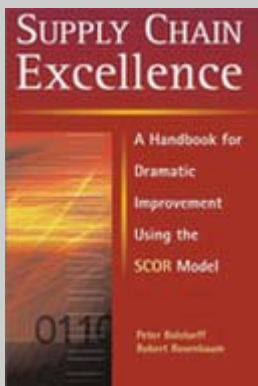


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**Supply Chain Excellence:
A Handbook for Dramatic
Improvement Using the
SCOR Model**

**Peter Bolstorff
Robert Rosenbaum**

**American Management
Association
2003.
278 pages.**

Supply Chain Excellence

**Reviewed by Paul Harmon
Executive Editor, Business Process Trends**

Probably the most significant conceptual advance in business process change that occurred in the last five years has been the development of the SCOR methodology by the Supply Chain Council (SCC). Beginning in 1996, the SCC membership, which began as 69 of the world's leading companies and has grown to over 800 members, has refined a generic approach to improving supply chain processes.

SCOR is an objective supply chain analysis and design methodology developed through the worldwide collaboration of supply chain managers from hundreds of different companies. It doesn't favor any specific solution. It works equally well with strategy changes, the relocation of sites, changes in how people work, or the introduction of SCM software systems. It provides a way to prioritize projects and to determine which interventions are most likely to yield the largest returns and it suggests best practices, but it doesn't depend on any specific software tools or systems.

The SCC puts a lot of emphasis on measuring results and has worked with benchmarking groups to obtain objective information on the results companies that implement SCOR typically achieve. Here's a short list.

- On average, companies realize a 3% gain, based on their total sales operating income, as a result of implementing the initial SCOR project portfolio. The gains result from both cost reduction and service improvements.
- An ROI of 2X to 6X within 12 months, often achieved with cost-neutral quick-hit projects that take 6 months.
- Reduced IT operating expenses as a result of transitioning to standardized approaches and measures. (IT systems are cheaper because they do not need to be customized for non-standard ways of doing things.)
- An ongoing profit improvement of 1-3 percent a year if the company continues to use SCOR to drive ongoing improvements.
- The stock prices of Fortune 500 companies that use SCOR have been significantly better during the past five years than those that don't.

In the May issue of our *Business Process Trends Newsletter* we termed SCOR a "second generation" business process methodology.[1] Unlike earlier, generic business process methods, SCOR is focused on a specific type of business process: the supply chain. Companies that want to use SCOR begin by learning the SCOR vocabulary and analyzing their own supply chains using the SCOR system. Once that's done they apply metrics that allow them to determine just how well they are doing and where improvements are possible. Process analysis



and design efforts that used to take months can be done in days in SCOR. This vast improvement in productivity is possible because the SCOR approach is specifically tailored to the problems supply chain managers must deal with.

The Supply Chain Council offers an excellent introductory workshop on the SCOR methodology. It teaches the vocabulary and the method and provides exercises. The SCC also offers several good general descriptions of SCOR. Until now, however, there hasn't been a good book on the SCOR approach. *Supply Chain Excellence*, a new book by Peter Bolstorff and Robert Rosenbaum solves that problem. Peter Bolstorff is the president of a consulting firm, SCE Limited, that helps companies understand and apply the SCOR methodology. He is currently on the board of the SCC. Robert Rosenbaum is the publisher and founding editor of *Supply Chain Technology News*, a popular Supply Chain magazine.

Supply Chain Excellence isn't an ordinary book. It begins with a chapter that describes the history and basics of SCOR. The second chapter describes the conditions that need to be established at a company that is going to undertake a supply chain improvement effort, and the roles that must be filled if the change is to be successful. The book ends with several Appendices that provide detailed information on SCOR. In between, it tracks the implementation of SCOR at a specific company, Fowler, Inc., a billion-dollar conglomerate with worldwide leadership in three areas: food processing, optical technology, and business services. The book examines Fowler in more detail than any Harvard Business School case study, and describes how SCOR changes the way Fowler's managers think about their supply chain systems in the course of seventeen weeks. Here are the titles of chapters 3 through 19:

- Week One: Planning and Organizing
- Week Two: Project Kickoff
- Week Three: Benchmarks, Competitive Requirements and Steering Team Review #1
- Week Four: SCORcards
- Week Five: Initiating AS IS Material Flow and Steering Team Review #2
- Week Six: The AS IS Material Flow Performance Summary
- Week Seven: The Material Flow Disconnect Analysis and Steering Team Review #3
- Week Eight: The Disconnect and Opportunity Analysis
- Week Nine: Opportunity Summaries, Initiating TO BE Material Flow, and Steering Team Review #4
- Week Ten: TO BE Material Flow
- Week Eleven: Quick-Hit Plans, Steering Team Review #5, and Initiating the Work and Information Flow Analysis
- Week Twelve: The Staple Yourself Analysis
- Week Thirteen: The AS IS Swim Diagram and Steering Team Review #6
- Week Fourteen: The AS IS Productivity Summary



- Week Fifteen: The TO BE Work and Information Flow Blueprint and Steering Team Review #7
- Week Sixteen: The TO BE Summary and Project Portfolio
- Week Seventeen: Implementation Planning and Steering Team Review #8

When you finish Chapter 19, you know just how Fowler has decided to change its supply chain processes and why. You will also have a good idea of how long the various projects will take and the results they will achieve. Along the way you have acquired a very detailed understanding of how a company implements SCOR and what it takes at each step to move the transition forward. You will have studied Fowler's financials in considerable detail, identified gaps and problems that can be corrected and established measures for the project that will align with the company's strategy. You will also have analyzed specific problems and studied swimlane diagrams to define just how Fowler handles specific problems now, and how it might improve them.

The way Bolstorff and Rosenbaum move the discussion along from week to week, considering the analysis undertaken, the tools used, and the results obtained, while simultaneously discussing how the team prepares presentations for senior management and handles the day-to-day politics that go with any process change, is quite impressive. This is a book designed to provide very practical advice for a manager actually faced with a supply chain project.

This probably isn't a book for someone who knows nothing about supply chains, although it doesn't introduce any unnecessary technical language. *Supply Chain Excellence* focuses on the details that any supply chain manager would be familiar with, and shows how valuable information about needed changes can be drawn from that data. The discussions of measures to be used, and steps in supply chain processes will seem routine to any manager familiar with supply chain systems. It will require some study, however, if the reader is new to the problems of corporate supply chains. Overall, the writing is clear and straightforward and moves the reader easily through a complex process.

If you are involved in supply chain management, read this book! Anyone else involved in process change who wants to understand how one of the most powerful approaches to business process change works, should also read it.

