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The Chartered Institute of
Logistics and Transport (UK)



Supply chain maturity study Comparator report

HSCNI

November 2010

Supply chain maturity comparator study – Contents

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Supply chain maturity study – Introduction

Over 50 companies participated in this study with representation from CPG, retail, utilities, telecommunication, manufacturing and logistics sectors. The study consisted of interviews with Supply Chain Directors or equivalent in each company to determine the current level of maturity across six key supply chain areas:

- Supply chain strategy
- Supplier relationship management (SRM)
- Working capital and inventory optimisation
- Logistics and distribution
- Customer relationship management (CRM)
- Supply chain performance and financial management

This report represents HSCNI current level of supply chain maturity across these areas and the desired level of maturity for each. Comparisons are noted with the average maturity levels of the other companies in the logistics sector, and the overall results for study participants are provided.

A ‘Thought Leadership’ report containing a detailed analysis of the study and key findings is currently being produced and is due to be published in January 2011.

Supply chain maturity study – Introduction (cont.)

Maturity levels were scored 0-100% and categorised into one of the following:

Advanced: (75-100)

- Typical characteristics include a supply chain fully integrated 'end-to-end' encompassing strategic partnerships with both suppliers and customers. Collaborative programmes in place with stakeholders to realise synergies with integrated reporting and supporting IT.

Intermediate: (50-74)

- Supply chain cross functional integration coupled with a culture of continuous improvement to improve efficiencies and reduce wastage. System capabilities harnessed to limit data entry and duplication.

Secondary: (25-49)

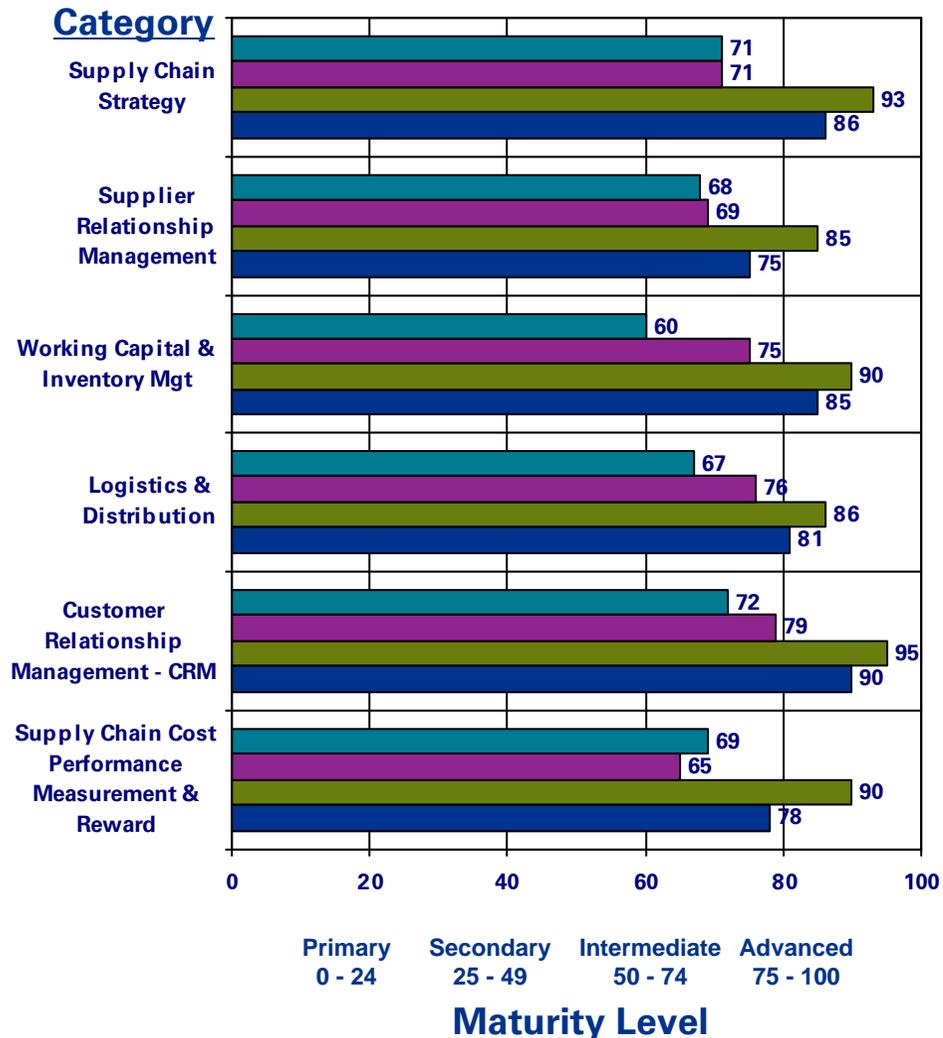
- The organisation's supply chain is planned and managed with an understanding of the functional interdependencies and impact on other functions. Operational performance monitored and reported. Documented roles and responsibilities.

Primary: (0-24)

- Functional silos shape organisation's supply chain outlook and reporting structure. Operations are independently aligned with a focus on expediency and short termism. Adversarial culture.

HSCNI overall current supply chain maturity level is advanced*, with the desired level being higher within the same* classification. The following report contains a summary across the six key areas and details for each area.

Supply chain maturity comparator study – Participant results summary



Participant performance compared with all study participants

Supply Chain Strategy

Best was 'Advanced' demonstrating the following characteristics - Clearly defined supply chain strategy with goals, objectives and performance measures aligned to business strategy and vision - and the lowest level of maturity recorded was 'Primary' with the following characteristics - Supply chain strategy does not exist – strategies tend to be developed in functional silos.

HSCNI current maturity is advanced level with desire to improve within that level.

This compares to intermediate maturity within their sector.

Supplier Relationship Management

Best was 'Advanced' demonstrating the following characteristics - Clearly defined procurement strategy with supplier segmentation and performance measures aligned to business strategy and vision - and the lowest level of maturity recorded was 'Primary' with the following characteristics - Supplier list is based on historical purchases and buyer relationships.

HSCNI current maturity is advanced level with desire to improve within that level.

This compares to intermediate maturity within their sector.

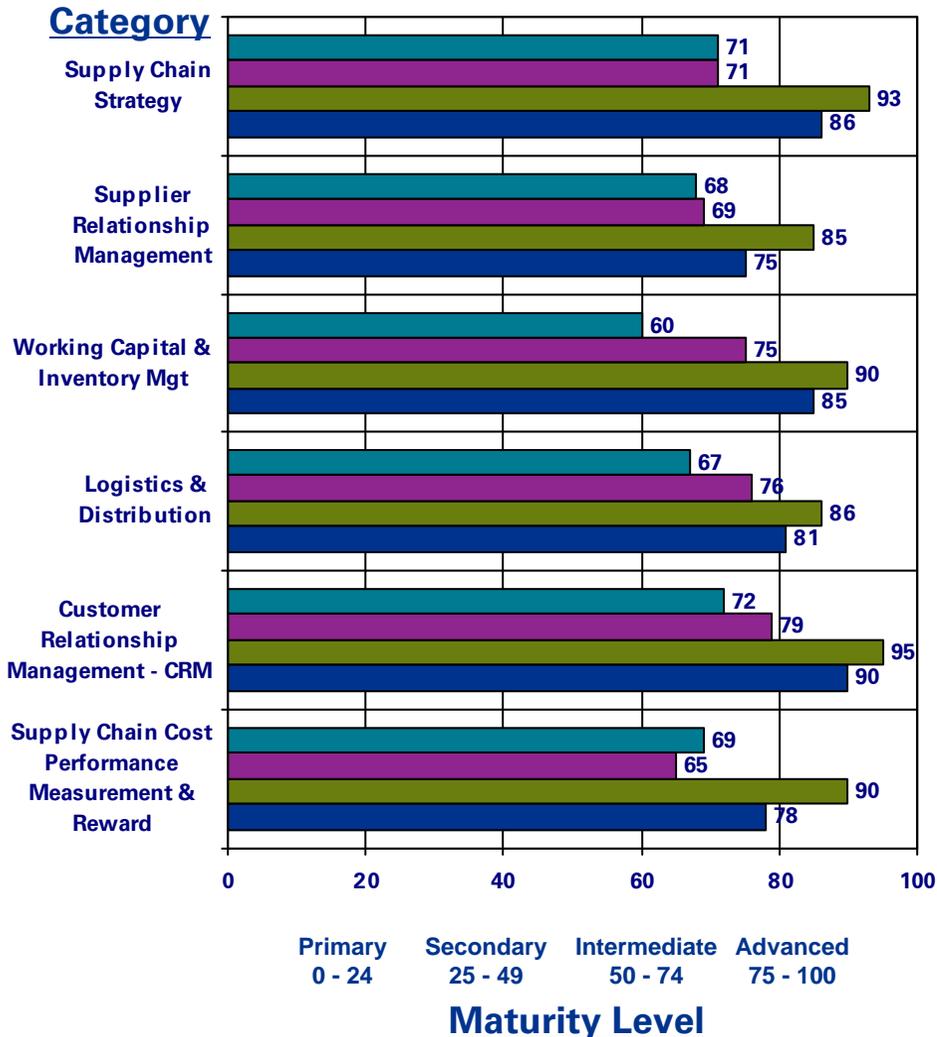
Working Capital and Inventory Optimisation

Best was 'Advanced' demonstrating the following characteristics - Fully integrated 'End to End' processes and alignment of demand and supply forecasts - and the lowest level of maturity recorded was 'Primary' with the following characteristics - No concept of supply chain with interdependent functions.

HSCNI current maturity is advanced level with desire to improve within that level.

This compares to advanced maturity within their sector.

Supply chain maturity comparator study – Participant results summary (cont.)



Logistics & Distribution

Best was 'Advanced' demonstrating the following characteristics - Clearly defined logistics & distribution strategy with goals, objectives and performance measures aligned to supply chain strategy and vision - and the lowest level of maturity recorded was 'Primary' with the following characteristics - Logistics & distribution activities are manual processes performed in functional silos.

HSCNI current maturity is advanced level with desire to improve within that level.

This compares to advanced maturity within their sector.

Customer Relationship Management

Best was 'Advanced' demonstrating the following characteristics - Clearly defined CRM strategy - customer collaboration is an integral part of the business strategy and vision - and the lowest level of maturity recorded was 'Primary' with the following characteristics - Volume and Revenue driven.

HSCNI current maturity is advanced level with desire to improve within that level.

This compares to advanced maturity within their sector.

Supply Chain Performance & Financial Management

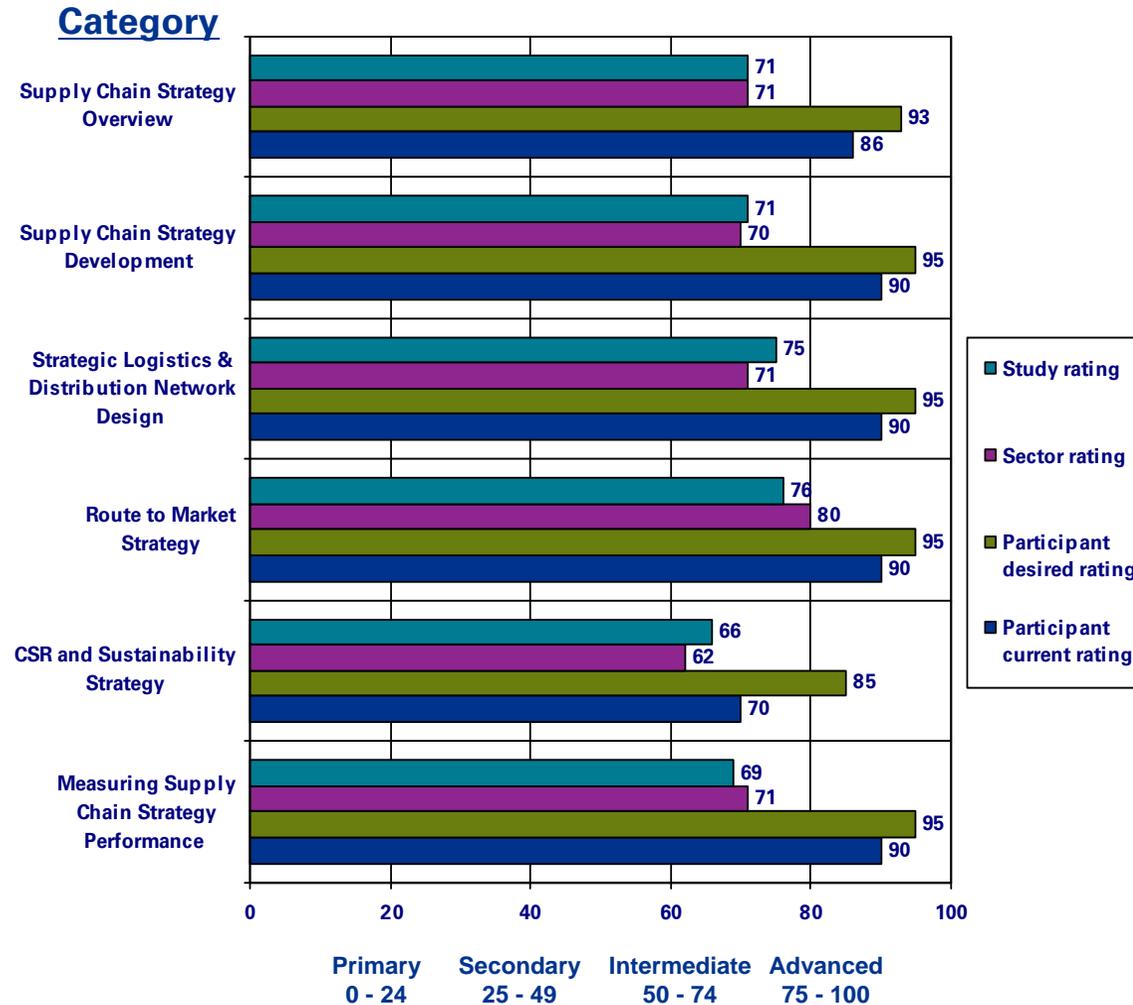
Best was 'Advanced' demonstrating the following characteristics - Clearly defined supply chain performance and financial reporting with goals, objectives and performance measures aligned to Supply Chain strategy - and the lowest level of maturity recorded was 'Primary' with the following characteristics - SC performance & financial management does not exist – focus tends to be on functional silos.

HSCNI current maturity is advanced level with desire to improve within that level.

This compares to intermediate maturity within their sector.

Your results...

Supply chain strategy



Supply chain strategy overview

Overall the organisation's 'Supply chain strategy' category has advanced characteristics, typically demonstrated as:

Clearly defined supply chain strategy with goals, objectives and performance measures aligned to business strategy and vision.

Each of the subcategories typically demonstrates the following characteristics:

Supply chain strategy development

Clearly defined supply chain strategy with goals, objectives and performance measures aligned to business strategy and vision.

Strategic L&D network design

A fully integrated logistics & distribution network which enables optimum solutions to support both product offerings and customer service requirements.

Route to market strategy

Routes to market strategy is based on channel models which have been developed to deliver the optimum cost and service balance.

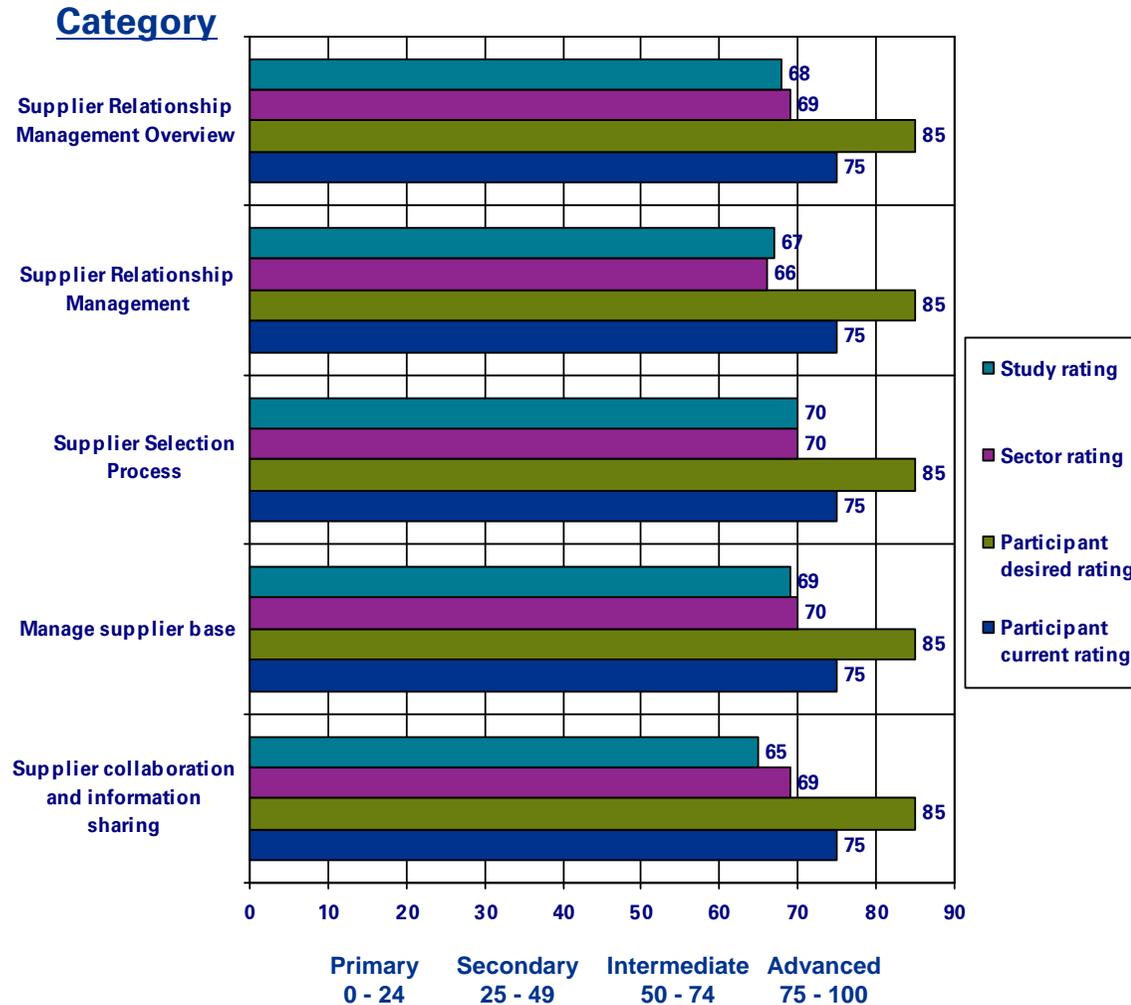
CSR and sustainability strategy

The company strives to understand and respond to the expectations of all stakeholders.

Measuring supply chain strategy performance

Supply chain strategy is translated into clearly defined performance metrics customised to each group and individual across the supply chain.

Supplier relationship management



Supplier relationship management overview

Overall the organisation's 'Supplier relationship management' category has advanced characteristics, typically demonstrated as:

Clearly defined procurement strategy with supplier segmentation and performance measures aligned to business strategy and vision.

Each of the subcategories typically demonstrates the following characteristics:

Supplier relationship management

Clearly defined procurement strategy with supplier segmentation and performance measures aligned to business strategy and vision.

Supplier selection process

Focus is on building and maintaining strategic relationships with suppliers.

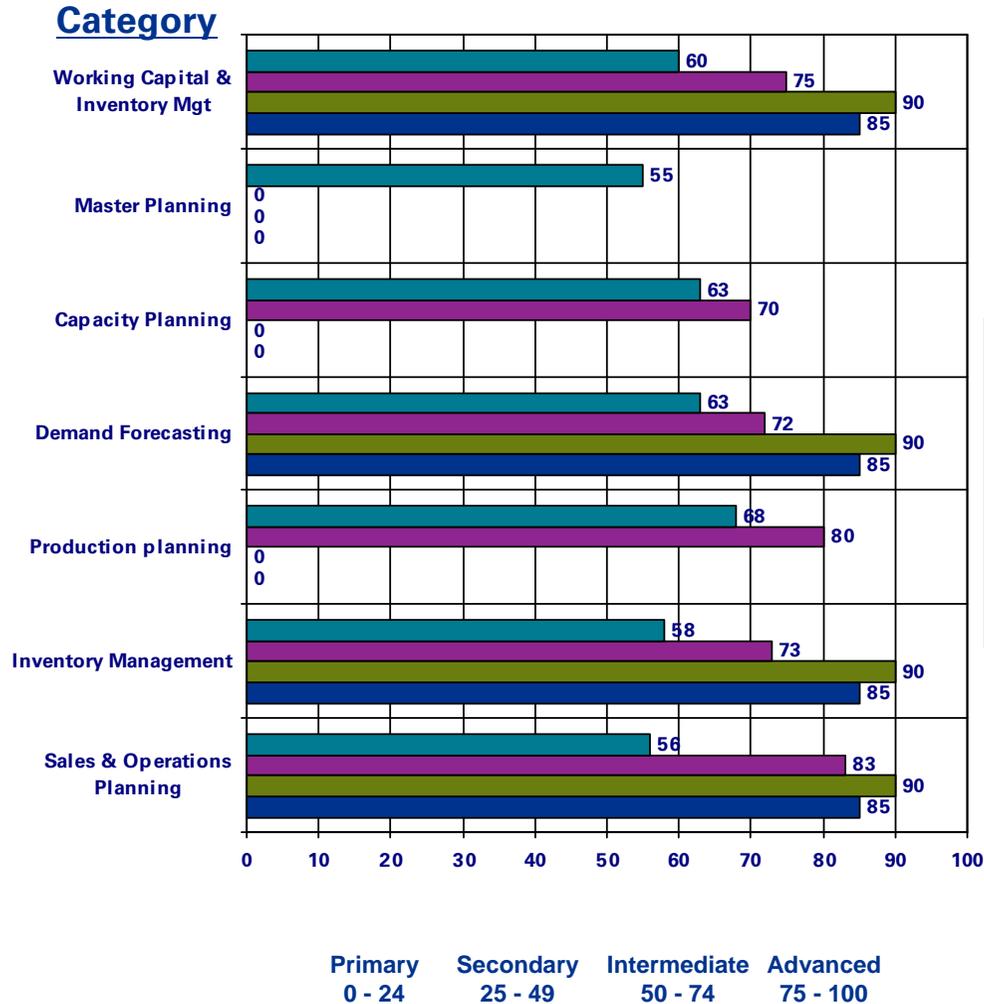
Manage supplier base

Small number of suppliers with long term relationships.

Supplier collaboration and information sharing

Strategic collaboration with suppliers - sharing of demand and inventory information across supply chains.

Working capital and inventory management



Working capital and inventory management overview

Overall the organisation's 'Working capital and inventory management' category has advanced characteristics, typically demonstrated as:

Fully integrated end to end processes and alignment of demand and supply forecasts.

Each of the subcategories typically demonstrates the following characteristics:

Master planning

n/a

Capacity planning

n/a

Demand forecasting

Real time visibility of customer plans, actual sales and inventory using dynamic planning tools.

Production planning

n/a

Inventory management

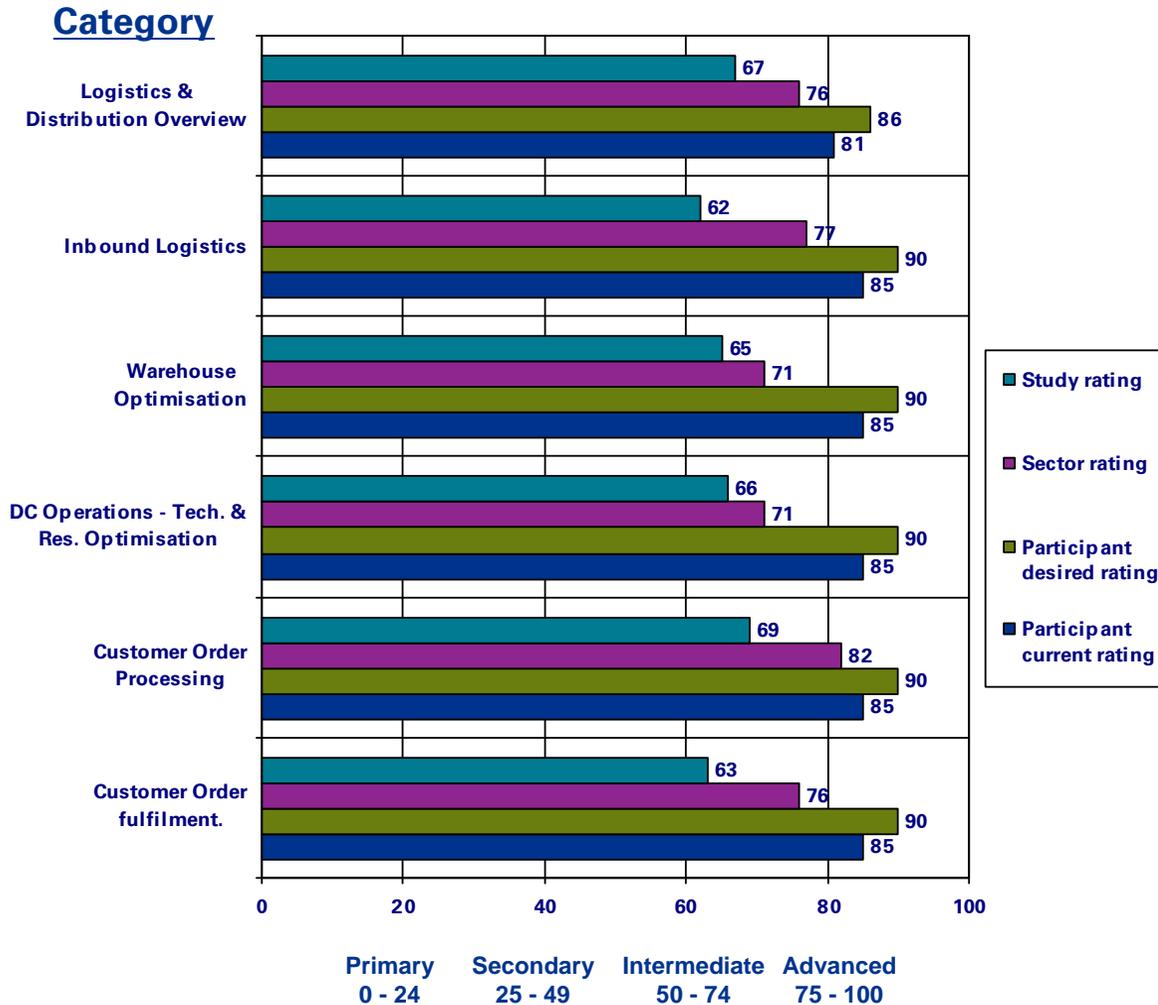
Collaborative planning with customers and suppliers to optimise inventory across the supply chain.

Sales and operations planning

S&OP drives business activity across the supply chain both internally and with supply chain partners.

Maturity Level

Logistics and distribution



Maturity Level

Logistics and distribution overview

Overall the organisation's 'Logistics and distribution' category has advanced characteristics, typically demonstrated as:

Clearly defined logistics & distribution strategy with goals, objectives and performance measures aligned to supply chain strategy and vision.

Each of the subcategories typically demonstrates the following characteristics:

Inbound logistics

Electronic process – where materials are labelled to support automated warehouse directed put-away or delivery to point of use.

Warehouse optimisation

Fully automated warehouse with space allocation done dynamically by the system based on product characteristics and use information.

DC operations - technology and resource optimisation

Fully integrated DC systems using data capturing technologies to facilitate decisions based on real time information.

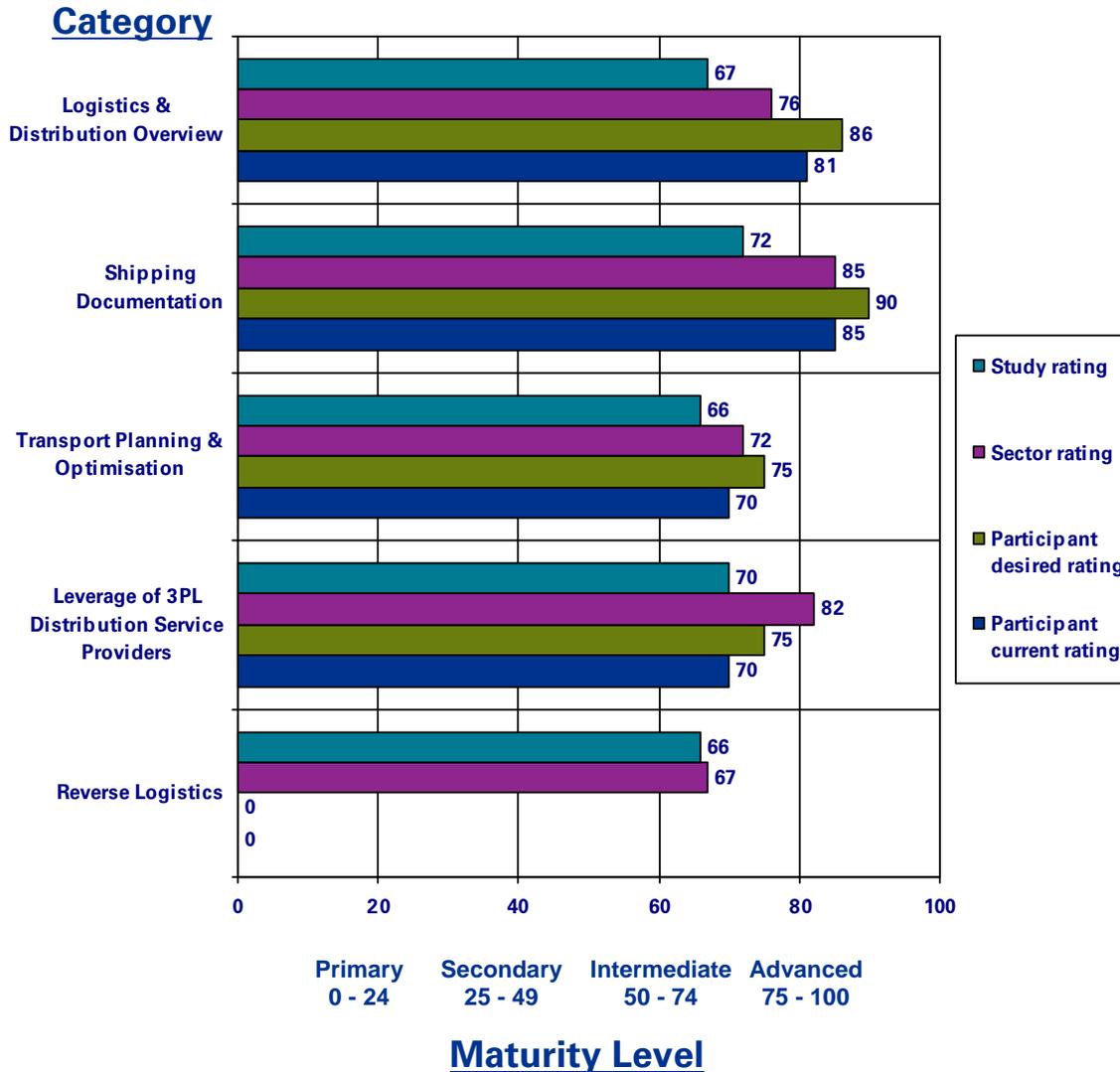
Customer order processing

Fully automated and integrated customer service and fulfilment functions providing one point of contact for the customer.

Customer order fulfillment

Continuous improvement of the order fulfillment process: indicators include on-time delivery, fulfilment lead time and delivery accuracy - Customer orders are built / assembled to order.

Logistics and distribution (cont.)



Logistics and distribution continued...

Shipping documentation

Production of shipping documentation is fully automated and end to end SC systems integrated, including customs documentation for international shipments.

Transport planning and optimisation

Transport planning and scheduling is supported by software that enables optimum vehicle utilisation.

Leverage of 3PL distribution service providers

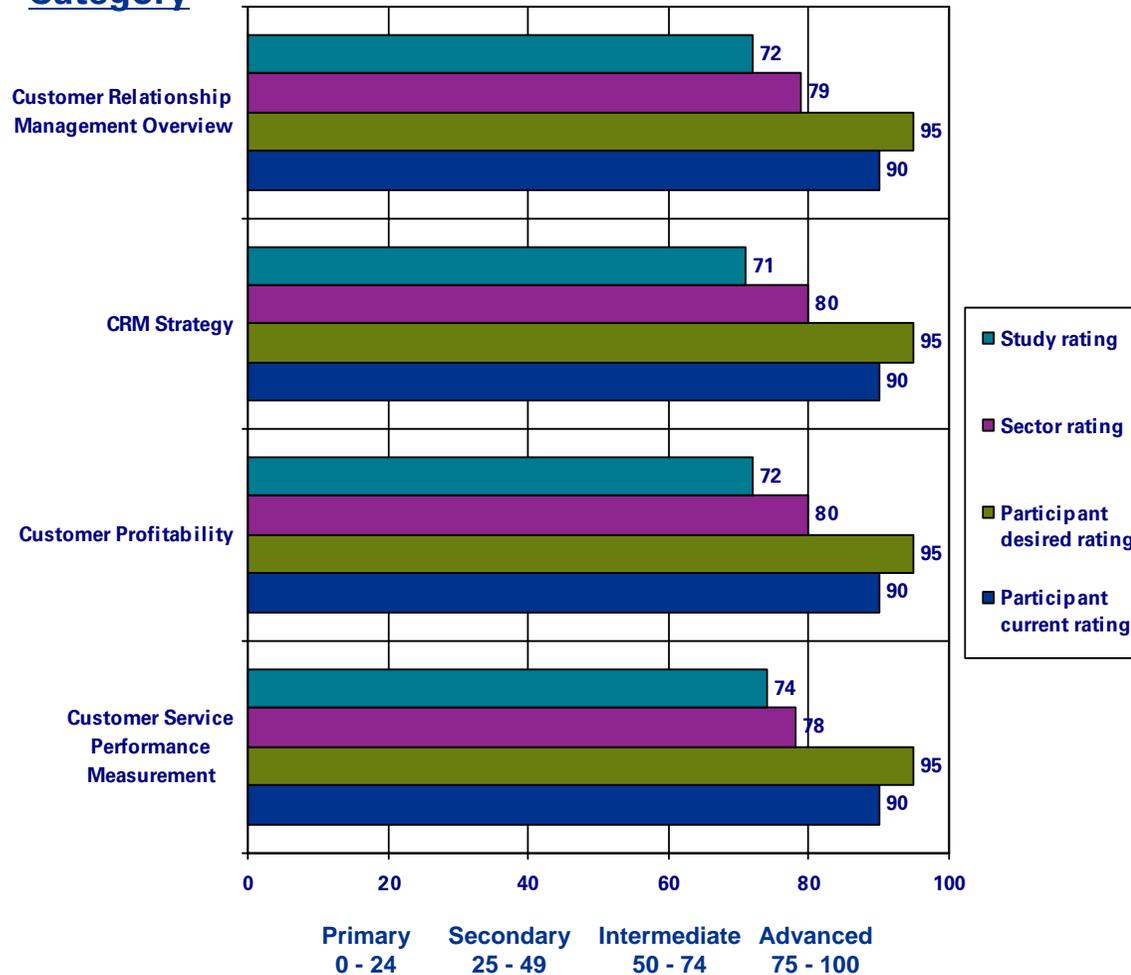
Service level agreements are in place and monitored.

Reverse logistics

n/a

Customer relationship management (CRM)

Category



Customer relationship management (CRM) overview

Overall the organisation's 'Customer relationship management' category has advanced characteristics, typically demonstrated as:

Clearly defined CRM strategy - customer collaboration is an integral part of the business strategy and vision.

Each of the subcategories typically demonstrates the following characteristics:

CRM strategy

Clearly defined CRM strategy - customer collaboration is an integral part of the business strategy and vision.

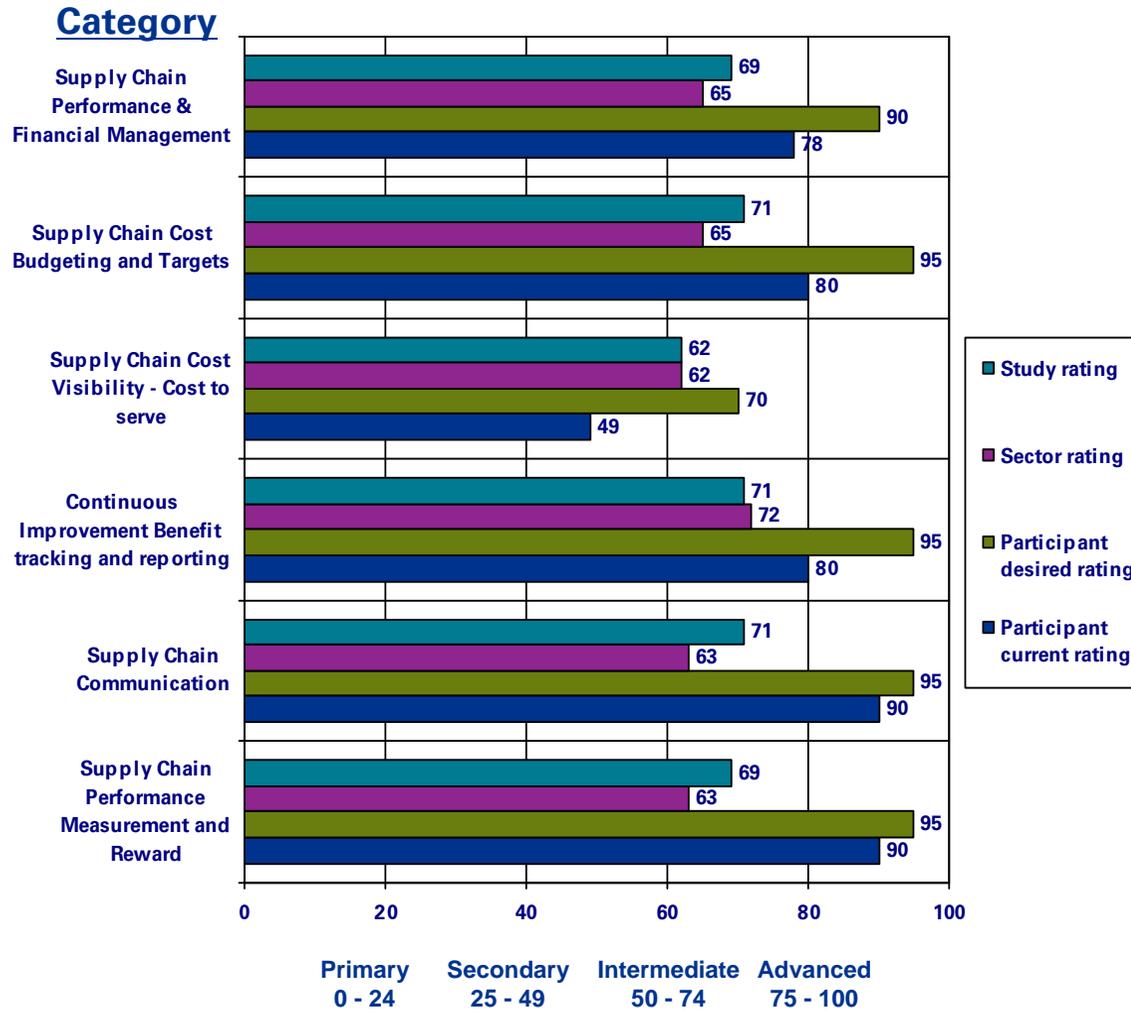
Customer profitability

Cost to Serve underpins CRM strategy and facilitates strategic decisions on customer segmentation and service levels offered.

Customer service performance measurement

Customer service performance measurement is an integral part of the business culture – formal processes implemented across the supply chain.

Supply chain performance and financial management



Supply chain performance and financial management overview

Overall the organisation's 'Supply chain performance and financial management' category has advanced characteristics, typically demonstrated as:

Clearly defined supply chain performance and financial reporting with goals, objectives and performance measures aligned to Supply Chain strategy.

Each of the subcategories typically demonstrates the following characteristics:

Supply chain cost budgeting and targets

Clearly defined supply chain performance and financial reporting with goals, objectives and performance measures aligned to Supply Chain strategy.

Supply chain cost visibility - cost to serve

Some use of Cost to Serve to understand customer and product profitability.

Continuous improvement benefit tracking and reporting

Formal reporting process including financial and non-financial information to assess performance.

Supply chain communication

Transparency of management reporting and information across the value chain.

Supply chain performance measurement and reward

Performance transparently linked to reward.