

Stage 1: Develop an Overall Understanding of the Supply Chain. Managers need to recognize the major players in the supply chain. They also need to understand the value proposition of the entire supply chain as well as what role companies at each tier play. Mapping critical processes, core technologies, and linkages to the end customer also help managers make sound SCM decisions.

Stage 2: Position the Organization within the Supply Chain. Managers must re-evaluate their organization's value proposition from a supply chain perspective. The critical issue is to define the organization's core competencies. Specific processes needed to support the core competencies must be developed. Outsourcing decisions and role-shifting strategies can be more accurately assessed.

Stage 3: Build the Supply Chain Infrastructure Needed for Success.

Customer and supplier success infrastructures must be developed. Up and downstream partners are classified based on their importance. Appropriate relationships are then established with the different classes of customers/suppliers. Some relationships merit intense effort while others are best served by efficient and routinized processes and systems. Profitability and long-term growth should be considered in the initial classification.

Stage 4: Create and Communicate a Common Supply Chain Vision.

Alignment begins with the creation of a common vision. It is critical to make the company's supply chain vision statement unique to the organization. This vision must be sold internally and shared with key supply chain partners. The vision should be widely publicized via the company's web page and used to drive supply chain alignment.

Stage 5: Cultivate Integrative Mechanisms. Stage 5 shifts the emphasis to managing for collaboration and begins by identifying internal and external barriers. Once problem areas are discovered and improvement opportunities defined, specific programs must be prioritized. While pilot projects can be carried out in any of the six integrative areas, a balanced approach should be pursued.

Stage 6: Constantly Re-evaluate and Continuously Improve. Supply chains must be dynamic and flexible. To promote this, it is vital to institutionalize environmental, technology, and industry scans. Benchmarking efforts should also be used to keep the company at the cutting edge of supply chain practice. Equal in importance to the scanning/benchmarking effort is the need to put in place continuous improvement initiatives that unleash the creativity and knowledge of the people involved in creating value.

Increased customer responsiveness
More consistent on-time delivery
Shorter order fulfillment lead times
Reduced inventory costs
Better asset utilization
Lower cost of purchased items
Higher product quality
Ability to handle unexpected events
Faster product innovation
Preferred & tailored relationships

Inadequate information sharing
Poor/conflicting measurement
Inconsistent operating goals
Organizational culture & structure
Resistance to change—lack of trust
Poor alliance management practices
Lack of SC vision/understanding
Lack of managerial commitment
Constrained resources
No employee passion/empowerment

Senior & functional managerial support
Open & honest information sharing
Accurate & comprehensive measures
Trust-based, synergistic alliances
Supply chain alignment & rationalization
Cross-experienced managers
Process documentation & ownership
Supply chain education and training
Use of supply chain advisory councils
Effective use of pilot projects