](#)

Determines optimum inventory policy such as re-order point and maximum stock based on fill rates