

Making the right decisions with SCOR

**Bengt Jensfelt, Product Manager Business
Intelligence, IBS AB
16 January 2007**

In the relentless search for ever improving returns on investment and market competitiveness, some of the world's biggest corporations are applying a model that is known as SCOR — the Supply-Chain Operations Reference model — to maximize supply chain efficiency. But simply gathering SCOR metrics information is one thing — how do you actually make this information available to allow optimal decision making for your business?

The SCOR Model

The SCOR model is the supply chain industry de facto standard model for providing Business Process Modeling data, metrics for evaluating Performance Management and Best Practices information derived from practitioners' experience. It is entirely vendor and technology independent and is the only real independent in-depth reference model for the complete supply chain of all companies.

The SCOR model is organized around five key management processes: Plan, Source, Make, Deliver and Return. Each of these processes is examined on three levels of detail. The first level is strategic, what the company wants from each process area. The second level maps out exactly what is currently happening within each process area. The third level examines the operational level of the process areas, the area where execution can be altered.

However, needing this information is no guarantee that anyone can actually create it. SCOR generates complex data from a variety of sources and if it is going to help companies make better decisions, there needs to be a means of portraying this information in a clear and manageable format.

The Advancement of Decision Making

Not so very long ago, companies made decisions based on analyzing traditional reports from their ERP applications and making experienced guesses. These decisions had to be continually reviewed, developed and optimized to keep in line with predicted requirements and, as with any inexact science, errors of judgment would often occur.

The addition of a Key Performance Indicator (KPI) analysis tool and integration of a 'data warehouse' of this information allow companies to create a Business Intelligence (BI) environment that provides greater insight for better decision making. Integrating this information with companies' strategic value processes, which include reviewing and analyzing strategic goals and KPIs for business re-engineering, delivers a powerful solution for increasing operational efficiency, competitive advantage and overall profitability.

Catching SCOR Metrics

We know that SCOR generates metrics that will help businesses improve its operations. For companies like IBS, the issue is how to get this information into a format that its customers can read, understand and act upon. Information relevant to SCOR is held in a number of places, including ERP and other applications, business partners' systems and in benchmark data. The clever part is making this information available in flexible front end interfaces, enabling ad hoc queries and reporting.

The process for catching these metrics requires four stages. Data from the core operational systems and databases are processed for data access and replication and held in a temporary staging area. This data then needs to be processed for extraction, transformation, cleansing and loading and then held in a central Data Warehouse. From here a series of On-Line Analytical Processing cubes are developed to extract subsets of data from the data warehouse. Finally, a pre-defined SCOR application that enables users to access and query data has to be developed to exploit the SCOR metrics.

Sourcing and Storing

Core data required to produce SCOR metrics come from companies' main back office operations. Financial information from sales, purchase and general ledgers are all essential. Similarly data from the warehouse, HR and other external benchmark data all comprise the information that is the lifeblood of organizations. In addition, cross-company consolidation also provides key data that can affect the overall operations and need to be included in any KPI analysis.

Once this information is gathered, it needs to be combined into a common data structure so it can be held in a central Data Warehouse. This provides the main source for all reporting procedures, as well as the base data for the OLAP cubes. Before updating the data warehouse you need adequate tools for cleansing the information and converting it where needed.

Preparing for Reporting

In order to access the information held in the data warehouse, there needs to be another level of conversion that exploits the data, allowing end users to manipulate it for advanced reporting. This is performed by developing a range of predefined OLAP cubes for the different types of SCOR metrics. These cubes compile the core elements of dimension (eg customer, item, etc) and measures (eg net amount, quantity, etc) and can carry out the necessary consolidation and calculations required to create visible SCOR KPIs.

Delivering SCOR Reports to the Desktop

The final stage is to implement tools for ad hoc creation of pre-defined reports of SCOR metrics information. IBS has developed a solution that delivers this information in clear, intuitive and secure portals. These portals can display graphs, charts, scorecards and tables that show the SCOR metrics data in its most beneficial form and allow key comparisons to be made across all aspects of the business.

The portals allow users to drill down deep into the very core of the business and display accurate and timely information for key decision making. At the touch of a button, managers can evaluate all aspects of e.g. delivery performance and can make informed decisions on how and where this can be improved.

The Key to Success

Few companies can resist the clear benefits that desktop access to SCOR metrics can provide. Once it has achieved full management buy-in and support, it is important to move quickly to get a solution within a reasonable time frame. It is also important to concentrate on making successive quality enhancements to the source data to ensure the steady improvement of the overall system.

Companies should also take a controlled, cautious approach and not over-reach in the initial stages. Focus on one or two key level 1 SCOR metrics and ensure there is enough internal training to understand the metrics and the solution.

Conclusion

The SCOR metrics themselves do not determine what changes companies need to make but it maps out where the weak links are. It is then necessary to apply appropriate execution adjustments specific to the particular chain. Successful supply chain management is about consistent scrutiny, getting real time information so you can react to less than optimal performance. It also means getting quality business intelligence. IBS can help companies gather, understand and manipulate this information to gain the competitive edge they need in the tough world of modern business.

Contact IBS today:

info@ibs.net

www.ibs.net