



TRANSFORMING SUPPLY CHAINS FOR SUSTAINABLE GROWTH

OP2MA:

SUPPLY CHAIN EXCELLENCE BY DESIGN

Supply chain excellence means achieving the right balance between Service, Cost, and Capital, to ensure return on investment for a chosen strategy. OP2MA is a structured, systematic approach that gears operational performance for success.

Benefits

- Sustainable ROI
- Growth
- Resilience
- Competitive advantage
- Redeployment of cash to commercial development



OP2MA:

QUALIFIED OPPORTUNITIES | PRECISE ACTIONS | SUSTAINABLE RESULTS

STAGE 1: HEALTH CHECK



OP2MA Health Check aligns operational performance to ROI to systematically qualify opportunities and define improvement priorities

STAGE 2: DIAGNOSTICS



OP2MA Diagnostics identify the necessary changes to process, organisation, technology, and infrastructure to reset capabilities

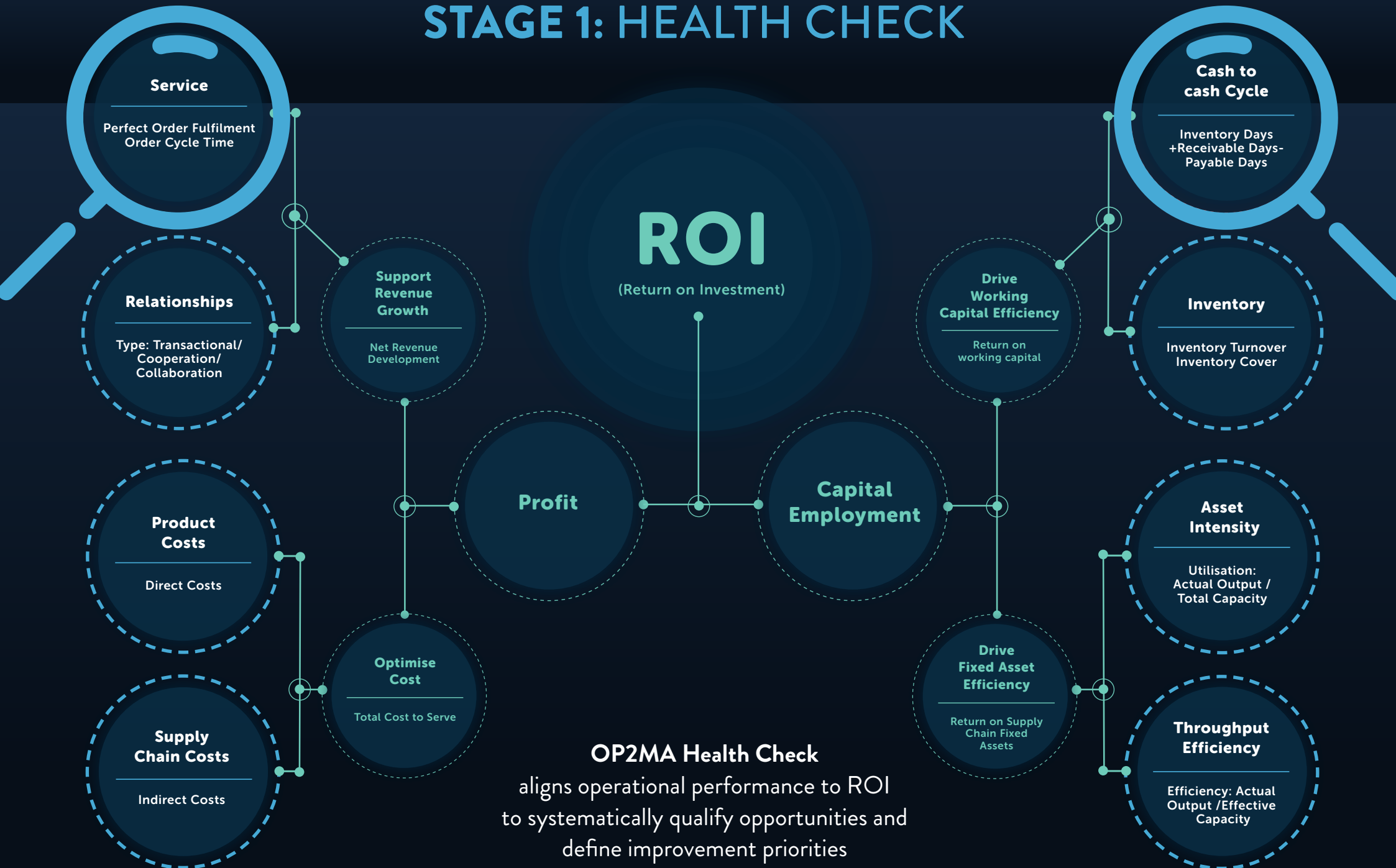
STAGE 3: TRANSFORMATION



OP2MA Transformation combines data-driven analytics with our extensive experience and knowhow to develop a targeted change programme

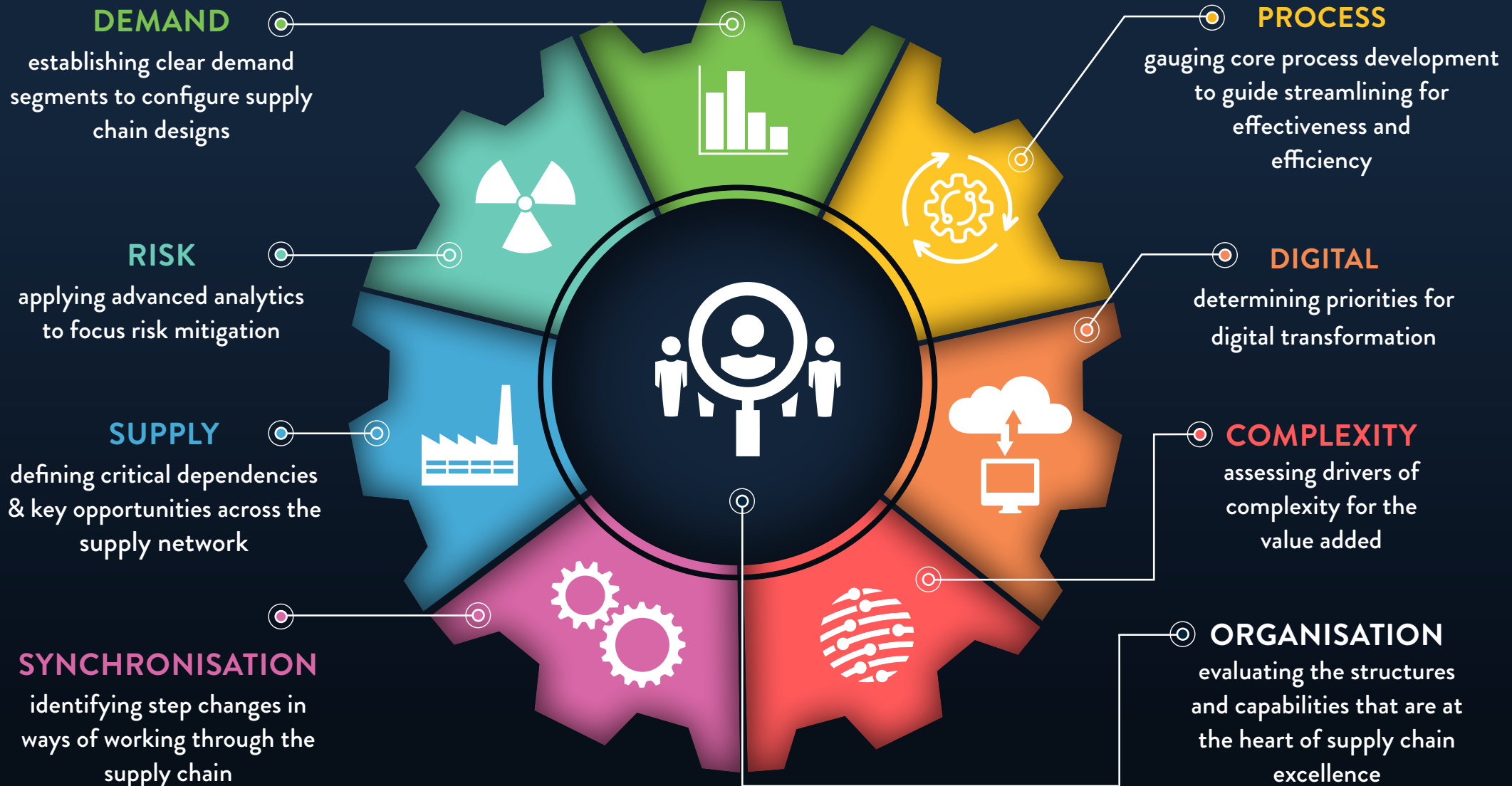
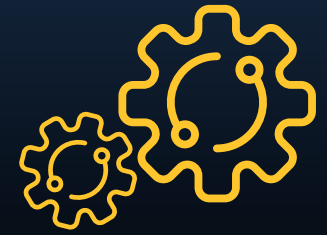
OP2MA Health Check determines what can be achieved, OP2MA Diagnostics define how and OP2MA Transformation makes it happen.

STAGE 1: HEALTH CHECK

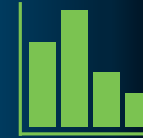


STAGE 2: DIAGNOSTICS

OP2MA Diagnostics identify the necessary changes to process, organisation, technology, and infrastructure to reset capabilities



OP2MA DIAGNOSTICS: DEMAND



WHAT IS ANALYSED?

An appropriate sample of sales data is taken to plot volume against variability (measured by coefficient of variation). This allows demand patterns to be identified.

A structured, qualitative assessment of customer values and behaviours is also conducted. This supports the identification of the customer demand segments that the supply chain must serve.

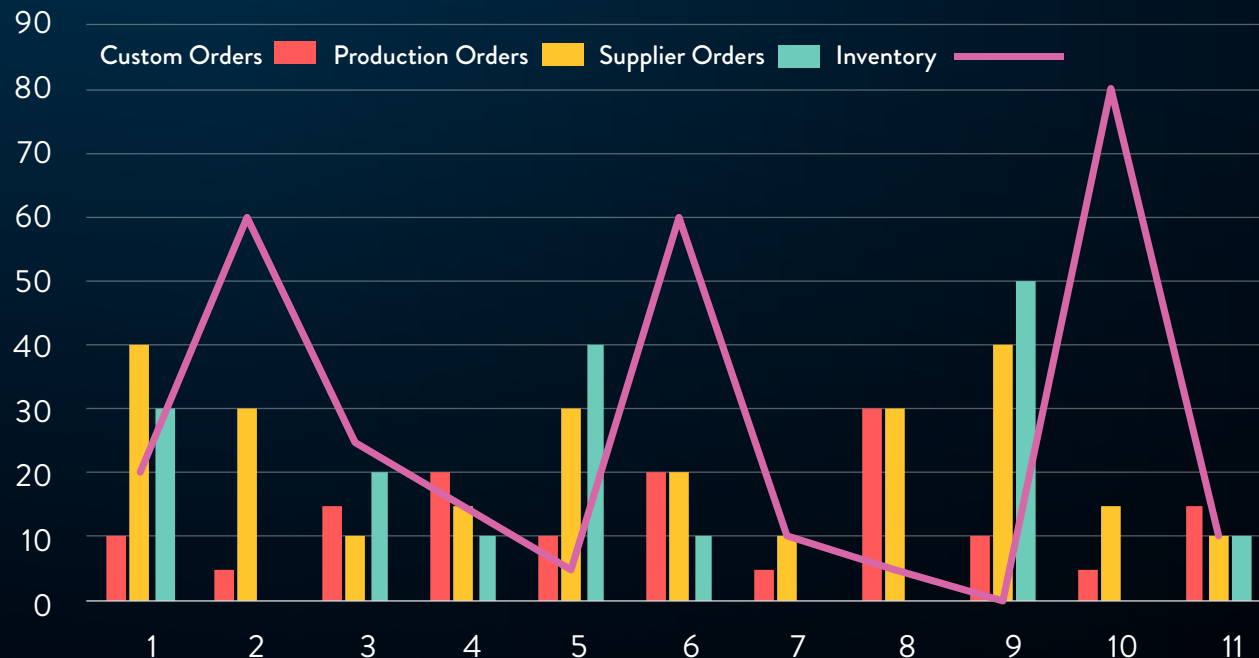
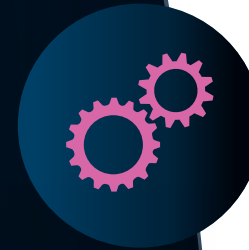
WHAT COULD BE INDICATED?

By segmenting demand, it is possible to assess how the supply chain is geared for satisfying different requirements; for example, high volume, stable demand can be supported by an efficient or 'lean' supply chain setup, high volume, volatile demand needs to be supported by a flexible or 'agile' supply chain setup.

WHY IS THIS IMPORTANT?

Once the patterns or segments are defined, it is possible to design specific, repeatable processes to drive efficiency at a scale that is effective in matching customer expectations.

OP2MA DIAGNOSTICS: SYNCHRONISATION



WHAT IS ANALYSED?

Order volumes and their timing are reviewed to analyse the stability or otherwise of material flows in the supply chain. Sometimes called the 'bullwhip effect', the scale of the distortion of end user/consumer demand across the supply chain is identified.

An assessment of inventories through the supply chain, should data be available, will enhance the analysis with working capital requirements also examined.

WHAT COULD BE INDICATED?

Although some distortion or 'bullwhip effect' is inevitable in any system with feedback loops and delays, a critical analysis can identify aggravating but controllable factors across the layers in the supply chain. Casting light on overcorrections, batching parameters and deliberate demand distortions, can challenge current ways of working and reveal hidden cost drivers.

WHY IS THIS IMPORTANT?

Understanding of the current level of integration in the supply chain; how information flows operate, how plans are constructed and are translated into orders and stock, will highlight the opportunities to step change ways of working, particularly using digital technology, to enhance visibility across the supply chain, reducing time, cost, and capital requirements.

OP2MA DIAGNOSTICS: SUPPLY



WHAT COULD BE INDICATED?

The relative scale and importance of suppliers to the business (and vice versa) can highlight critical dependencies as well as opportunities to develop new ways of working; particularly the scope for data and information sharing as part of a digital transformation programme.

Any investment of time and resource in supplier collaboration needs to be targeted to ensure healthy returns to the business.

WHAT IS ANALYSED?

Value and volume pareto analysis of suppliers is combined with a critical component evaluation to guide classification of the supply base.

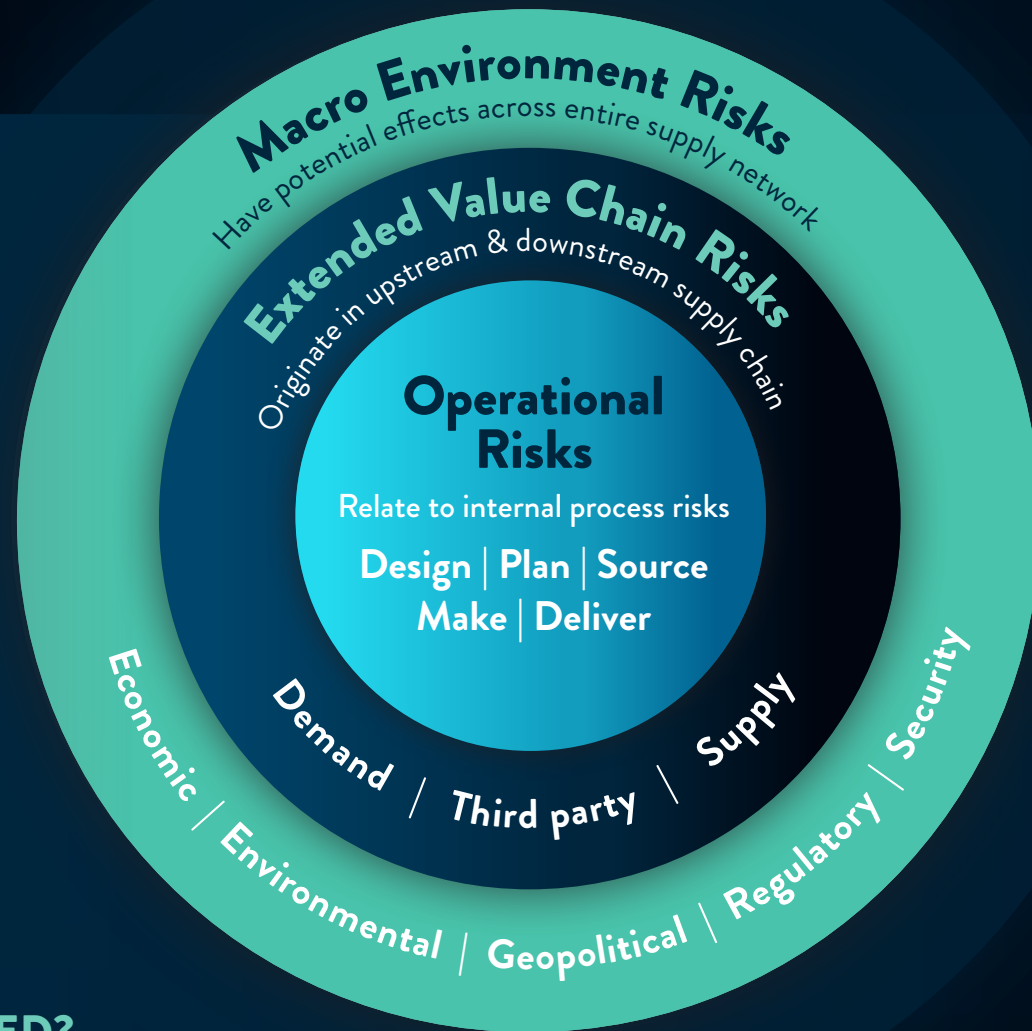
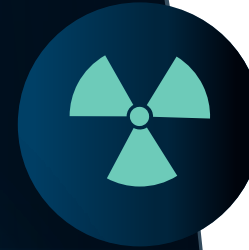
The extent and development of supplier relationship management is assessed in reference to this classification to gauge collaboration potential in the downstream supply network.

WHY IS THIS IMPORTANT?

Review of supply flows and current procurement approaches can identify opportunities for cost savings and greater operating alignment. Combined with risk assessment, the ability of the supply network to respond and adapt is based on the weakest links. How information feeds through the network and how well it can be used at different supply points will shape the path for transformation of capability.

		Supplier Classification		
Supplier Scorecard		Category/Priority/Scale		
KPI Category	Weighting	A	B	C
Delivery	20			
On time		4.5	4	4.8
In full		3.8	2.6	3.5
Expedited OTIF		2.5	3	1.5
Quality	20			
Product Defect Rates		3.5	4	4
Product Acceptance		4.5	4	3.5

OP2MA DIAGNOSTICS: RISK



WHAT IS ANALYSED?

External risks are evaluated using a structured, connected approach; risks can compound and create significant disruption to supply chain operations.

Combining the OP2MA Process diagnostic allows the interaction of internal and external risks to be assessed.

WHAT COULD BE INDICATED?

Resilience to disruptive events needs to be built on a rigorous understanding of dependencies and vulnerabilities. Internal ways of working may either mitigate or compound risk in the value chain; a coherent assessment will identify priorities to be addressed with supply chain partners.

WHY IS THIS IMPORTANT?

Managing risk in the supply chain is difficult and time consuming; it can be overlooked until too late. A systematic approach can help with a focus on key components and situations with limited alternatives. With increasingly available low cost software solutions, the use of advanced analytics can step change capability.

OP2MA DIAGNOSTICS: PROCESS

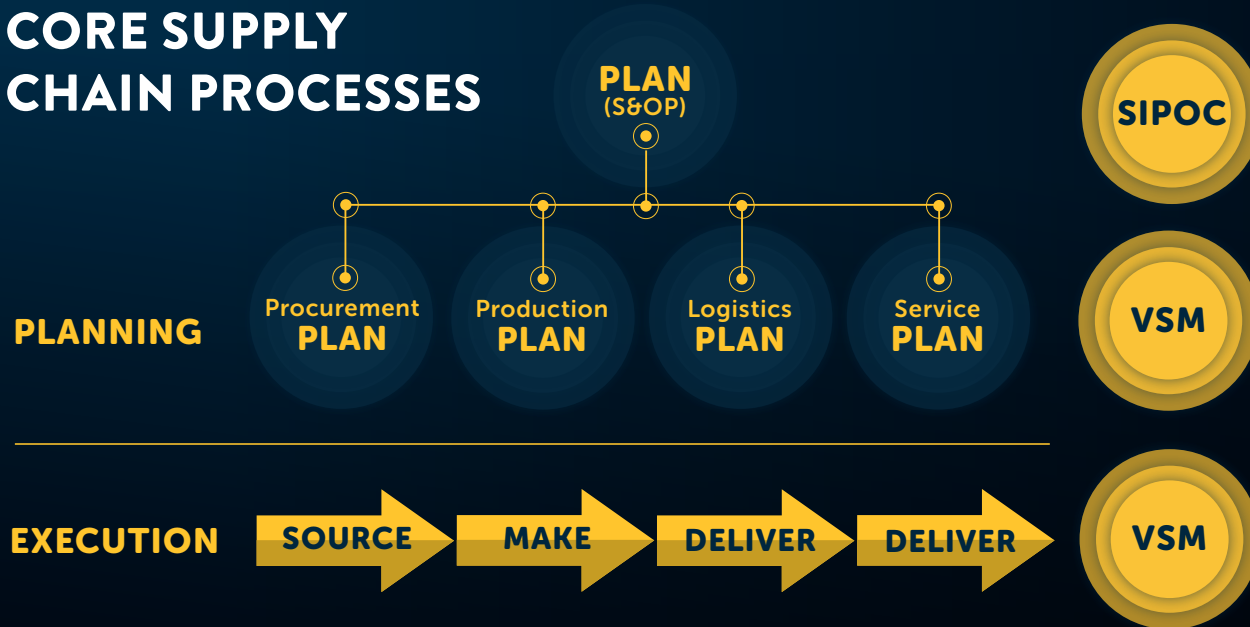


WHAT COULD BE INDICATED?

The coherence of activities within supply chain operations, together with the degree of integration across the enterprise is fundamental. Also the scope for partnership with suppliers and customers is determined by internal capabilities. Understanding what is adding value, cost or time to core processes can bring fresh insight and determine the most urgent opportunities for the business.

CORE SUPPLY CHAIN PROCESSES

PROCESS MAPPING



WHAT IS ANALYSED?

The core processes for managing the supply chain; planning, procurement, production, logistics, and, when appropriate, returns are mapped. The starting point is to consider integrated business planning (Sales & Operations Planning) and the extent that this drives co-ordination of operational processes across the supply chain. Value stream mapping of these processes is combined with OP2MA's Data Stream Mapping approach to assess efficiency and effectiveness.

WHY IS THIS IMPORTANT?

Gauging process development across the functions of the business will identify the key priorities for streamlining activities, adapting processes and implementing new ways of working to drive productivity. Ensuring the dynamic alignment and coherence of core processes is a critical competency of supply chain excellence and can yield considerable competitive advantage.

OP2MA DIAGNOSTICS: DIGITAL



OP2MA DATA STREAM MAPPING

Data element	Dynamic/Static	Process:	Order Management		Media:			
		Accept Order	Process Order	Schedule Order	ERP	EDI	Email	Spreadsheet
Customer Master Data	Static	Input	Input					
Product Master Data	Static	Input	Input					
Product Price	Dynamic	Input	Input					
Order item lines	Dynamic		Input	Input				
Order item quantities	Dynamic		Input	Input				
Order delivery requirements	Dynamic		Input	Input				
Order delivery date/time	Dynamic			Input Output				
Inventory	Dynamic	Input	Input	Input				

WHAT IS ANALYSED?

In conjunction with the OP2MA Process Diagnostic of core supply chain processes, OP2MA's Data Stream Mapping tracks data flows in the enterprise and with customers and suppliers. It looks at how information is captured and relayed, the frequency of transfer and the availability of essential data for timely decision making.

Each of the process steps defined by value stream mapping is assessed in terms of the data elements needed as inputs and the subsequent outputs. These are then collated to create a systematic analysis of the data elements integral to the management of the supply chain.

WHAT COULD BE INDICATED?

Data capture and transfer sets the rhythm of the supply chain; instances of information shortage and surplus need to be identified. Waiting times and re-looping on critical information, any mis-alignment between inputs for decision making at core process steps, should come under the spotlight for improvement.

Media for communication of data are varied and any switching between methods needs to be validated and checked for impact on efficiency.

WHY IS THIS IMPORTANT?

Opportunities for digital transformation should be grounded in a sound understanding of the benefit to process capability that such a transition can bring. In the midst of much noise around 'disrupting' operating models and markets, prioritising actions has never been more critical.

OP2MA DIAGNOSTICS: ORGANISATION



WHAT COULD BE INDICATED?

To be effective, roles and responsibilities, skills and capabilities, and incentives need to be interrelated and mutually reinforcing. To build excellence, clarity on who is doing what in core supply chain processes is essential, necessary skillsets are matched to role requirements and measures of performance are aligned; any gaps or contradictions need to be found.

KPI ALIGNMENT MATRIX

	Sales	Marketing	Production	Logistics	Finance
Ebit	●	○	○	●	○
Customer Service	○	●	●	○	●
Product Cost	●	●	○	●	○
DSO	○	●	●	●	○
Stockturn	●	●	●	○	●
Forecast Accuracy	○	●	○	●	○

WHAT IS ANALYSED?

OP2MA's Organisation diagnostic features 3 key elements;

- Application of responsibility (RACI*) analysis to the activities defined by value stream mapping of core supply chain processes
- Review of skills and capabilities using a tailored competency framework
- Testing of key performance measures and incentives for alignment across the business.

*RACI: R – responsible | A – accountable | C – consulted | I – informed

WHY IS THIS IMPORTANT?

Evaluating the organisational design and the behaviours it drives in the business, their coherence for managing the supply chain, and the capabilities of individuals and teams, will indicate the changes and developments required in support of the transformation programme identified.

Creating an environment where supply chain excellence is inevitable is as much about people as it is about process and technology.

OP2MA DIAGNOSTICS: COMPLEXITY



OP2MA'S COMPLEXITY MATRIX

Dimension	Indicator	Value Add (H,M,L)
Products & Services	Number of SKU's offered for sale	M
	Number of New Product Introductions	H
	Number of product variants	L
	Number of distinct packaging materials	L
Configuration & Structure	Number of 'nodes' in the supply chain	M
	Number of manufacturing units	H
	Number of distribution centres	M
	Number of stockrooms	L
	Number of customers	H
Supply chain systems	Number of unique IT systems & applications	L
	Number of data interfaces	M
	Number of human interactions/overrides	L

WHAT IS ANALYSED?

There are 3 major sources of supply chain complexity; the number of products or direct materials often being the biggest contributor. OP2MA's Complexity diagnostic applies sector relevant indicators to capture variety and the extent that value is being added as a consequence.

WHAT COULD BE INDICATED?

There is good and bad complexity; good complexity supports growth by matching customer expectations, bad complexity simply adds cost not value. Unchecked, there can be a tendency to add products and expand ranges without considering if others can be dropped. The complexity indicators captured in this diagnostic support an activity based cost review and can highlight previously unrecognised cost drivers in the supply chain.

WHY IS THIS IMPORTANT?

An assessment should be made of the required or necessary complexity; all other forms should be removed.

Complimented by the OP2MA Demand diagnostic, these analyses can give new insight to the supply chain design required to transform supply chain efficiency.



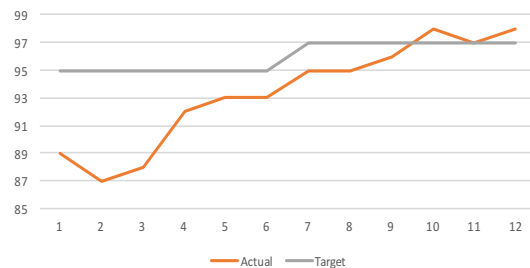
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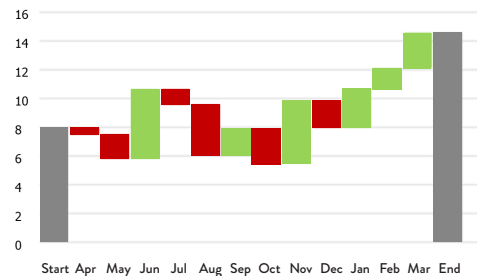
OP2MA: ACTION PROGRAMME EXAMPLE

Phase 1: 1-6 months	Phase 2: 6-12 months	Phase 3: 12 months plus
<ul style="list-style-type: none"> Master data clean-up Planning parameters reset Customer service metrics set Roles & Responsibilities (RACI) Supplier Quality improvement Monthly S&OP process 	<ul style="list-style-type: none"> Product portfolio rationalisation End to end ordering process Supplier delivery lead-times Cross-functional KPIs Logistics network reconfiguration Key customer collaboration 	<ul style="list-style-type: none"> Production capacity reset System integrations Process step-changes Organisational development Continuous improvements (from Phase 1 & 2)

OP2MA: DASHBOARD



SERVICE LEVEL: % ORDER FILL



P&L: DEVELOPMENT



CCC DAYS

Note: suggested actions are illustrative; actions listed will be different for each situation/client.

Why OP2MA?

- Managing the supply chain effectively is critical to sustainability and growth
- All businesses can be set up for supply chain success and develop the capabilities to achieve excellence; it is not the exclusive preserve of large corporates
- Creating an environment where supply chain excellence is inevitable is as much about people as it is about process and technology
- Applying innovative analysis with practical insight can define the scope and scale of opportunity for any business
- The challenges to supply chain excellence are many and varied; coherent, data driven analytics provide a compass in the face of uncertainty, turbulence, and increasingly demanding environments.

How can we help?

Calum.Lewis@op2ma.net

www.op2ma.net

07966 667 427

