

SETTING THE SUPPLY CHAIN TO MUSIC

« Well if your baby's left you, and you got no place to dwell, just take a walk down Lonely Street to... Heartbreak Hotel, » gloomed Elvis Presley years ago. More recently, an article entitled "The Logistics Manager's Blues" in Supply Chain Magazine echoes those sentiments (www.supplychainmagazine.fr). Fuzzy job description and scope, too many low-level tasks delegated from Top Management, lack of influence on external events which cause poor performance...the list of complaints is long.



Often a Supply Chain Manager is seen by Top Management as a sort of Great Solver of Problems involving inter-departmental coordination...that is, about 85% of them! To do this, often the Supply Chain Manager, like the operational people working in the various departments, have only EXCEL tables to get things planned and executed in ever-shorter lead time, because the official ERP—Enterprise Resource Planning software—is too complex. See our Technical Newsletter No. 27: « Don't use the software: Shortage Hero is here! »

Nevertheless, correctly using the concept and the tools of Supply Chain Management is essential for nearly every large and medium-sized company. But what exactly IS a supply chain? Born of the marriage between (1) classical logistics, mainly transportation + stocking + reordering, with (2) planning or Anticipation, the 'supply chain' sometimes includes only *internal* operations. In this case, the title of Materials Manager would be more appropriate. For the true definition is:

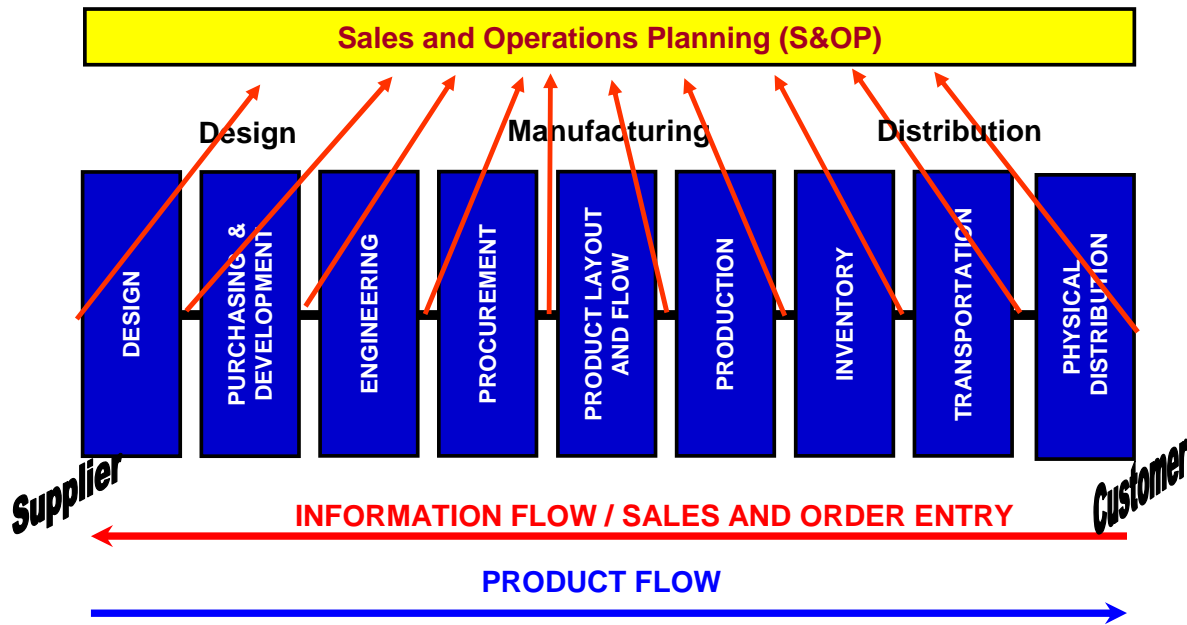
SUPPLY CHAIN: global network with two flows of value-added and non-value-added activities, flowing from the 'supplier of your supplier' to the 'customer of your customer', the physical flow furnishing products and services, the information flow transporting the Voice of the Customer—including demand—upstream all the way to design.
Synonym: VALUE STREAM

So the true supply chain is external to the company, includes the customer and his demand as well as the supplier and his product or service, and includes design upstream of purchasing/procurement. For example, the Supply Chain Council (www.supply-chain.org), the consortium which created the SCOR model (« Supply-Chain Operations Reference-model ») of a standard supply chain), had to create two additions: CCOR (« Customer Chain... »); et DCOR (« Design Chain... »).

The true role of a Supply Chain Manager goes beyond that of a Logistics or Materials Manager. Properly speaking logistics focuses on the physical movement of products, obviously an essential function and currently in strong growth mode. But *logistics take place predominantly in the operational level* of the supply chain, whereas *Supply Chain Management embraces both levels*, the operational

and the strategic. From this derives one of the major functions of the Supply Chain Manager: *assemble and structure the operational results in preparation of the Top Management Review in the S&OP process:*

The Supply Chain Manager collects the information and prepares the Top Management Review



© BEECHFIELD ASSOCIATES 2003

From his unique point of view, perched a little above the operational level of the supply chain, the Supply Chain Manager can make sure that the following processes are operating correctly: (1) **demand** acquisition; (2) **capacity** measurement; (3) **inventory** location and levels; (4) intermediate and final **customer service**; and (5) **simulation** of scenarios to prepare decisions-making by Top Management in the S&OP Meeting (Top Management Review).

To visualize and share his viewpoint, **value stream mapping** of the supply chain becomes for him a natural and necessary tool. See our Technical Newsletter No. 37 for mapping capacity or Quality risks in the supply chain.

Setting the supply chain to music, starts from the value-stream map. Rather than simply creating inventory without movement, the idea is to orchestrate the rhythm of execution of the different nodes in the supply chain to customer demand via takt time. See our Technical Newsletter No. 30.

Finally, the Supply Chain Manager shouldn't forget **production**—even if outsourced and offshored—**remains at the heart** of a supply chain. In the last analysis, the factories must deliver at the same rhythm that the customers consume the product—the takt time—see Technical Newsletters Nos. 22 et 30.

Harmony in the supply chain means: no crescendos, no largos, no blues, just allegro, while keeping to the measure.