

Assessing Supply Chain & Industrial Base Risks: The Supply Chain Maturity Model

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While important, supply chain risks / challenges are not driven by quality alone.

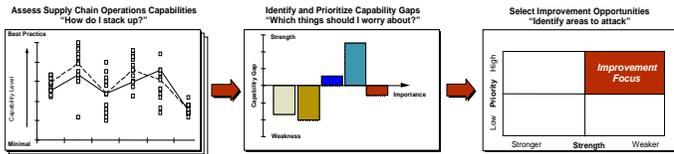
- ▶ The success or failure of a Program/Project, typically measured by life cycle cost, performance (i.e. reliability) and schedule, is driven by more than just supplier and parts quality
- ▶ To reduce program / project life cycle risk, organizations must develop and execute strategies that span the entire life cycle, planning for all facets of life cycle logistics and supply chain management
- ▶ To measure effectiveness and ensure success – pulse checks in the form of independent assessments must be conducted, typically at or just prior to major milestones (as discussed in NPR 7120.5D) and periodically during the operations and support phase
- ▶ In addition – programs/projects must have the ability to assess the effectiveness and health of those that are critical to their success, including suppliers
- ▶ While there are a number of assessment methodologies available, including the commonly used Independent Logistics Assessment (ILA), a more comprehensive, scalable methodology that takes the entire supply chain into consideration is needed to identify, baseline and drive best practices...

The Supply Chain Maturity Model (SCMM) is designed to provide a diagnostic approach to assessing and improving supply chain operations

Supply Chain Maturity Model Process



Booz Allen's Supply Chain Expertise



Structured Analytic Approach



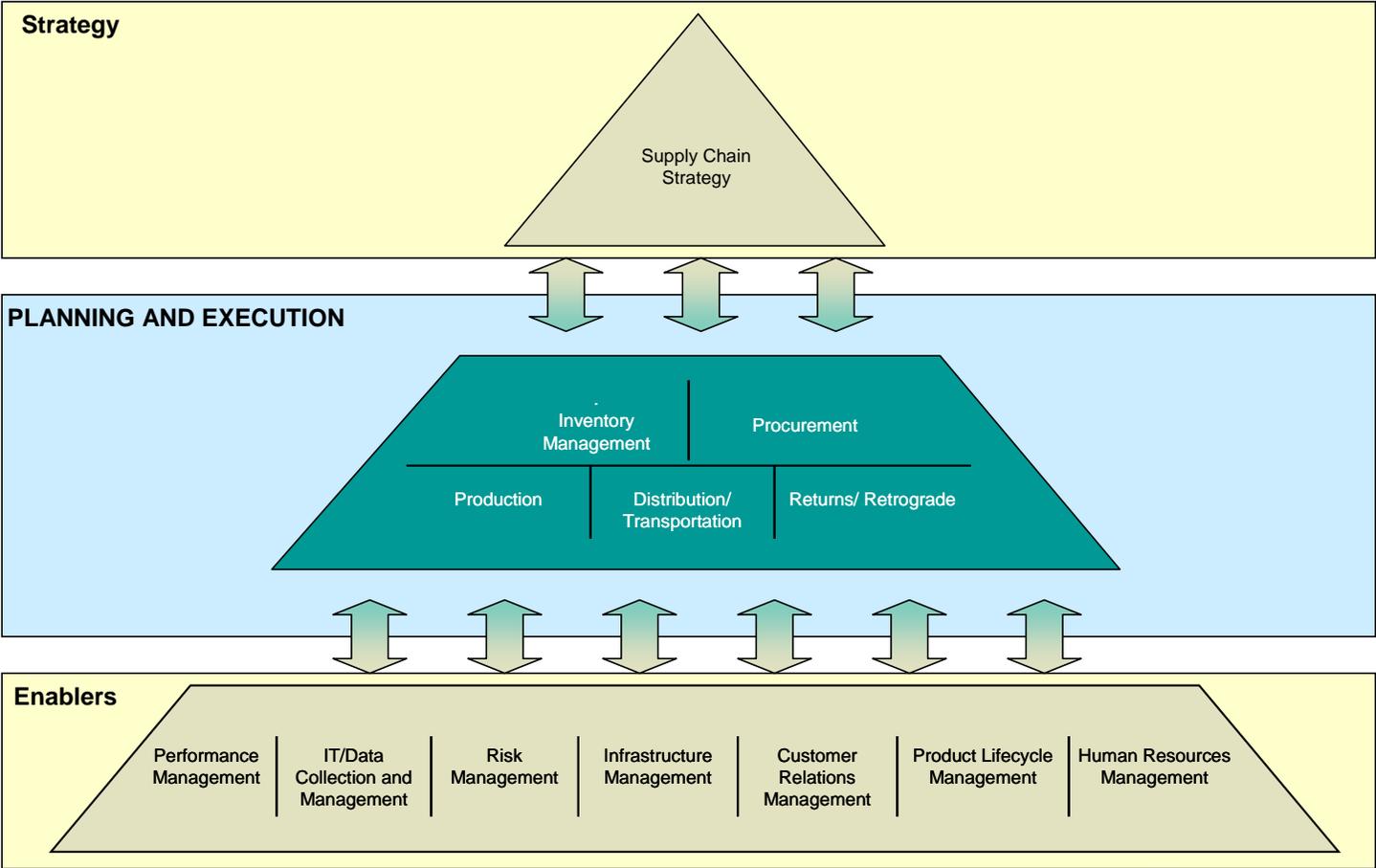
Diagnostic Tool

Benefits

- ❖ Best practice assessment for each supply chain capability
- ❖ Major findings by capability area
- ❖ Improvement opportunities mapped against organization priorities and supply chain capability areas

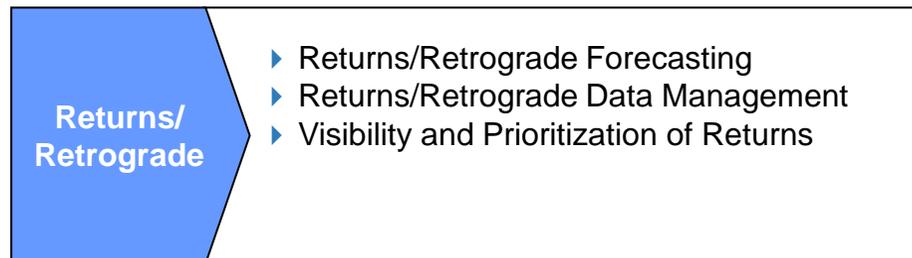
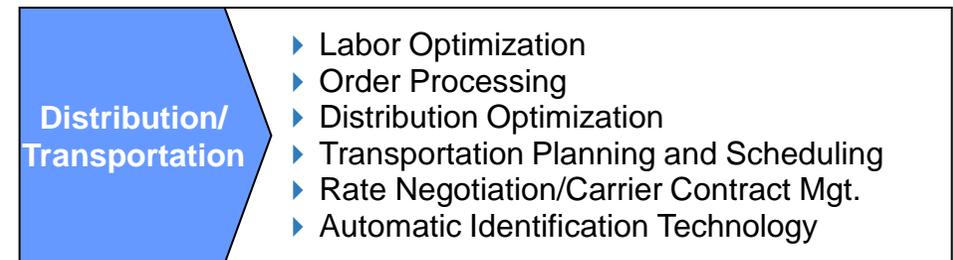
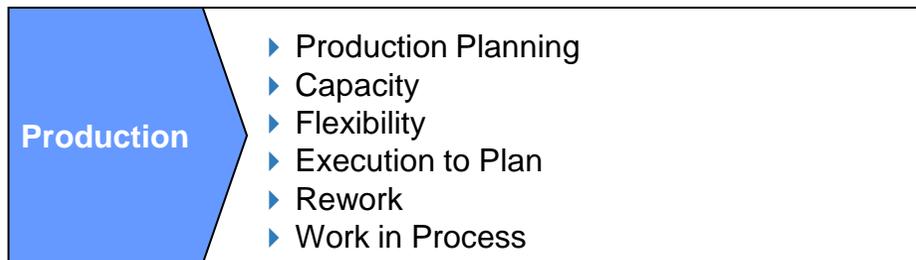
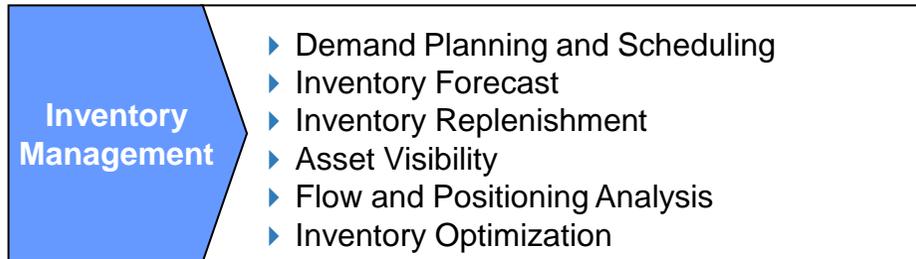
There are 13 critical capabilities, identified as required for effective supply chain management, that guide the process

Supply Chain Maturity Model Framework



The Supply Chain Maturity Model focuses on five planning and execution capabilities...

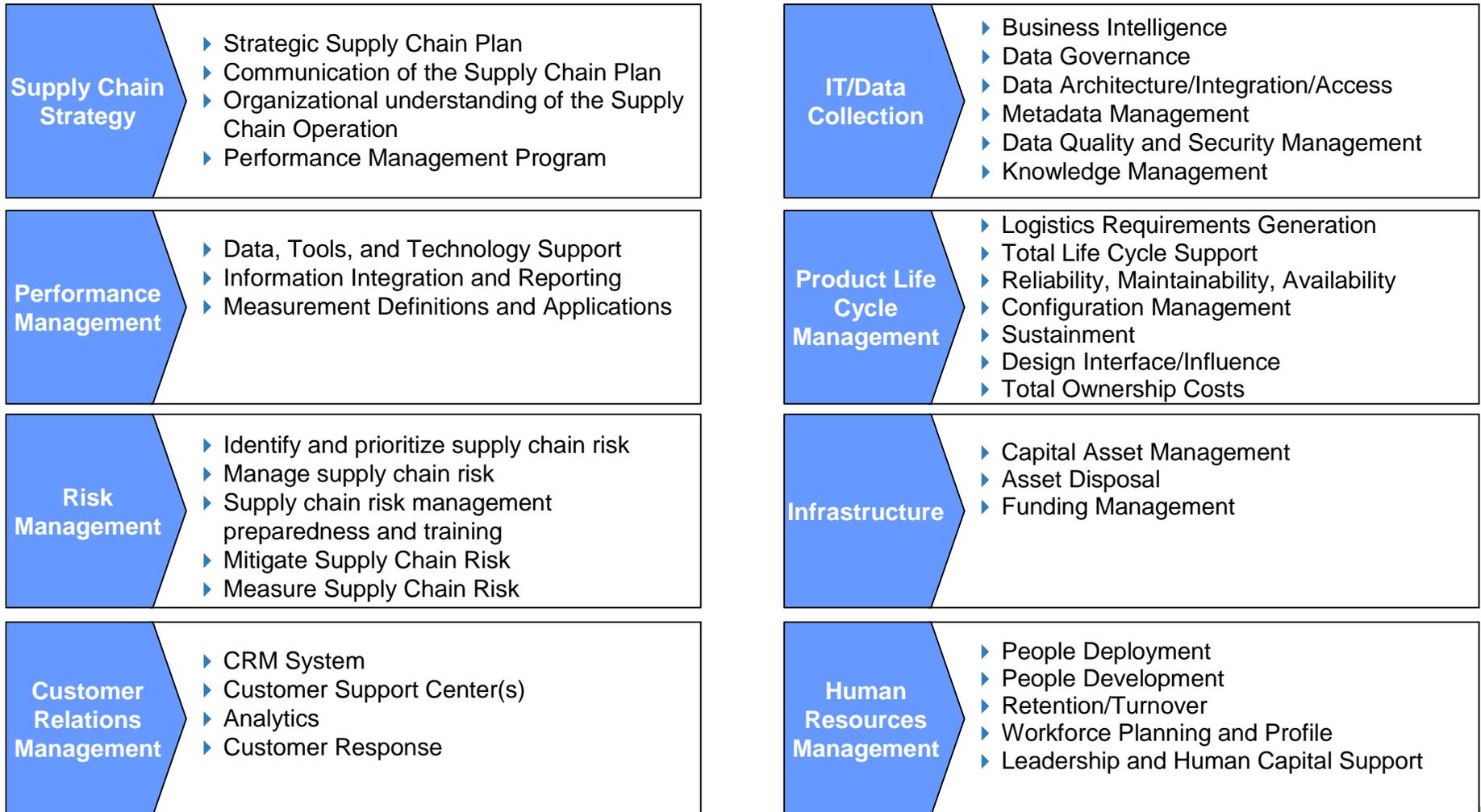
Supply Chain Maturity Model Capability Focus Areas *(Planning and Execution Capabilities)*



...And eight strategy and enabler capabilities

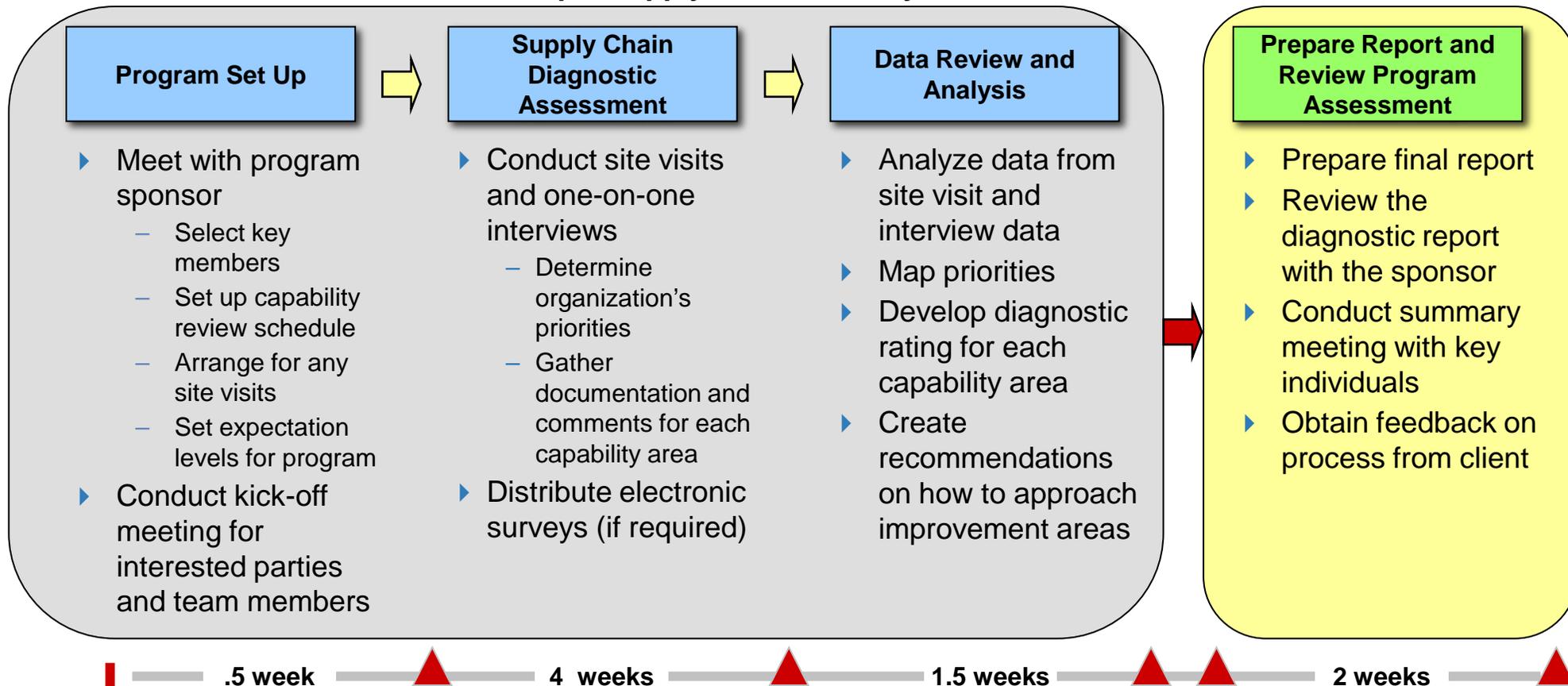
Supply Chain Maturity Model Capability Focus Areas

(Strategy and Enabler Capabilities)



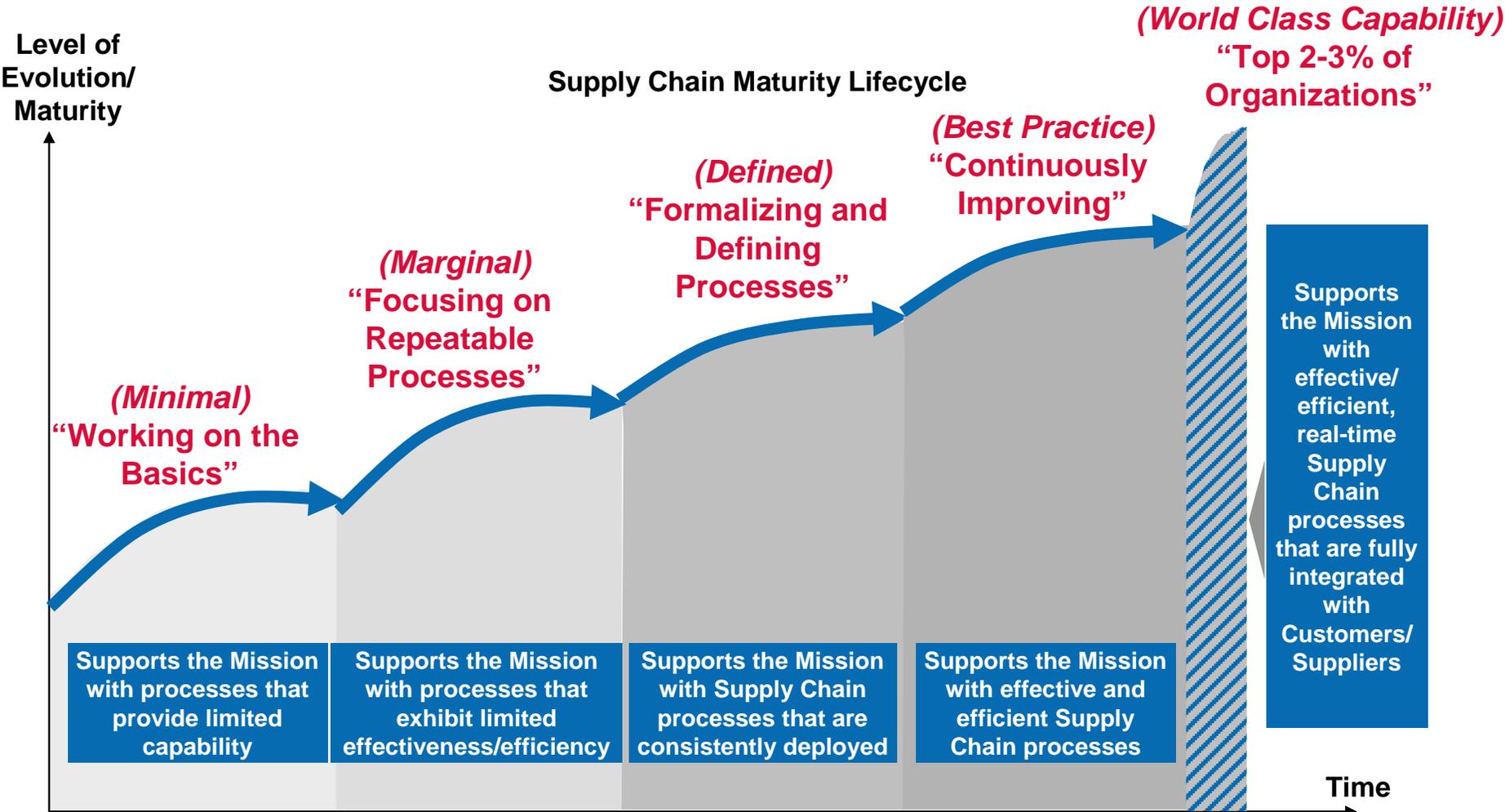
A typical Supply Chain Maturity Assessment takes eight weeks to complete

Example Supply Chain Maturity Model Process



Diagnostic and Analysis times are dependent upon client/data availability and may vary slightly

An assessment is based on where an organization is in the Supply Chain Maturity Lifecycle compared to World Class organizations



Common themes have been identified in recent Supply Chain Maturity Assessments

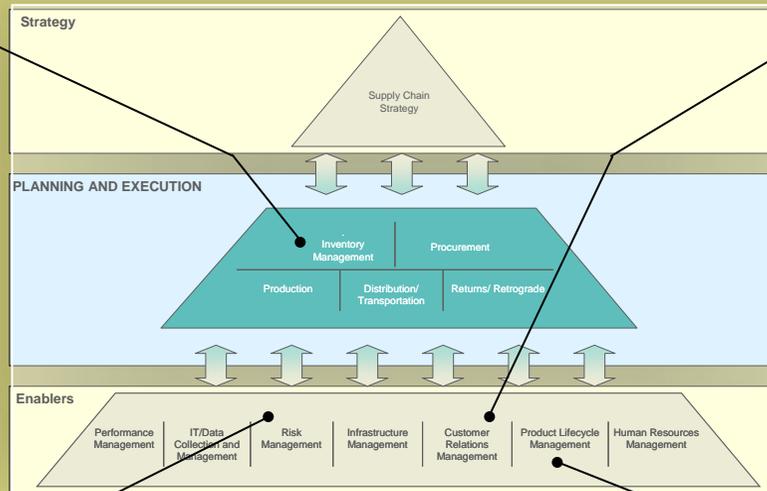
Inventory Management

Forecasting analysis is generally not performed causing sub-optimized performance and cost

Risk Management

Organizations tend to focus solely on production-related risks and do not identify, assess, and mitigate all supply chain vulnerabilities

Supply Chain Maturity Model Example Common Themes



Customer Relations Management

Lack of collaboration, automation, and trend analysis causes inefficiencies in the customer support process and results in higher support costs

Product Lifecycle Management

Lifecycle planning is often missing key components such as support factors, modification plans, parts obsolescence, and budget requirements

Supply Chain Maturity Assessments may be used in many organizational situations

- ▶ Compare pre-initiative and post-initiative performance when undergoing significant change
 - System implementation or upgrade
 - Reorganization
 - Merger/Acquisition
 - Improvement initiative
- ▶ Understand why an organization is struggling to achieve expected results in one or more capability areas
- ▶ Act as a front-end to planned initiatives
- ▶ Enhance current supply chain initiatives
- ▶ Ensure maximum benefit is achieved from an organization's supply chain
- ▶ Verify collaboration within the supply chain
- ▶ Obtain high-level supply chain opportunities

The short time required for an assessment, makes the Model a valuable diagnostic tool for any organization

- ✓ Provides an independent assessment of an organization, including suppliers, in select capability areas
- ✓ Validates where the organization stands in comparison with world-class organizations
- ✓ Allows the organization to be recognized and respected as a premier supply chain management organization
- ✓ Applies proven supply chain practices to provide a strategic focus to drive alignment, standardization and improvement of objectives and performance targets
- ✓ Addresses all process, personnel and functional improvements supporting the organization's vision...identifying opportunities to reduce risk