Supply Chain Diagnostic Elements

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For the questions below, begin with "To what degree…"

Please score using the following scale:
- 3 = use as a standard practice with sustained & broad support
- 2 = use in ad hoc manner (pockets of success)
- 1 = do not use/employ

Part I: Supply Chain Design

1. Understanding the Supply Chain	Score
1. Is an overall organizational SC map used?	
2. Are supply chain value propositions & customer success factors understood?	
3. Are there supply chain technology maps for core technologies?	
4. Are there supply chain process maps for core commodities?	
5. Are specific supply chain roles & responsibilities defined?	
6. Are information technology capabilities of the chain mapped?	
Understanding the Supply Chain Average	

2. Organization Design and Positioning	Score
1. Is IT used to facilitate hybrid centralized/decentralized organization?	
2. Are global commodity teams used?	
3. Has the firm created executive-level supply chain management positions?	
4. Does the firm use a senior management SC steering committee (advisory board)?	
5. Has the firm created cross-functional teams to manage supply chain projects?	
6. Does the firm participate on inter-organizational teams to manage SC projects?	
Organization Design and Positioning Average	

3. Operations/Manufacturing	Score
1. Does the manufacturing group maintain accurate inventory data?	
2. Is the firm working to reduce cycle- and lead times?	
3. Is the firm using pull-based scheduling systems?	
4. Are continuous process improvement programs utilized?	

5. Is the firm using co-located manufacturing?	
6. Are co-located supplier personnel used for product design & VMR?	
7. Is supplier integrated manufacturing employed?	
Operations/Manufacturing Average	

4. Supplier Selection, Management, & Development	Score
1. Supplier selection involves capability assessment & relative performance ranking?	
2. Are supplier classification & supply-base rationalization programs used?	
3. Are supplier recognition programs & supplier conferences used?	
4. Do process engineers work with suppliers to improve their processes?	
5. Are second-tier purchasing agreements used to leverage aggregate buying power?	
6. Are suppliers invited to participate in in-house training and development?	
7. Are suppliers actively involved in the new product development process (ESI)?	
8. Are supplier councils used to communicate and facilitate relationship building?	
9. Is the use of consignment inventory increasing (pay at use/pay at scan)?	
10. Is there a rigorous supplier audit and improvement initiative to benchmark and disseminate best practice?	
11. Is a web-based catalogue used for all standard buys?	
12. Are reverse auctions used to procure materials?	
13. Are policies established stating a desire to become a "Customer of Choice" in key commodity areas?	
Supplier Selection, Management, & Development Average	

5. Customer Relationship Management	Score
1. Does the firm employ a customer selectivity policy that defines nature of relationship based on customer importance?	
2. Has the firm completed a customer profitability analysis (by customer and by channel)?	
3. Does the firm use dedicated cross-functional account management teams?	
4. Is there a customer profile in a database?	
5. Is an alignment matrix used to match customer needs (success factors) to organization's capabilities?	
6. Does top management spend 20% or more of its time visiting and working with customers?	
7. Is there a customer advisory board to voice concerns, provide improvement suggestions, and act as a sounding board?	
8. Is there a specific program to define unique customer needs so that tailored products and services can be developed?	
9. Are there formal efforts to seek customer feedback and identify measures used by customers?	

10. Is there a formal program to educate customers on processes or on the impact of their decisions on the rest of the SC?	
Customer Relationship Management Average	

6. Logistics System Design and Rationalization	Score
1. Is there a rigorous carrier selection/classification involving capability assessment and relative performance ranking (by mode/route)?	
2. Are consolidated shipments/milk runs/multi-plant pick up and delivery used?	
3. Is load optimization via packaging analysis, use of optimal order increments, and maximizing weight/cube utilized?	
4. Are customers' or suppliers' private transportation systems (integration of transportation networks) utilized?	
5. Are consolidated shipments with non-competing companies who share the same customers or same suppliers used?	
6. Are cross docking or flow-through warehouses utilized	
7. Has the warehouse/distribution center network been optimized—correct number and location of facilities?	
8. Are carriers rewarded and invited to carrier conferences?	
9. Is inbound transportation analyzed—compare prepaid & collect terms to determine who should pay inbound freight	
10. Are Shipping/delivery point analysis conducted—when to ship through DC or direct from factory or to DC or direct to store?	
11. Is there selective use of 3PLs for outsourced logistics services?	
Logistics System Design and Development Average	

PART II: Alignment and Integration

7. Alignment	Score
1. Do specific formal efforts to share supply chain vision/strategy throughout the organization exist?	
2. Do specific formal efforts to coordinate objectives/goals throughout the organization exist?	
3. Do specific formal efforts to achieve consistency in operating procedures throughout the organization exist?	
4. Do specific formal efforts to align measures throughout the organization	
5. Do specific formal efforts to share supply chain vision/strategy across the supply chain exist?	
6. Do specific formal efforts to coordinate objectives/goals across the supply chain exist?	
7. Do specific formal efforts to achieve consistency in operating procedures across the supply chain exist?	
8. Do specific formal efforts to align measures across the supply chain exist?	
Alignment Average	

8. Information Technology & Sharing	Score
1. Are there policies to standardize information systems (hardware & software) across divisions, units, facilities, and geography?	
2. Is the web/EDI used to receive and transmit orders?	
3. Does the firm use electronic funds transfer?	
4. Is the web/EDI used to send and receive advanced shipping notices (ASNs)?	
5. Are long-term product and technology plans/roadmaps shared with key chain partners?	
6. Are purchase/production histories and production/purchase plans/forecasts shared on a rolling horizon basis?	
7. Is real-time information (forecasts/orders) actively shared across multiple tiers of the supply chain?	
8. Are product designs transferred electronically (throughout company and to involved suppliers/customers) or worked on simultaneously?	
9. Does the firm employ databases for profitability analysis and systematic SC rationalization?	
10. Have effective enterprise resource planning or connected best-of-breed system been implemented?	
11. Does the firm use an intranet and/or in-house publication to facilitate communication and create sense of community?	
12. Are extranets used for suppliers to connect to the firm's systems?	
13. Is a systematic approach to rapidly disseminate best practices across the organization in place?	
Information Technology & Sharing Average	

9. Alliance Management	Score
1. Is there a formal mechanism to identify potential alliance partners, define intensity of relationship, and exit criteria?	
2. Does the alliance use creation guidelines that lead to clearly defined roles and responsibilities?	
3. Does the firm use alliance-monitoring guidelines?	
4. Is there a systematic approach to share risks and rewards?	
5. Do alliances incorporate clear long-term contracts & confidentiality agreements?	
6. Do alliances incorporate continuous improvement clauses?	
7. Does the alliance use a systematic approach/methodology to promote collaborative problem solving & improvement?	
8. Does the alliance truly build trust (not just talk about it)?	
9. Does the alliance participate in industry initiatives—especially learning and benchmarking initiatives?	
10. Is a formal policy promoting frequent, honest, & open communication in place?	
11. Does the alliance use quarterly business reviews?	
12. Does the alliance dedicate alliance relations teams to foster "personal" relationships and continuity between alliance partners?	
Alliance Management Average	

10. Performance Measurement	Score
1. Does the firm use rigorous supplier performance measurement that utilizes frequently updated scorecard?	
2. Does the firm use a balanced approach to evaluate total order performance?	
3. Does the firm make up-to-date supplier scorecard information available via web (for specific supplier and best in class)?	
4. Does the firm engage in constant best-in-class & customer benchmarking (include suppliers in benchmarking process)?	
5. Does the firm employ rigorous & comprehensive total costing (tradeoff analysis)?	
6. Does the firm employ activity-based costing (profitability analysis)?	
7. Does the firm track revenue/profitability by product, customer, supplier, & channel?	
8. Does the firm use employ rigorous target costing to set and achieve the appropriate price for engineered and purchased parts?	
9. Does the firm use measures that capture overall SC performance (e.g., EVA)?	
10. Does the firm use process-oriented and team-based measures that promote cross-functional collaboration and mitigate turf protection?	
11. Does the firm use measures tied to value proposition—provide understanding, promote correct/learning behavior, are accurate & timely?	
12. Does the firm use measures that are specifically aligned with key customer needs and the measures that customers actually use to evaluate us?	
13. Does the firm use measurement to drive learning and improvement (and not to punish poor performers)?	
Performance Measurement Average	

11. People Management	Score
1. Does the firm use suggestion boxes (and recognize and reward implemented suggestions) and respond to all suggestions within two weeks?	
2. Are extensive in-house training programs in place to build needed skills?	
3. Does the firm use computerized training that includes simulation of advanced supply chain practice?	
4. Does the firm use external SCM certification for employees and managers?	
5. Does the firm use a common forum approach to promote state-of-the art knowledge development (e.g., Book of the Month)?	
6. Does the firm use employee recognition/team recognition (e.g., "dinner of champions") to celebrate successes?	
7. Does the firm use training rotations for new managers that involve three to six month assignments in multiple functional areas?	
8. Does the firm use senior managers as best-practice identifiers and cross pollinators?	
9. Has the firm established a program to create cross-trained workers & cross-experienced managers?	
10. Does the firm use reward programs (including stock options) for employees who complete certain training/education?	
11. Does the firm use annual personal development plans?	
12. Are there formal socialization programs/activities to create unity and team mentality?	
13. Is there a policy in place that encourages learning through experimentation?	
14. Does the firm allow aggressive use of "pet project" programs to unleash individual passion and drive continuous improvement?	
People Empowerment Average	

12. Process Design & Integration	Score
1. Does the firm use "As-is" and "To-be" process maps?	
2. Are all initiatives and value-added activities are mapped back to the strategic plan and value proposition?	
3. Are there coordinated integrated product development teams that bring suppliers and customers together?	
4. Does the firm designate process owners, critical support, and tangential assistance for all key processes?	
5. Are the firms processed designed cross-functionally (as opposed to determined by IT)?	
6. Does the firm use and disseminate success stories?	
7. Gap and opportunity analysis to establish priorities and focus resources	
8. Are coordination and planning meetings used to bring decision-makers together?	
9. Are processes systematically and continuously improved?	
Process Design & Integration Average	

Note: At this stage, there are an uneven number of questions in each of the 12 elements in the diagnostic. For each element, the average score will be calculated. These averages can be plotted on two separate "spider-charts," one for each section of the diagnostic. Spider charts can show the progression of scores by simultaneously presenting multiple periods of data.

Users will be able to track their progress over time for each element, demonstrating improvement in areas important to their supply chain strategies or areas in which they were deficient in previous applications. Areas in which firms score low are obvious targets for improvement plans in the near term.