accenture

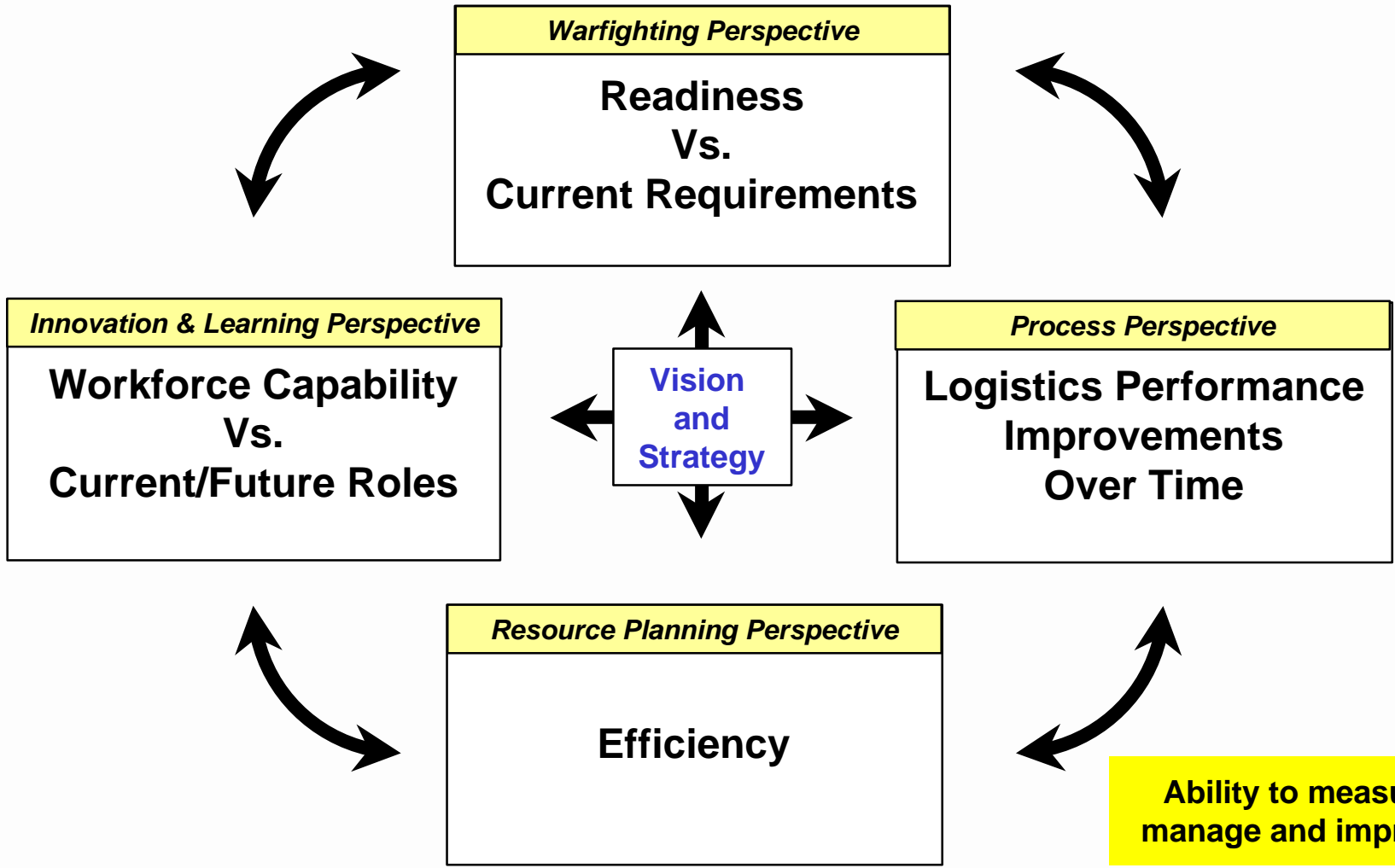# From Silos to Satisfaction: The Next Level of Logistics Performance
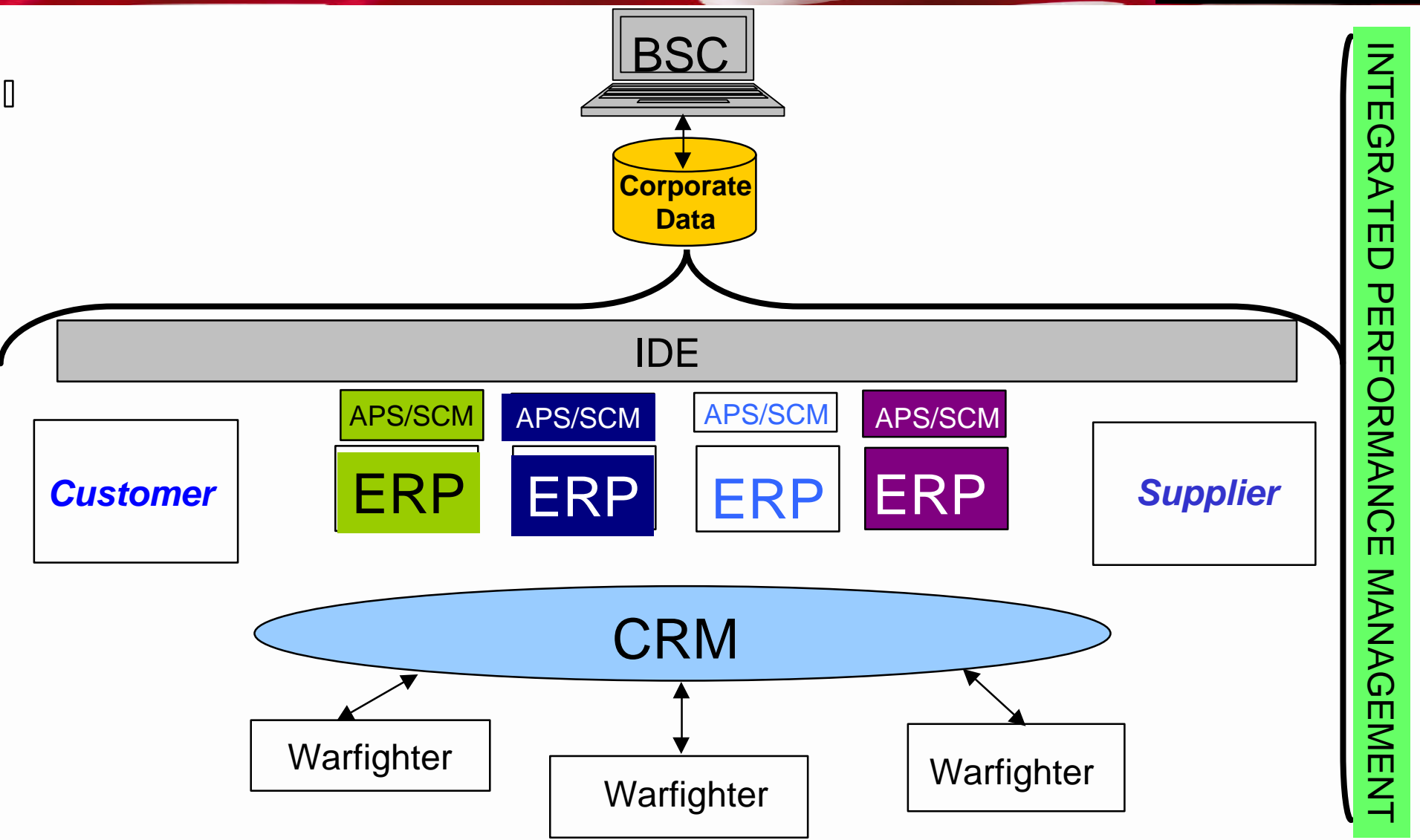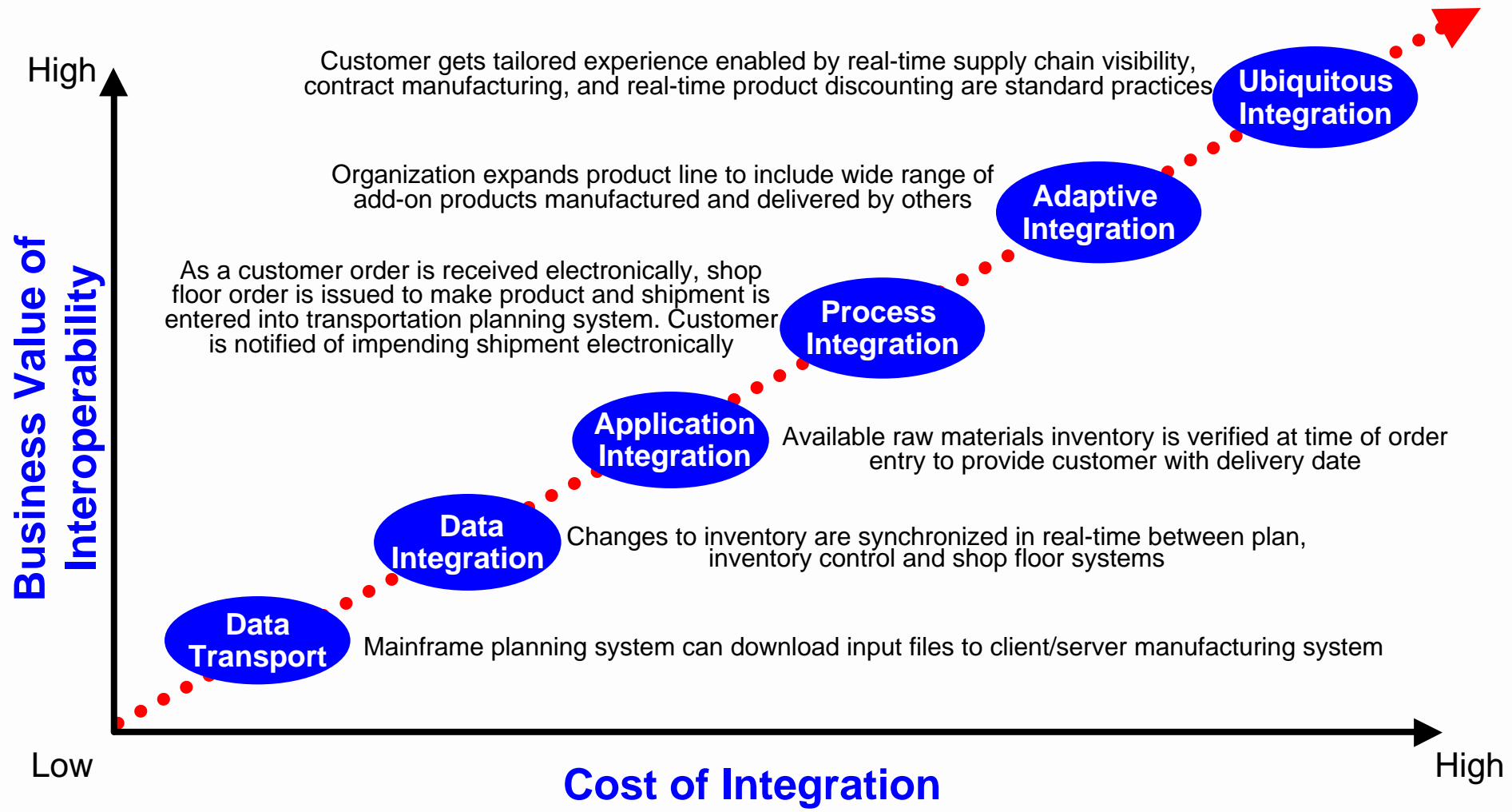
Presented to NDIA Logistics Conference

5 March 2003

Enterprise Integration is the overarching enabler – governance/corporate decision making is the key!

- **Use BSC Key Drivers to align/converge selected programs**
- **Make definitive plans to shut off laggards/resource drains**
- **Enterprise approach for 6 key solution components (next)**
- **Take advantage of performance based contracts to minimize "business risk" and maximize potential return on investment**
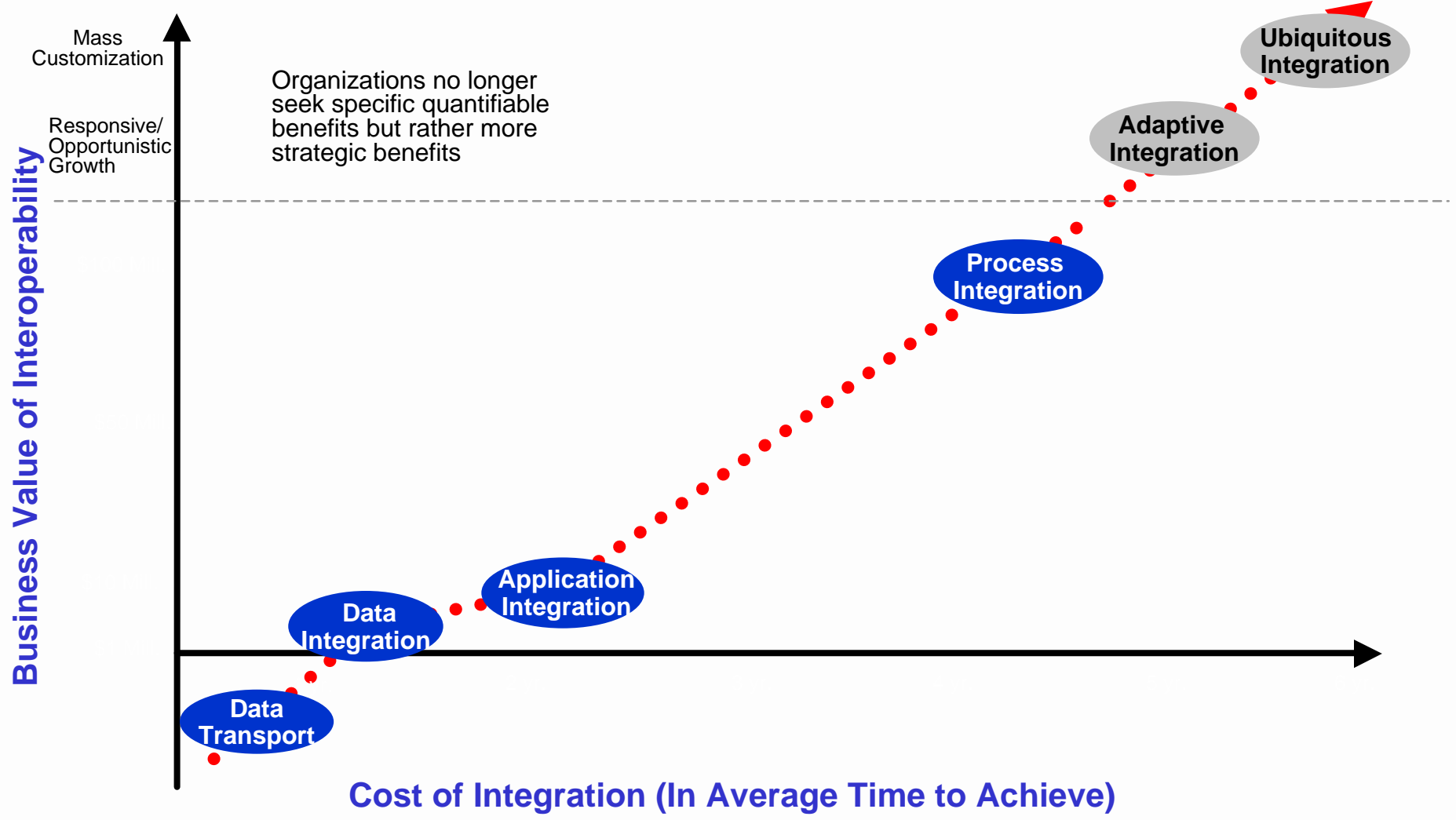
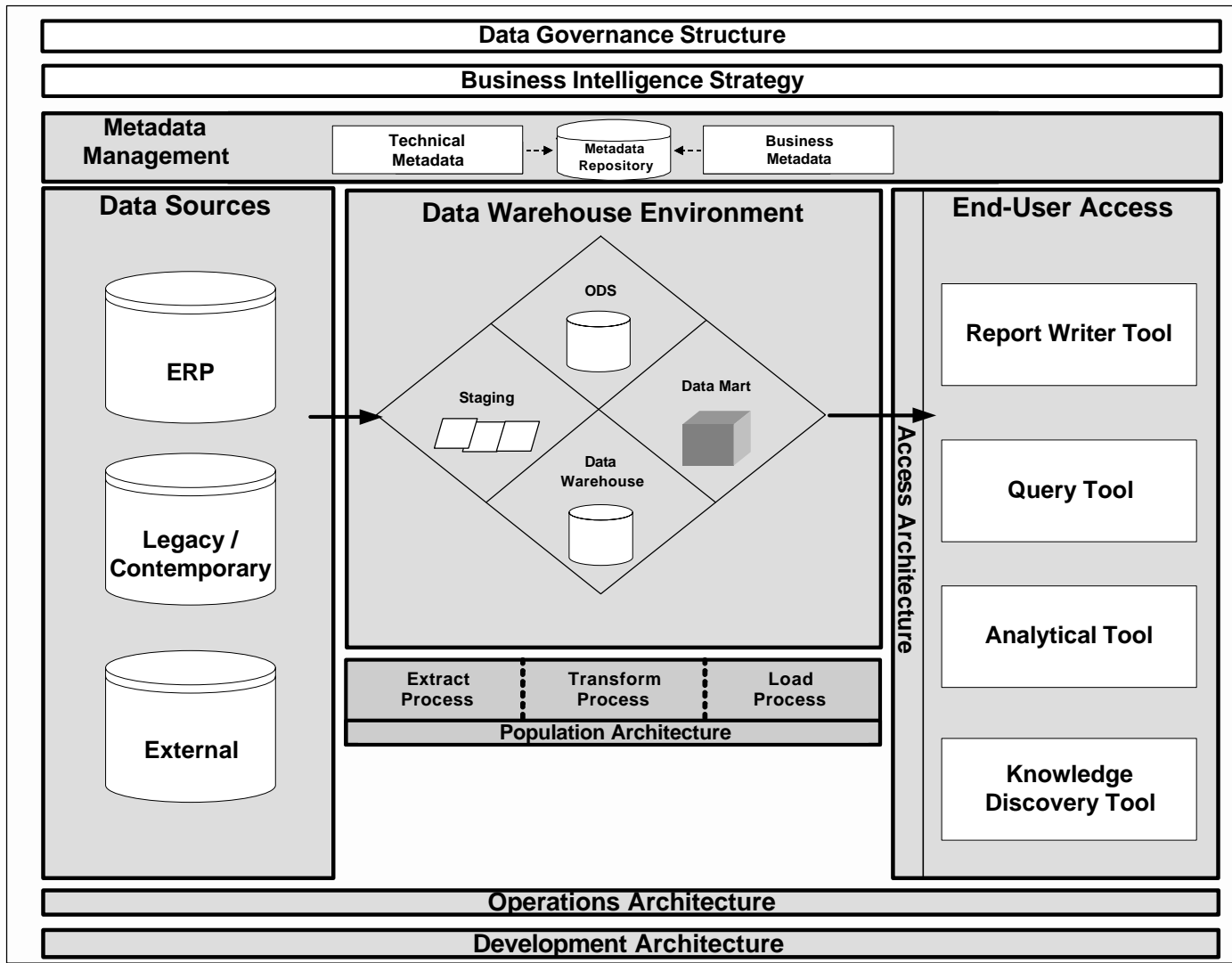*A handful of key decisions can make the difference between success and failure…*

- *ERP* – **delivers standard and flexible business processes, consistent transaction engine, dependable management information, <u>integrated financial data</u>**

- *APS/SCM* – **enables <u>sophisticated demand planning and forecasting</u>, supply planning and synchronization, collaboration across enterprise and with external stakeholders**

- *IDE* – **supports <u>extended transformed business processes</u> across enterprise, best of breed event management solutions**

- *Corporate Data Strategy/Active Data Warehouse* - **delivers critical support to BSC, TAV, and DRRS objectives <u>from a single data source – "one version of the truth"</u>**

- *Customer Relationship Management* – **defines enterprise customer, <u>simplifies customer contact points</u>, provides integrated customer view, cost savings from faster problem resolution and staff optimization**

- *Integrated Performance Management* – **provides basis for learning and <u>institutionalizing transformed business model across workforce</u>**
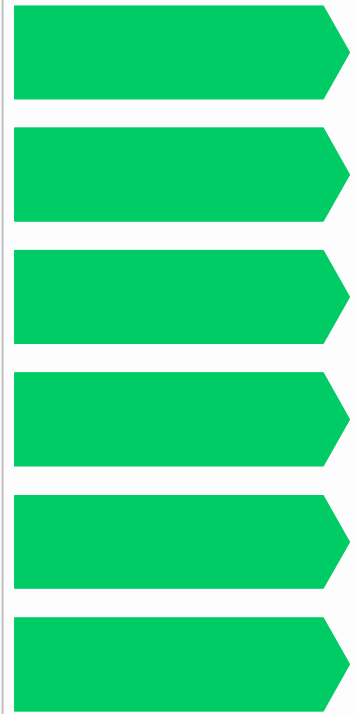
4

INTEGRATED PERFORMANCE MANAGEMENT

BSC

Corporate Data

IDE

APS/SCM
APS/SCM
APS/SCM
APS/SCM

ERP
ERP
ERP
ERP

Customer

Supplier

CRM

Warfighter

Warfighter

Warfighter

High

Business Value of Interoperability

Customer gets tailored experience enabled by real-time supply chain visibility, contract manufacturing, and real-time product discounting are standard practices

Ubiquitous Integration

Organization expands product line to include wide range of add-on products manufactured and delivered by others

Adaptive Integration

As a customer order is received electronically, shop floor order is issued to make product and shipment is entered into transportation planning system. Customer is notified of impending shipment electronically

Process Integration

Application Integration

Available raw materials inventory is verified at time of order entry to provide customer with delivery date

Data Integration

Changes to inventory are synchronized in real-time between plan, inventory control and shop floor systems

Data Transport

Mainframe planning system can download input files to client/server manufacturing system

Low

Cost of Integration

High

6

Business Value of Interoperability

Mass
Customization

Responsive/
Opportunistic
Growth

Organizations no longer
seek specific quantifiable
benefits but rather more
strategic benefits

**Ubiquitous
Integration**

**Adaptive
Integration**

**Process
Integration**

**Application
Integration**

**Data
Integration**

**Data
Transport**

Cost of Integration (In Average Time to Achieve)

7

Focus on providing the capabilities needed to achieve the desired future state

Today's Challenge	Service	Tomorrow's Outcomes
• Internal Optimization Focus		• Warfighter Outcome Focus
• Reactive to Customer Complaints		• Collaborative Planning
• Limited, Ad-hoc Dialogue		• Structured Customer Relationships
• One Size Fits All		• Customized Services @ Enterprise Scale
• Redundant, Siloed Customer Touchpoints		• Integrated Service Channels
• Internal and Warfighter Confusion		• Common Expectations and Understanding
• No Consolidated Customer View		• Enterprise Customer Portal
• Services defined by Provider		• Flexible Services Negotiated w/ Customer
• Limited Enterprise Integration		• Customer-Centric Enterprise Integration
• Missing Data Limits Fact-based analysis		• Fact-based Hypothesis Testing
• Limited Customer Analytic tools and training		• Robust, Flexible Customer Analytic Capability
• Cannot measure Customer Cost to Serve		•Customer Cost to Serve managed
	Effectiveness	

9

… involves a fundamental shift from "one size fits all" to flexible, tailored warfighter services which can evolve and scale as needed.
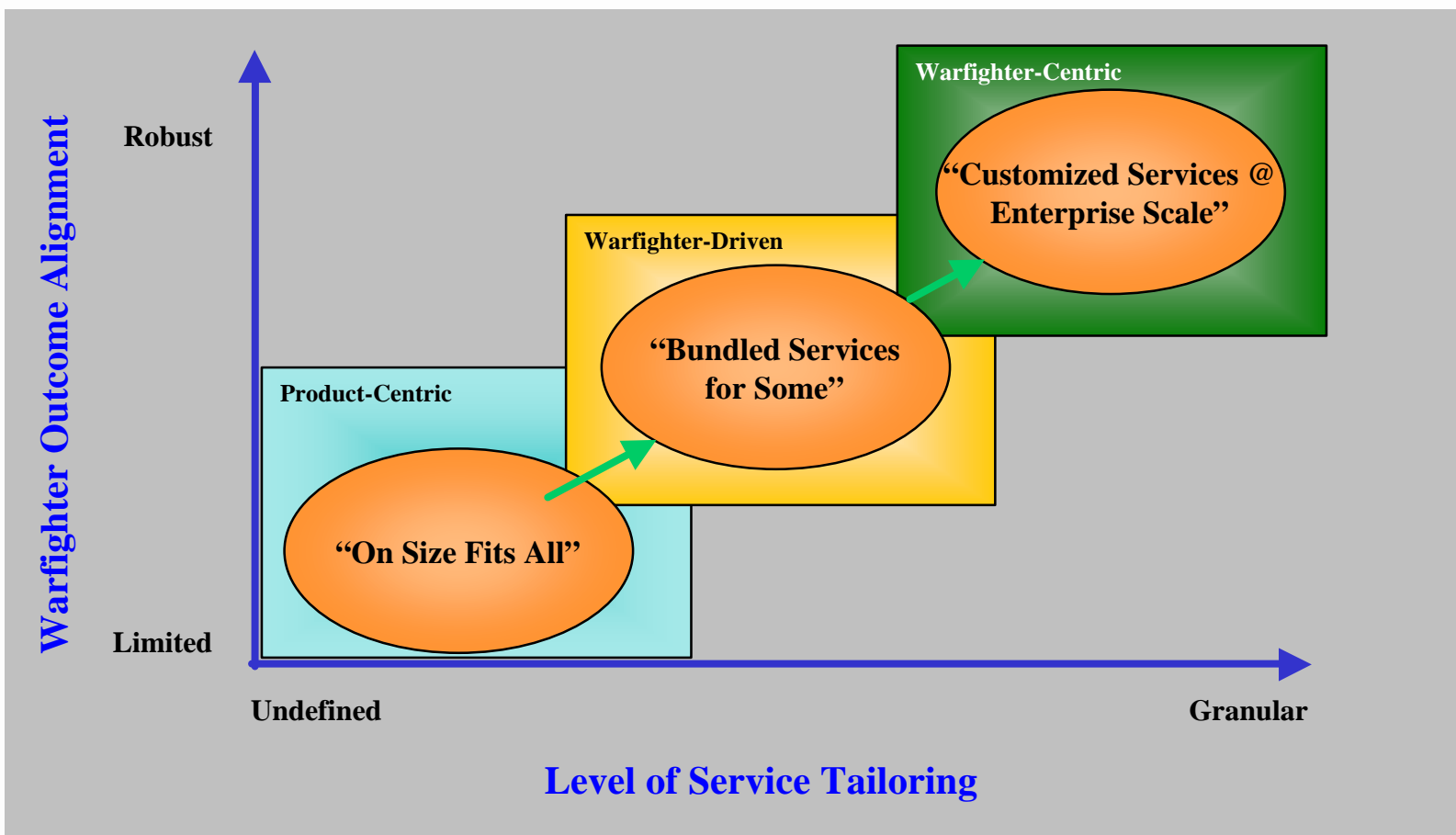
Transformation Program Facts

- **ERP** implementations fail at a very high rate. Some have suggested that 70 percent of implementations fail to meet stated objectives[1]

- Upwards of 70, 80, even 90% of **CRM** implementations don't deliver on their original promise.[2]

- 61% of **acquisitions** in the past three years destroyed shareholder value[3]
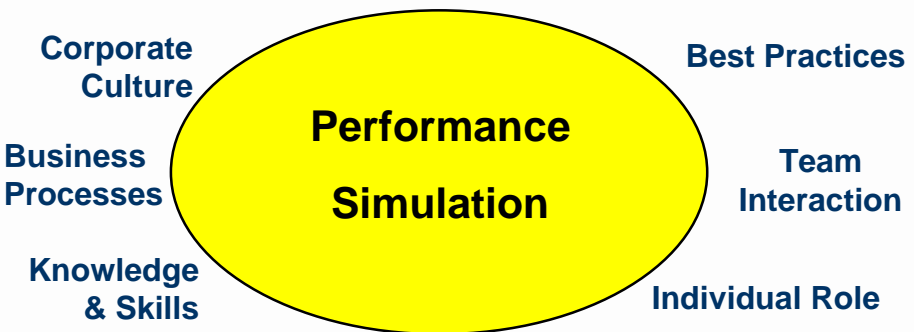
Contributing Factors

- Leadership/Sponsorship

- Organizational Awareness and Alignment

- Interdepartmental Communication & Integration

- Workforce Performance
  - **Competence**
  - **Capability**
  - **Confidence**

- Motivation

- Commitment and Incentives

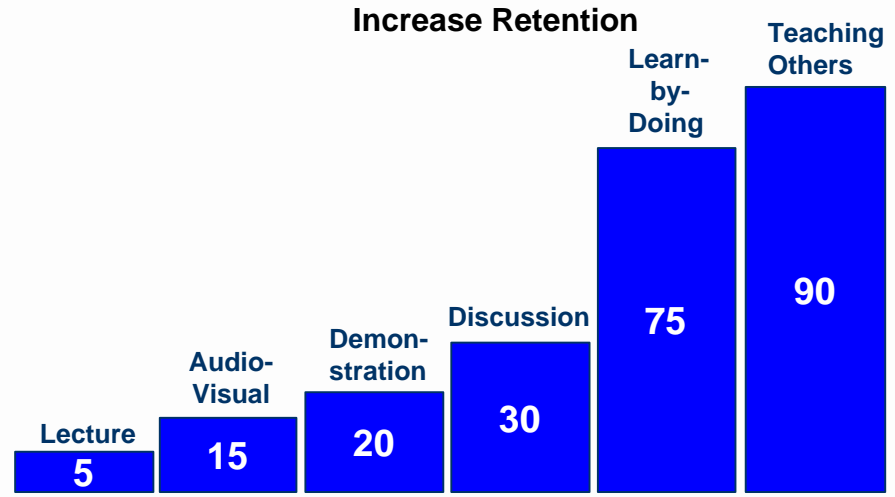[1] **"APICS – The Performance Advantage," Volume 10 No. 13, January 2001**
[2] **"Why CRM Implementations Fail ...and What to Do About It", LGH Consulting**
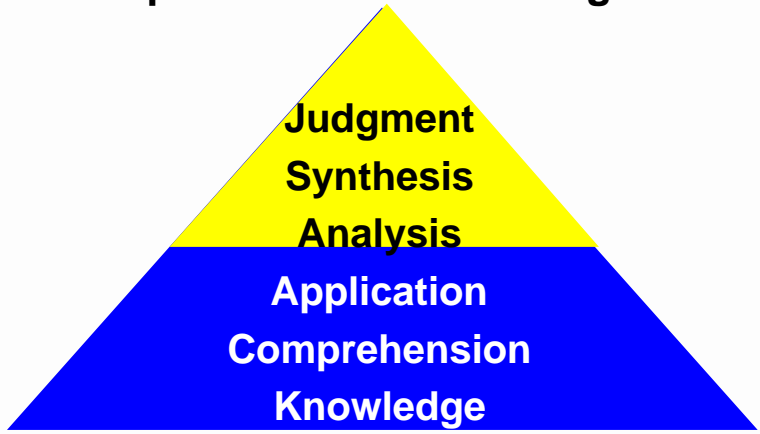[3] **"Mergers: Who Most Big Deals Don't Pay Off,"** *BusinessWeek*, **10/14/2002**
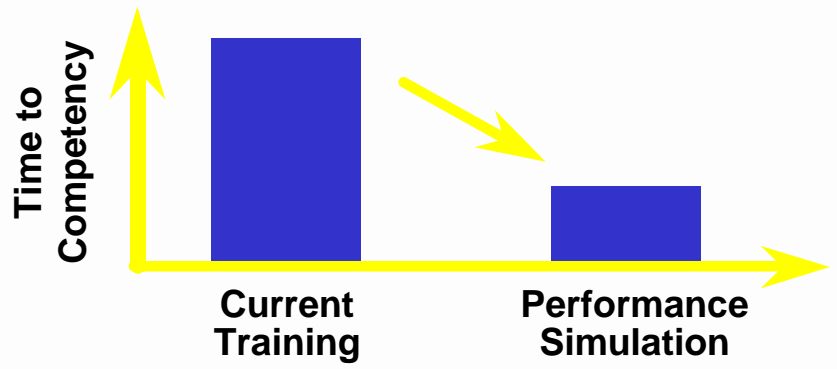
Focus on performance improvement…not just training

Corporate Culture

Business Processes

Knowledge & Skills

Best Practices

Team Interaction

Individual Role

Performance Simulation

Multi-dimensional behavior change

Increase Retention

Lecture	Audio-Visual	Demon-stration	Discussion	Learn-by-Doing	Teaching Others
5	15	20	30	75	90

Improve decision-making skills

Judgment
Synthesis
Analysis
Application
Comprehension
Knowledge

Bloom's Taxonomy

Reduce time to competency and decrease time away from the job

Time to Competency

Current Training

Performance Simulation

12

- **IT Solution Components Available, Proven and Getting Even Better Every Day**

- **Enterprise Integration Necessary to Achieve Next Level of Performance**

- **Complete Success Requires Greater Attention and New Approaches to Institutionalize New Ways of Doing Business**