

PROJECT GUIDE

10 Questions to Ask to Optimize Your Supply Chain Projects

JUNE 10, 2014





10 Questions to Ask to Optimize Your Supply Chain Projects

In today's business environment, every company is under pressure to do more with less. To compete efficiently and win more business, companies need to improve and optimize their supply chain to provide better quality, improve turnaround times, and lower costs.

This process requires careful planning and analysis, a project which requires meticulous questioning, study, and time. As you embark on a transformation of your supply chain it is important to ask yourself these 10 questions regarding your project and thoroughly analyze the results.

1. Have you clearly defined the goals of your supply chain project, and do all major stakeholders buy in to the end project vision?

Often times companies embark on supply chain optimization projects without fully understanding and getting buy-in on the goals of the project. This results in either misplaced priorities or, in some cases, complete project failure because the project is designed to meet goals which are not shared or supported by management. To ensure success it is extremely important that project goals are clearly laid out and all stakeholders are on the same page in terms of the goals and sign off on the goals.

2. Who are all the players involved in your supply chain and what dependencies exist between the activities and the players involved?

Supply chains are complex and multi-tiered. Often, the client or the outsourcing vendor has no idea who is actually involved in the supply chain. During normal operations this is not a huge issue, but when problems arise, there can be no clear understanding of risks and no easy way to mitigate them without this knowledge. The best way to solve this problem is to invest in technology solutions that can provide a single platform for all constituents of the supply chain, thus ensuring visibility, transparency and ultimately -- accountability for problems and errors.



Pro-tip: As you embark on your supply chain project understand all the players involved and use technology to help you ensure continued visibility into the supply chain.

3. What are existing process and how do they impact your goals?

Looking at the players alone doesn't give you a full picture of the supply chain. You also need to understand the existing activities performed by each of the key players identified in question 2 throughout your supply chain, as well. The client side of the interaction is often ignored, leading to a very narrow view of the supply chain and thus an incomplete solution.

Once you have all processes defined and activities identified, it is important to analyze them to see which activities add value and which ones do not. Removing non-value add activities can simplify your processes and make your supply chain optimization project more manageable with better outcomes.

4. What are the key performance indicators (KPIs) for your business as they relate to your supply chain?

It is almost impossible to measure and prove that your supply chain optimization has been successful without a complete understanding of your business's key performance indicators. It is not uncommon to have no clearly structured and defined KPIs and no existing mechanisms to measure these metrics. It is important to define the metrics and figure out past trends before embarking on the project.

Some metrics of interest are listed below:

- *Turn around time:* What is the typical turn around time for the project and major activities involved?
- *Demand forecasting:* What is the demand at any given time of the year/ day/month? Can you use history to better predict demand?
- *Work-in-process:* What percentage of your capital is stuck in work-in-process? How can you move it faster?
- *Cost drivers:* What are your biggest cost drivers? How can you reduce these dependencies?

5. Who are the key decision makers and key players and what are the incentives for the decision makers to embrace change and champion the transformation?

While not an easy task, it is extremely important to spend time interviewing people and understanding power centers within an organization to make sure that all decision makers and stakeholders are identified. It is also important to analyze their perspectives, motivations, and how the project impacts their roles. This will help the project manager figure out how to incentivize these key players to ensure success. Often times these projects fail not because of the implementation -- but because of people issues. It is better to understand and compensate for these issues upfront.

Understanding a stakeholder's perspective on the project will help you to best identify the ways to incentivize them.

6. What are the risks to your project and how do you mitigate those risks?

Once you understand your goals, deliverables, and key stakeholders, it is important to create a detailed project plan and define key milestones. Along with the milestones it is important to identify risks within the project and instrument steps in the plan to mitigate these risks. Some examples:

- *Employee Turn-over*- Losing key players may derail implementation and deployment of the project. Build redundancy into the plan to mitigate turn-over risks
- *Technology risk* – When planning supply chain optimization you will have to integrate with either client or supplier technology platforms. As part of the design plan several different technology integration options to ensure smooth implementation.

7. What is the right technology choice for your project?

While technology is omnipresent in business today, it is extremely important to choose the right software. Most supply chain projects involve collaboration and sourcing, so it makes sense to look for software that satisfies both these needs and is fully integrated with other systems used by your company.



To choose the correct technology, identify the top three technology factors which are important to your company, such as “ease of use,” or “integration,” etc. Then compare all technology solutions to these factors and determine which solution comes out on top for your needs.

8. How can you reduce change management?

Frequently, the biggest hurdle to complete implementation of a project is user adoption. To ensure better user adoption it is important to design the project to minimize change management. It is best to keep the scope and nature of the change to the end users minimal and to schedule time in the planning for detailed user training and acceptance.

You can also reduce change management by involving the day-to-day managers and practitioners in your decision-making process. Give access to your daily users before the implementation and poll them to understand what solutions are best for your users.

9. What easy wins can you show to get the project started with a bang?

Rolling out a supply chain optimization is similar to rolling out new products to market; you shoot for small, easy wins instead of trying to conquer the whole market in one fell swoop. This is especially important right at the beginning of the project. As part of the planning process, identify and pursue easy wins so that your team (and related stakeholders) feels a sense of progress and success. Additionally, this momentum will help motivate your user community as well.

10. How do you keep everyone on the same page?

It is important to create a detailed plan with defined key milestones and detailed work breakdown structures. This helps your team manage the project, but more importantly, helps keep all players in sync. Complex tasks require that all members act in unison to steer the project in the right direction.

These 10 questions above create a holistic view of supply chain projects and should help any supply chain project be successful. Good luck!

