

SCOR Performance Blueprint



Introduction

The *IBM Cognos® SCOR Performance Blueprint* is a scorecarding application that includes more than 400 pre-defined metrics that link to the performance attributes of the Supply Chain Operations Reference (SCOR) model, developed by the Supply Chain Council. The SCOR model is a framework that links processes, metrics, best practices and technology to improve supply chain management.

Today's supply chains

Today's supply chains are more global and interconnected than ever with a mandate to operate with greater and greater speed. At the same time, they need to be more customer focused, demand driven and cost-effective, given today's turbulent marketplace. The key to success is supply chain visibility, because a lack of timely visibility can lead to missed opportunity.

Orchestrating complicated supply chains requires more than just mastering logistics. Organizations have invested millions in enterprise resource planning (ERP) systems and supporting software applications to help them improve the performance of their supply chains. This approach has improved efficiencies, centralized data storage and collection, and streamlined key processes.

Yet for the volumes of data they generate, these systems have not delivered what supply chain managers truly need—complete visibility of every aspect of their supply chain.

Supply chain visibility

To keep all the elements in the chain running smoothly, companies have to see what's going on, the decisions they need to make and the impact these decisions will have up and down the extended supply chain. What organizations need are solutions that provide complete supply chain visibility, including scorecards, dashboards, analytics and business intelligence to help them overcome their data silos for a clearer picture of performance.

Scorecards in particular help managers understand how their supply chain supports strategic goals. This knowledge helps them set up and monitor the appropriate key performance indicators (KPIs) and ensure that end-to-end activities support these goals.

The *SCOR Blueprint* provides the scorecarding, dashboards, analytics and business intelligence needed for a complete picture of supply chain performance.

Lack of visibility and other barriers to the high-performance, intelligent supply chain

The ability to follow a process from raw materials to finished product is critical to customer service. Yet the sheer volume of data makes this difficult to achieve: sales, purchasing, fulfillment, inventory, production and logistics. Data from customers and suppliers adds to the complexity. All of these have their respective applications and data silos.

Even though most organizations use ERP systems, supply chain management software, and supporting applications that provide basic reporting capabilities, these reports are rarely flexible enough to address specific questions or immediate needs. Nor do they encompass the entire supply chain, and the process view needed to monitor end-to-end supply chain performance.

Managers also know they need better visibility into their customers' needs. Most companies rank customer service as one of their highest priorities. Yet few actually collaborate with customers in key areas, from strategic planning and forecasting to inventory management and cost reduction.

The result? A disconnect between the supply and demand sides of the business. This disconnect creates issues such as:

- *Unpredictability.* The more confidently a manager can predict demand, quantity, costs and targets, the better they can secure suppliers and build processes. Unpredictability causes variation between expected and actual results. Left uncorrected, the problem is likely to reoccur with continued detrimental impact on the supply chain. Usually, this is because the root cause of the variation can't be found and the process isn't fixed. When this happens, managers fall into a constant game of catch-up – moving resources and materials around at the last minute, rather than proactively driving performance.

- *Incomplete information.* Lacking the time to analyze and understand a problem fully, managers have no choice but to make hasty decisions based on pre-configured ERP reports that provide a historical or partial view of the issue. These reports help managers solve their immediate problems but prevent them from making improvements that can lower costs or improve efficiency on a larger scale.
- *Local optimization.* Organizations are spreading supply chain operations all over the world. Yet much optimization is still done at a local level—by product, facility, country or region. Few companies make global optimization a top priority or allocate human resources to achieving it. This localized approach to optimization is to be expected, given that most managers see silos of information rather than a complete, integrated view. Also, without a clear link to strategy, managers can't see or predict the impact their actions will have further down the line. Their actions can bring about delays, cost increases or shortfalls that ultimately impact customer satisfaction.

These are just a few of the issues that managers face when they lack complete supply chain visibility.

Overcoming the barriers with IBM Cognos supply chain solutions

IBM Cognos supply chain solutions encompass the complete range of business intelligence and planning software: scorecards and dashboards, event management, reporting and analysis, real time dashboards, data integration, planning and forecasting.

With these key capabilities, they help companies gain the visibility needed for high-performance supply chains. Managers can monitor performance at the global level; analyze performance of processes, products or suppliers; and drill down to transaction-level detail when necessary. They can identify key metrics, measure performance and receive alerts when performance is off-track and make immediate corrections.

I can see clearly now: Scorecards, SCOR and supply chain visibility

A key component of high-performance supply chain solutions are scorecards. With scorecards, managers not only can monitor performance for key performance indicators (KPI), but they can also take advantage of an extra level of detail that displays results against pre-established targets and tracks changes in performance. Managers are easily directed to the indicators that need immediate attention or are getting worse, so they can set up initiatives and projects to correct or improve performance.

In addition, scorecards help managers understand how their supply chain supports strategic goals. This knowledge helps them set up and monitor the appropriate KPIs and ensure that end-to-end activities support these goals.

Scorecards also support the SCOR model, integrating the SCOR elements that help managers monitor processes and measure supplier, production and delivery performance based on industry standards. The SCOR model describes the business activities associated with all phases of satisfying a customer's demand.

The model itself is divided into several sections and is organized around the five primary management processes of plan, source, make, deliver and return. This provides a common set of definitions that can be used for supply chains that are very simple or for complex chains that link disparate industries. As a result, the model has been able to successfully describe and provide a basis for supply chain improvement for global projects as well as site-specific projects.

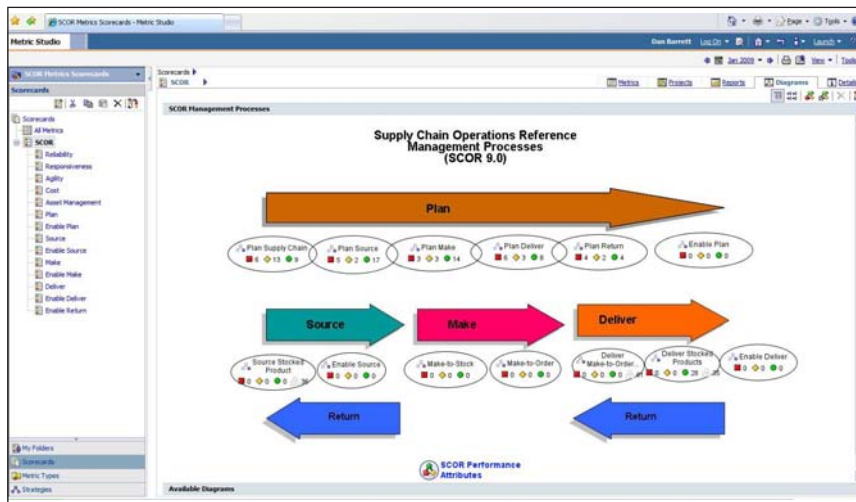
A key aspect of the SCOR model is its set of performance attributes. Performance attributes are characteristics of the supply chain that permit it to be analyzed and evaluated against other supply chains with competing strategies. Just as most would describe a physical object using standard characteristics (for example, height, width, depth for a brick), a supply chain has standard characteristics to be described. These attributes are shown here in this table.

| SCOR Performance Attributes | | |
|------------------------------------|------------------|---|
| | Attribute | Strategy |
| Customer | Reliability | Consistently getting the orders right, product meets quality requirements |
| | Responsiveness | The consistent speed of providing products/services to customers |
| | Agility | The ability to respond to changes in the market (external influences) |
| Internal | Cost | The cost associated with managing and operating the supply chain |
| | Assets | The effectiveness in managing the supply chain's assets in support of fulfillment |

Without these characteristics it is extremely difficult to measure performance on the processes most critical to satisfying customers and managing cost. When these characteristics are used as a basis for scorecards, they help provide organizations with a comprehensive view of their supply chains.

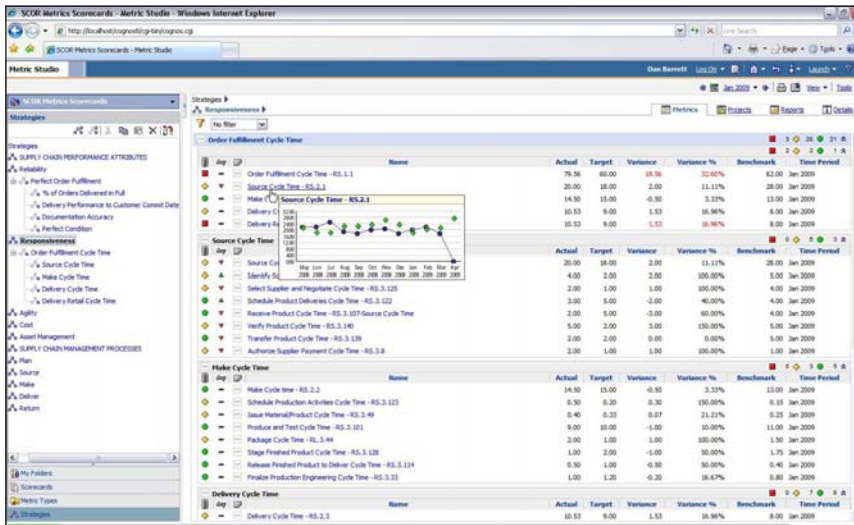
Introducing the SCOR Blueprint

The *SCOR Blueprint* automates the strategy management and scorecarding process by linking pre-defined metrics to the SCOR performance attributes and management processes.

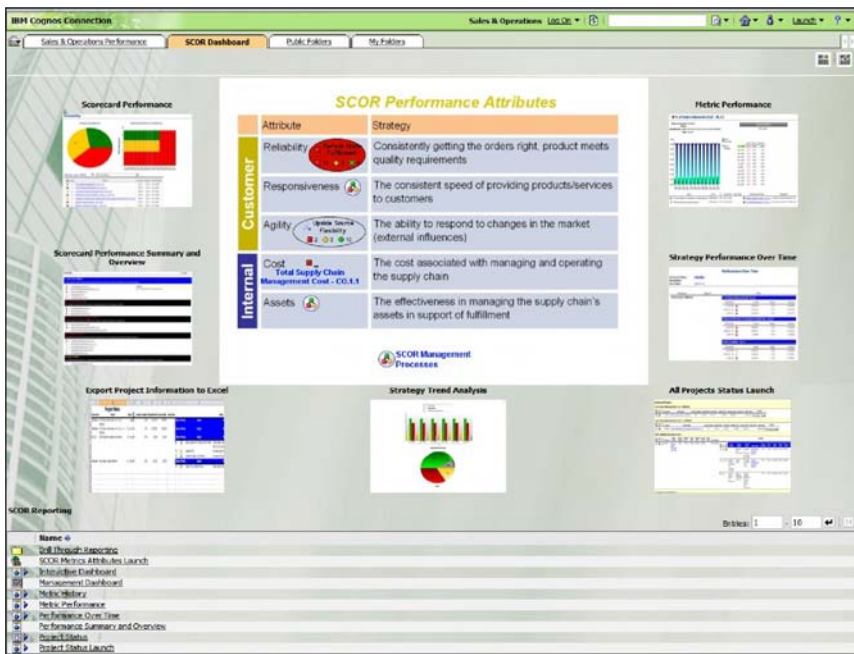


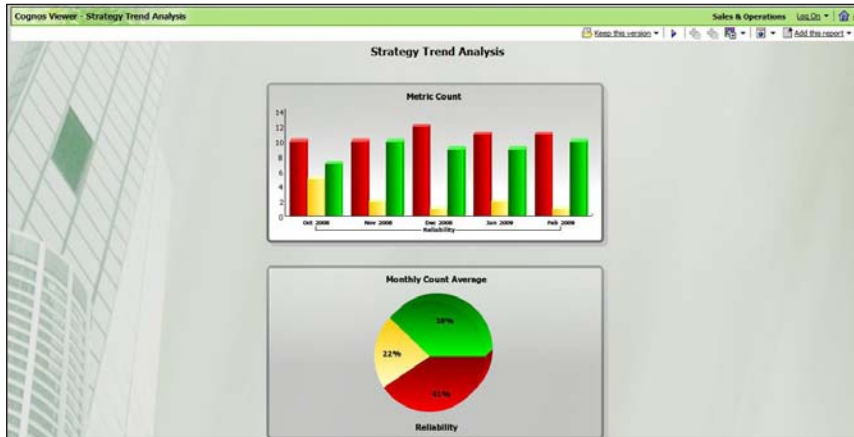
This comprehensive metrics approach contains more than 400 metrics, a predefined metrics database, a hierarchy of metrics relationships and impact diagrams that can be drilled down for root cause analysis. In addition, it includes dashboards to drive insight into underperforming metrics, accountability and collaboration and assign and track corrective projects.





Reporting and analysis lie at the heart of IBM Cognos supply chain solutions. The reports and analysis features of the *Blueprint* can help organizations understand the why behind results and managers can identify problems or make improvements. Areas that need immediate attention are highlighted with alerts.





The benefits of the *Blueprint* include:

- Better visibility to drive down costs and improve service
- A more customer responsive supply chain because issues affecting supply can easily be identified and corrected
- A more proactive approach based on an effective, timely actionable view of information from your transaction systems.

The *Blueprint* can also be extended with other IBM Cognos supply chain solutions so that organizations can explore and analyze their supply chain performance at any level of detail, and combine it in ways that extend beyond the capabilities of most ERP systems.

Conclusion

Orchestrating today's complex supply chains requires more than just mastering logistics. Organizations have invested millions in enterprise resource planning (ERP) systems and supporting software applications to help them improve the performance of their supply chains. This approach has improved efficiencies, centralized data storage and collection and streamlined key processes. At the same time, these systems have not delivered what supply chain managers truly need—complete visibility of every aspect of their supply chain.

Using the *SCOR Blueprint*, supply chain professionals have greater visibility into their supply chain performance in relation to their targets and external benchmarks. The *Blueprint* can also be used with other IBM Cognos supply chain solutions to enable an integrated approach to supply chain management.

About the IBM Cognos Innovation Center for Performance Management

The IBM Cognos Innovation Center was established in North America and Europe to advance the understanding of proven planning and performance management techniques, technologies, and practices. The Innovation Center is dedicated to transforming routine performance management practices into “next practices” that help cut costs, streamline processes, boost productivity, enable rapid response to opportunity, and increase management visibility.

Staffed globally by experts in planning, technology, and performance and strategy management, the Innovation Center partners with more than 600 IBM Cognos solutions customers, academics, industry leaders, and others seeking to accelerate adoption, reduce risk, and maximize the impact of technology-enabled performance management practices.

About IBM Cognos BI and Performance Management

IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

For further information or to reach a representative: www.ibm.com/cognos

Request a call

To request a call or to ask a question, go to www.ibm.com/cognos/contactus.

An IBM Cognos representative will respond to your enquiry within two business days.



© Copyright IBM Corporation 2009

IBM Canada
3755 Riverside Drive
Ottawa, ON, Canada K1G 4K9

Produced in Canada
July 2009
All Rights Reserved.

IBM, and the IBM logo are trademarks of International Business Machines Corporation in the United States, other countries or both. For a complete list of IBM trademarks, see www.ibm.com/legal/copytrade.shtml.

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.

Any reference in this information to non-IBM Web sites are provided for convenience only and do not in any manner serve as an endorsement of those Web sites. The materials at those Web sites are not part of the materials for this IBM product and use of those Web sites is at your own risk.

IBM Cognos
Innovation Center
for Performance Management