



MSD Supply Chain Programme Strategy Workshop

Day 2 – APPENDIX

The Coca-Cola Company



accenture

Accenture Development Partnerships

Benchmarking MSD's Current Operating Supply Chain Capability

1.0 Planning

2.0 Procurement

3.0 Delivery

4.0 Warehousing

5.0 Order

6.0 Skills and Technology

1.0 Planning

MSD supply chain processes mapped at the current state

▲ Current

★ Future

Novice	Beginner	Competent	Proficient	Advanced	Leading Edge
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Planning					
Demand Planning			▲		
Sales history used with no sales force input, lack of tools with only judgement forecasting in place, unclear forecasting accountability			Sales history used with sales force input, rudimentary tools used to calculate forecast, lack of monitoring and coordination of factors impacting customer demand (i.e. budget allocation)	Real time demand and collaboration across teams, expert systems & statistical correlations, forecasting accountability, close monitoring of early demand signs and impacting factors.	
Supply Planning	▲ Vertical Program*		▲ Normal MSD		
Poorly defined supply plan created, communicated in an ad hoc manner. No formal adjustment process available.			Procurement, Logistics and Zones work collaboratively to create a supply plan. Plan updated in a systematic manner.	Integrated supply plan across company, planning strategy segmented by products and customers, dynamic tools used to ensure continuous planning/updates.	
Dealing With Uncertainty	▲				
No simulation capabilities for planning constraints (lack of funding or restricted supply capacity).			Some simulation capabilities in place and what-if scenarios used in planning.	The impact of demand and supply uncertainty is actively managed using supply chain flexibility methods (e.g. product segmentation).	
Planning Measurement & Accountability	▲ Vertical Program*		Normal MSD	▲	
Planning accuracy measured at a rudimentary level only.			Planning error and bias measured and reported. Processes in place to act on results and improve process.	Continuous review of methods and improvement of planning processes as a major focus of the organisation.	
Organisation Integration for Planning			▲		
Key interactive players in the supply chain are viewed as separate entities with limited interaction.			Key players in the supply chain work collaboratively and integrated planning seen as an essential addition to business as usual.	Integrated planning between key players who are strategically aligned towards the same planning objectives.	
Inventory Management			▲		
No knowledge of inventory levels throughout the extended supply chain. No access to data for tracking and monitoring of products.			Availability of consistent, accurate stock level & tracking data by a few stakeholders throughout the supply chain. Information only being used by select parties.	Accurate and integrated visibility into stock levels and inventory tracking throughout the extended supply chain. Visibility to all stakeholders.	

* - Depending on the Vertical Program, the SCPA capabilities vary. The average Vertical Program capability is documented.

2.0 Procurement

MSD supply chain processes mapped at the current state

△ Current

★ Future



Procurement	Novice	Beginner	Competent	Proficient	Advanced	Leading Edge
Category Analysis and Strategy Development	Categories treated equally; regardless of criticality, complexity, or value.		Clear understanding of the internal complexities of each category (e.g. demand patterns, level of technical complexity) and a basic understanding of the external complexities (industry trends, supply base).		Incorporate for each category the essential internal & external information and Total Cost of Ownership elements into the proper strategy for the category.	
Supplier Assessment / Evaluation	Informal process where supplier selection is primarily based on price and quality. No standard vendor comparison.		Standard vendor comparison. Reduced number of suppliers selected by a balanced score card that captures price, quality and performance.		Fact based vendor that utilises a detailed balanced scorecard that identifies price, quality, performance and capacity building.	
Procurement Techniques	Short-term agreements with recurring bidding processes.		Long-term agreements with a few strategic partners. Negotiated based on combined, aggregate volumes.		Type of agreement depends on the type of supplier and the category.	
Contract Management	Case by case approach to contracts where staff have limited contract understanding. Paper-based standard contract templates. Limited tracking and evaluation of contracts.		Contract policies and procedures in place. Contract quality tracked and evaluated. Staff fully trained in contract requirements.		Central contract repository with standard templates online. Approval structure in place to manage a fair process.	

2.0 Procurement Continued

MSD supply chain processes mapped at the current state

△ Current

★ Future



Procurement	Novice	Beginner	Competent	Proficient	Advanced	Leading Edge
Material Rationalisation	No cross-functional, regional or product team coordination - there is little control over material/SKU proliferation.		△ Procurement personnel are involved in cross-functional product development teams—there are attempts at controlling material/SKU proliferation.	Procurement involves key suppliers on development teams for input on alternate materials or configurations and product portfolio is managed in an effective and sustainable way.		
Vendor Management	Performance is monitored on basic terms, conditions and performance to budget.		△ Performance indicators are linked to the organisations objectives and vision especially focusing on delivery quality, order fulfilment (completion), timeliness and capacity building.		Suppliers are measured on all KPIs required to ensure achievement of objectives including delivery accuracy, information sharing, quality control, innovation and problem solving, in the context of demand planning accuracy and capacity building.	
Payment Process	△ All invoices are treated equally, with a lengthy approval process with poor exceptions management, and untimely invoice payment.		Technology solution to support process enabling efficient approval process and timely invoice payment. Flexibility to accommodate exceptions.		Accommodate different transaction types dependent on segmentation. Technology used to empower end-to-end integration and streamline processes.	
Customer Service	No single point of contact for customer service. Ad-hoc review of customer satisfaction. Root cause analyses only in the case of sever under performance.		△ Single point of contact / help desk for customer queries. Formal, periodic measurement of internal customer satisfaction.		Pro-actively share customer service metrics with key suppliers to drive Supply Chain improvements. Root cause analysis routinely carried out highlighting under / over performance.	

3.0 Delivery

MSD supply chain processes mapped at the current state

△ Current

★ Future

Novice	Beginner	Competent	Proficient	Advanced	Leading Edge
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Delivery					
Shipment Notification	Shipment notification received once shipment arrives in port. Goods collection planning is reactive and all information processed post-receipt.		△	Advanced packing slip received. Enabling limited customs collection and good receipt.	
				Advanced Shipment Notification allows for pre-receipt of products and customs collection co-ordinated with other shipment arrivals.	
Pre-Receiving	Time windows are not established at the facilities for both inbound and outbound movements. All information processed post-receipt.		△	Time windows are established for in and outbound. Appointment scheduling is done manually. Inbound shipments are located in part number sequence.	
				Time windows are established for in and outbound. Advanced Shipment Notification used. Inbound shipments are located in part number sequence, in pallet quantities, facilitating receiving and put-away.	
Receiving	Manual paper based receiving; key-in of inbound receipts from receiving tally. Random sampling QA checking of all shipments.		△	Receipts are scanned and a record is created identifying contents. Exception based QA checks; random check of loaded orders.	
				Bar-coded labels are applied at the shipment origin. Statistical sampling of receipts are verified against the ASN.	
Fleet Management	Fleet insufficient to meet demands. No visibility to where fleet are located. No scheduled maintenance for fleet – repaired based on need.		△	Fleet sufficient to meet current demands, however capacity issues during peaks. Limited tracking on fleet (e.g. Excel spreadsheets). Maintenance repairs completed on a timely basis.	
				Sufficient fleet to meet capacity and ability to easily scale fleet up or down based on demands. GPS tracking on fleet. Preventative maintenance schedule in place.	
Routing	Disconnected, localized transportation; regionally oriented decisions. No routing and dispatch planned.		△	Routing and dispatching is completed using some technology and manual intervention.	
				Connected, centralized transportation planning and routing.	
Delivery Performance Assessment	Little information captured at the point of delivery.		△	End user monitoring process in place and periodic feedback provided on the quality and timeliness of the deliveries.	
				Systematic approach to capturing end user feedback used for future planning.	

4.0 Warehousing

MSD supply chain processes mapped at the current state

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Warehousing

General Warehouse

Products have no designated location, no signage or proper organization/racking.

Some products have designated location and racking available. Labelling and FEFO used.

All product SKU's have technology enabled designated location, full racking, labelling, and utilize FEFO.

Cycle Counting

Infrequent, paper-based tracking system used to conduct ad-hoc cycle counts. Some items are difficult to track.

Cycle counts conducted perpetually and annually with the aid of a system to keep track of what is on-hand.

Frequent and planned cycle counts conducted with the usage of technology.

Pick Planning

Pick planning is based on order load or batch or "first come, first served" basis. There is some manual sorting and consolidation of order picking tasks.

Picking is planned and matched to available labor, shipping schedule, and load planning.

Orders are picked based on detailed planning and scheduling data. Orders are picked and sent to dock according to delivery criteria, vehicle schedule, and delivery and load sequence.

5.0 Order

MSD supply chain processes mapped at the current state

△ Current

★ Future



Order

Order Management

Order as needed. No proactive order management system in place.

Simplified forecasting where product SKU's are treated equally and ordered at the same level of frequency and at the same amounts.

Advanced forecasting where products are purchased based on advanced findings and forecasting – includes seasonality, market trends, geographic profiles, segmentation, and demand.

Order Prioritization

Orders fulfilled on a first come-first serve basis.

Orders fulfilled on an informal priority list.

Orders fulfilled based on a formal allocation scheme based on urgency and segmentation.

6.0 Skills & Technology

MSD supply chain processes mapped at the current state

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Skills & Technology

Technology and Data Support

Planning technology is based on desktop applications such as MS Office (Excel, Access) or simple custom legacy systems.

Planning technology is a combination of ERP databases, basic Supply Chain Planning tools and MS Office applications.

Planning technology is sophisticated web enabled Supply Chain Planning tools fully integrated with ERP transactional systems. Visibility provided at most levels in the supply chain.

Manage Information and Reporting

Ad-hoc approach to evaluating spend, compliance & service by category. Reports generated on an ad-hoc basis. Limited analysis of over / under performance .

Consistent guidelines by category to evaluate spend, compliance & services. Automated data integration between systems. Ability to manipulate category data by time period, user, approver, supplier etc.

Real-time reporting. Root cause analysis – for under / over performance.

Performance and Skills Management

Little incentive structure or training given to Supply Function to support better planning processes.

Supply Function incentivised to improve planning output. Ad Hoc training provided.

Supply Function planning skills assessment completed and used as an input to annual training plan. Management integrates metrics (KPI's) into rewards.