

## LEADing Practice Supply Chain Value Model

Strategies & Objectives	Critical Success Factors	Key Performance Indicator
Supply Chain Cost Efficiency	Optimize Cost, Cash Flow and Capital	Optimized asset related costs
		Improve balance between buy and lease
		Improve effectiveness of plant maintenance
		Increase use of leased product/service equipment
		Divest low-utilization infrastructure
		Improve preventive equipment maintenance
		Increase utilization of product/service equipment
		Reduce number of data centers, branch offices, dealerships, retail outlets, etc.
	Reduce Supply Chain Administration Costs	Consolidate company real estate/facilities
		Service Flow development for service design and service development functions
		Service Flow development for service design, development and deployment
		Service Flow development for operations and maintenance services
		Service Flow development for procurement functions
		Service Flow development for property management functions
		Consolidate order fulfilment functions
		Manage procurement for MRO on a national or global basis
	Reduce Reduce Cost of goods sold (CoGS)	Outsource partner administration activities
		Reduce fixed cost by paying for usage, not for availability
Refine/align logistics and Supply Chain & Logistics strategies		
Improve Service Flow development for service and support operations		
Lower Supply Chain Risk (SC Governance/Risk/Compliance)	Ensure Compliance	Improve purchasing on a national/global basis
		Increase emphasis on designing and packaging for Supply Chain & Logistics
		Service Flow development for end-user-support
		Improve monitoring and management of regulatory compliance
	Improve Risk Insight & Intelligence	Improve physical security of people
		Compliance with environmental standards
		Compliance with health standards
		Improve focus on internal controls and regulatory compliance
	Improve Risk Management	Improve analysis of managerial information
		Increase emphasis on continuous, proactive performance management
		Improve tracking and communication of program/project progress
		Align internal audit practices with business and risk objectives
		Improve assignment of resources to projects
		Improve company-wide monitoring and management of risks
	Improve Risk Planning	Improve management of vendors/service providers
		Improve monitoring and protection of assets, people, infrastructure, etc.
		Increase emphasis on quality management and benchmarking
		Strengthen and communicate governance policies and procedures
Improve Supply Chain Competitiveness	Improve Customer Interaction	Build values and ethics into corporate culture
		Improve effectiveness of program/project governance models
		Improve/implement internal control frameworks and policies
		Improve due-date reliability
	Improve Customer Satisfaction & Loyalty	Improve incentives around order management efficiency
		Improve order management methods and tools
		availability
		Improve pick, pack and ship processes
Strengthen Supply Chain Innovation	Improve services and delivery	
	Better settings for innovation to flourish	
Improve Operational Supply Chain Excellence	Improve Supply Chain Services	Pursue joint-venture, partnership and OEM arrangements
		Fast and smart decision making tools and process
		Improve asset management processes
		Improve collaboration with vendors
		Leverage breadth of vendor relationships to lengthen payment cycles
		Utilize national/global purchasing power
		Improve service procurement processes
		Improve terms on equipment and supplies
		Improve terms on purchased and leased assets
		Improve terms with corporate service providers
	Improve terms with third-party product/service and service providers	
	Improve Supply Chain Information Management	Leverage credit rating to lengthen payment cycles and reduce interests rates
		Better data and privacy protection compliance
		Improve Data control processes and tools
		Improve skills of sales & marketing staff
	Improve Supply Chain Delivery	Develop low-inventory business models
		Divest low-demand/ obsolete inventory
		Improve design/ structure of Supply Chain & Logistics networks
		Improve terms on leased service assets
		Improve transport and delivery processes/algorithms
		Improve utilization of logistics service staff
		Rationalize material order quantities and timing
		Reduce procurement cycle times
		Improve logistics performance management methods and tools
		Improve logistics/Supply Chain & Logistics efficiency
		Improve material performance management methods and tools
		Improve retrieval processes
		Improve terms on equipment purchases
		Improve terms on material
	Improve terms with logistics service providers	
	Strengthen Supply Chain Service Development	Improve use of national/ global purchasing power
		Improve workforce planning dispatch and assignment of processes and tools
Improve terms on materials purchases		
Rationalize order quantities and timing		
Improve collaboration with vendors		
Improve coordination with business partners		
Improve incentives around procurement efficiency		
Provide staff with better product/service, service and contract information		