

# Supply Chain Operations Audit

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## High Impact Supply Chains

Supply chain excellence has a real impact on business strategy. Supply chain management is a high impact mission that goes to the roots of a company's very competitiveness. High-impact supply chains win market share and customer loyalty, create shareholder value, extend the strategic capability and reach of the business.

Independent research shows that excellent supply chain management can yield:

- 25-50% reduction in total supply chain costs
- 25-60% reduction in inventory holding
- 25-80% increase in forecast accuracy
- 30-50% improvement in order-fulfilment cycle time
- 20% increase in after-tax free cash flows

That's what we mean by *high-impact*.

**Does a high-impact supply chain leverage your business enterprise?**

## Five Critical Success Factors

Building a high-impact supply chain represents one of the most exciting opportunities to create value – and one of the most challenging. The key to success lies in knowing which levers to pull. Our research, together with practical experience, reveals that high-impact supply chains are, essentially, a function of five critical success factors:

1. **A clear strategy:** for the entire supply chain, tuned to market opportunities and focussed on customer service needs.
2. **An integrated organisation structure:** enabling the supply chain to operate as a single synchronised entity.
3. **Excellent processes:** for implementing the strategy, embracing all *plan-source-make-deliver* operations.
4. **Reliable information:** utilising integrated technology to support effective supply chain planning, execution and decision-making.
5. **Effective performance management:** of all supply chain operations to achieve top-line revenue growth, optimum asset utilisation and bottom-line profitability.

**How well does your enterprise manage the critical success factors of supply chain excellence?**

The purpose of the Supply Chain Operations Audit is to help you find the answer to this crucial question. The Audit is divided into five main sections: *Strategy, Organisation, Process, Information and Performance*.

## **The Supply Chain Audit**

### **Part 1 – Strategy**

**Objective:** To determine if the enterprise has a clear strategy tuned to business expectations and focussed on profitably servicing customer requirements.

**Scope:** How the enterprise's supply chain strategy reflects its business goals and external opportunities, seeks to profitably service its customers, reflects and leverages supply chain design, and translates into actionable operating plans.

The Audit addresses:

- **The big picture: strategic direction and supply chain design**
- **Customer service strategy**
- **Strategic risk and flexibility**

### **Part 2 – Organisation**

**Objective:** To determine if an effective organisation structure exists enabling the enterprise to work with its partners to achieve its supply chain goals.

**Scope:** How the enterprise's supply chain organisation model defines management structures and roles, and contributes to the effective management of key operational responsibilities, people employed in supply chain operations and relationships with external business partners.

The Audit addresses:

- **Key supply chain management responsibilities**
- **Integration of supply chain management structure**
- **Relationships with supply chain partners**

### **Part 3 – Processes**

**Objective:** To determine if the enterprise has excellent processes for implementing its strategy, embracing all *plan-source-make-deliver* operations.

**Scope:** How the enterprise develops a business process model to describe the activities required to operate the supply chain, evaluates current process performance, and uses the information for benchmarking and improving that performance.

The Audit addresses:

- **Making supply chain processes visible**
- **Managing supply chain processes**
- **Understanding supply chain processes**

### **Part 4 – Information**

**Objective:** To determine if the enterprise has reliable information and enabling technology to support effective supply chain planning, execution and decision-making.

**Scope:** How the enterprise's management of information and IT facilitates effective operational decision-making, utilising appropriate tools to enhance supply chain visibility and integration.

The Audit addresses:

- **Information infrastructure**
- **Planning and decision making**
- **Order fulfilment and supply chain visibility**

### **Part 5 – Performance**

**Objective:** To determine if the enterprise is managing supply chain performance in ways that will increase the bottom-line, cash flows and shareholder returns.

**Scope:** How the enterprise uses balanced performance indicators to manage supply chain operations, and evaluates the impact of its operations on customer perceptions and the drivers of shareholder value.

The Audit addresses:

- **Customer satisfaction**
- **Profitability**
- **Return on investment**

## Key Benefits

*The Supply Chain Operations Audit will:*

- Identify the strengths and weaknesses of supply chain strategies and operations.
- Provide a sound basis for benchmarking supply chain management best practices.
- Act as a powerful framework for planning performance improvement programmes

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