

# CM

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CANADIAN  
MANUFACTURERS  
& EXPORTERS

ASSESSING AND  
REDUCING YOUR SUPPLY  
CHAIN RISK

Robert Martichenko  
June 18, 2020

## CALENDAR

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			



Learn from the best to  
ensure success  
Reasons we will be  
successful

## BUSINESS

Issue 764  
Monday, Jun 14, 2016  
#Citydailynews

**25 great jobs for people who  
love to travel**

It is a process to allow an organization to focus resources on the greatest opportunities to increase sales and achieve the company's target. Marketing strategy's goal is to

**Economy of the  
European Union**

Branding is defined as the process of coming up or making a unique name for a product, or service. Are you innovative or are you the experienced type? Or do you offer a high-quality product, or a low-value product?

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# ROBERT MARTICHENKO

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CEO – LEANCOR SUPPLY CHAIN GROUP | AUTHOR | SPEAKER



READ NEW WHITE

## BACKGROUND

- Beginning his journey in transportation and warehousing, Robert has spent over 20 years learning and implementing lean and operational excellence with a focus on end-to-end supply chain management.
- Distinguished Service Award - Council of Supply Chain Management Professionals (CSCMP); “Pro to Know” - *Supply & Demand Chain Executive*; “Rainmaker” - *DC Velocity*
- Keynotes on topics such as “Supply Chain Risk,” “Building Cultures of Continuous Improvement,” “The Power of Narrative Leadership,” “Discovering Hidden Profit,” and “Make Work Meaningful: The Human CEO’s Strategy.”
- Bachelor of Science – Mathematics, MBA – Finance, Six Sigma Black Belt
- [Connect with Robert on LinkedIn](#)



# ABOUT LEANCOR

YOUR ONE-STOP SUPPLY CHAIN SHOP



**WE TEACH.**



**WE CONSULT.**



**WE DO.**

LeanCor Supply Chain Group is a trusted partner with a mission to **advance the world's supply chains.**

Our three **integrated divisions** specialize in lean principles to help organizations eliminate waste, drive down costs, and build operational excellence.



**LEARN MORE ABOUT SUPPLY CHAIN RISK ASSESSMENTS:**  
[leancor.com/supply-chain-risk-assessment](http://leancor.com/supply-chain-risk-assessment)



A hand is shown holding a small wooden block. The background is a wooden surface with several other wooden blocks scattered around, some standing upright and others lying flat. The lighting is soft and natural, creating a warm and textured environment.

***"Where are we vulnerable?"***

***"Our supply chain wasn't prepared for this crisis."***

Supply chain risk comes in many forms.

Now more than ever, it's critical for organizations to identify and reduce these risk factors while maturing their ability to react to changing dynamics.



Delight your customers,  
every step of the way



## COVID-19: Supply Chain Risk Management Roundtable

1,246 views | Jun 15, 2020, 05:11am EDT

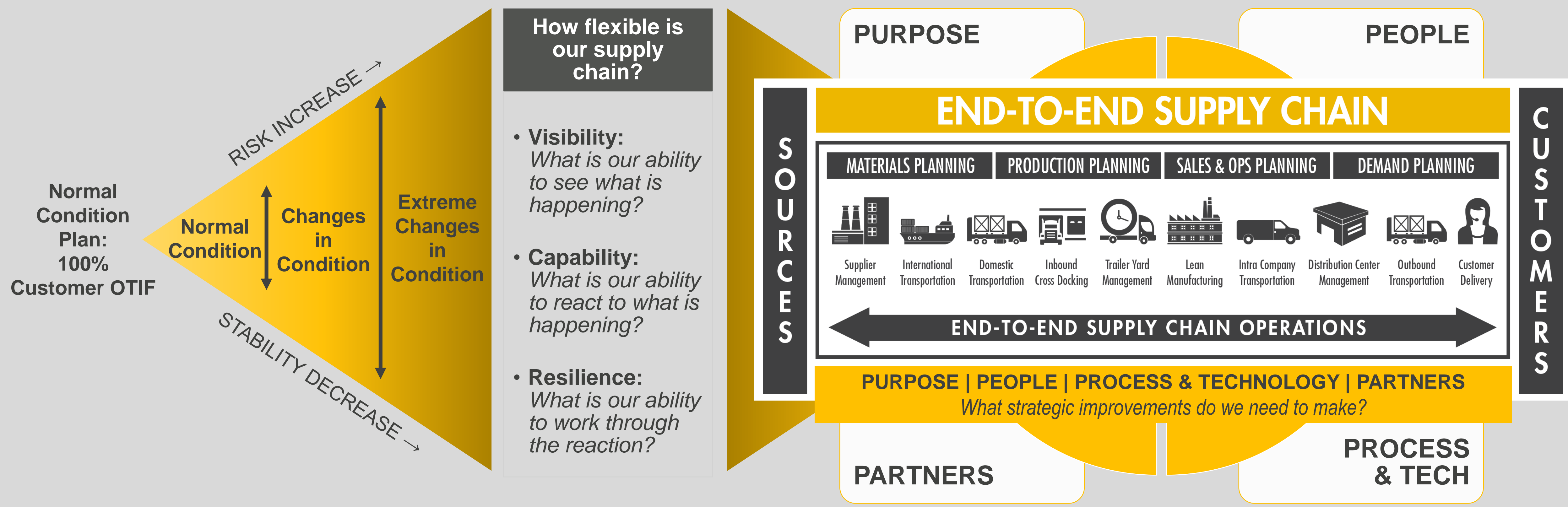
## Turn Today's Supply Chain Challenges Into A More Agile Strategy

“CORONAVIRUS  
HAS DISRUPTED  
SUPPLY CHAINS FOR  
NEARLY 75% OF U.S.  
COMPANIES.”

-AXIOS, FEBRUARY 2020

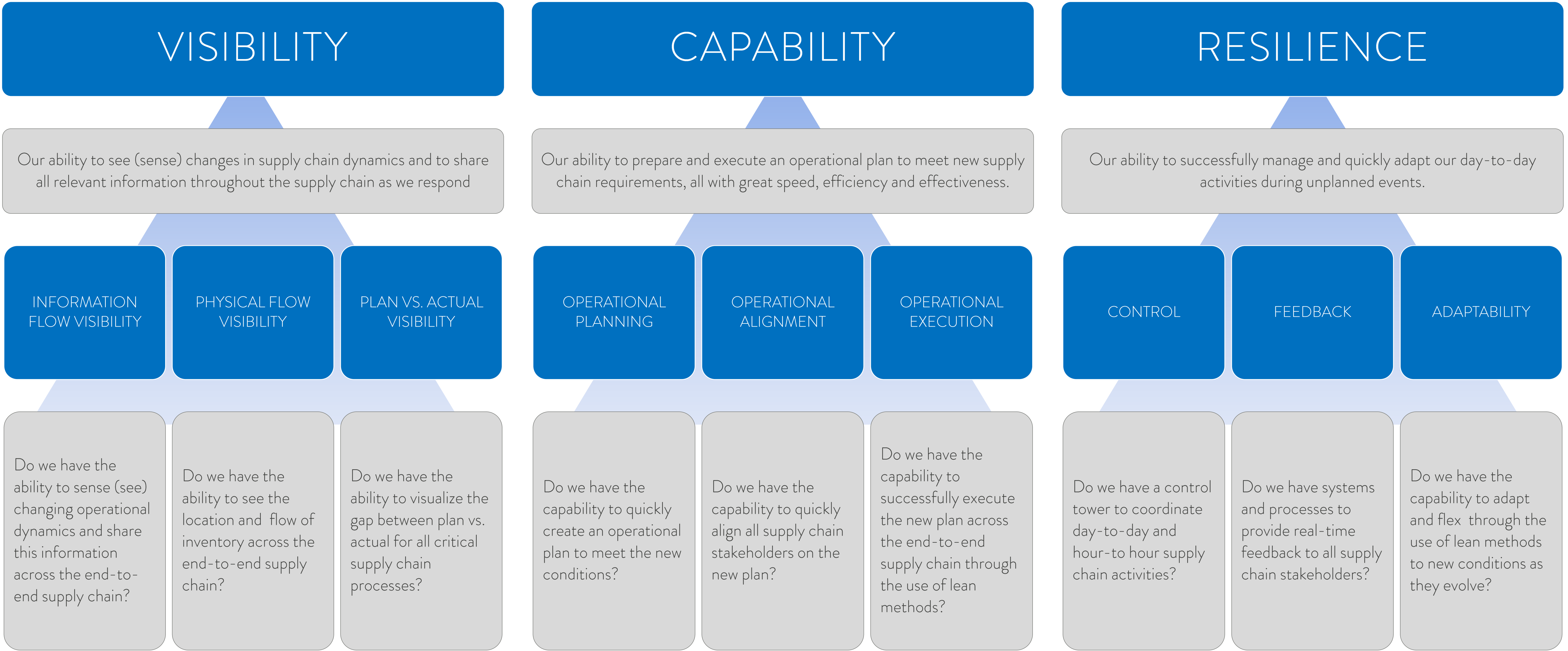


# HOW DO WE ASSESS OUR SUPPLY CHAIN RISK?



# SUPPLY CHAIN RISK REDUCTION = FLEXIBILITY

FLEXIBILITY = F (VISIBILITY CAPABILITY RESILIENCE) | THESE ARE THE OUTCOMES OF FLEXIBILITY



The assessment deliverables will answer the questions listed above.



# POLL:

## VISIBILITY

Does your organization have the ability to sense (see) changing operational dynamics and share this information across the end-to-end supply chain?



# ASSESSMENT SCOPE

9

HOW DO WE GAIN FLEXIBILITY? BY LEVERAGING THE 4P'S: PURPOSE | PEOPLE | PROCESS & TECHNOLOGY | PARTNERS



## PURPOSE

- What is the current purpose of our supply chain and how will the overall purpose of our supply chain need to change?



## PEOPLE

- What supply chain risk do we have relative to people systems?



## PROCESS & TECHNOLOGY

- What supply chain risk do we have relative to process and technologies?

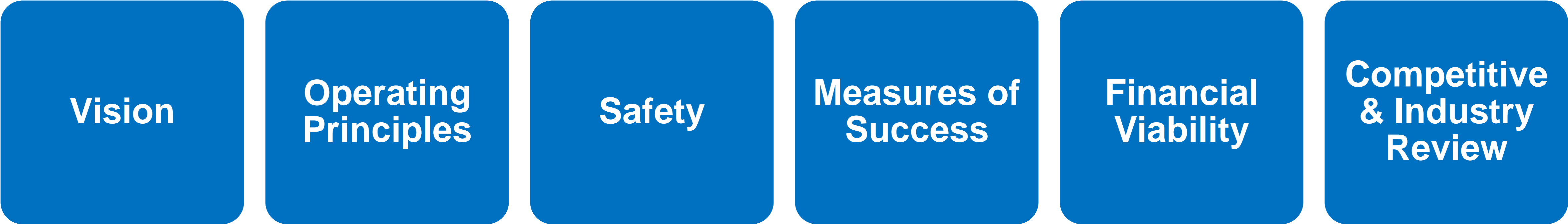
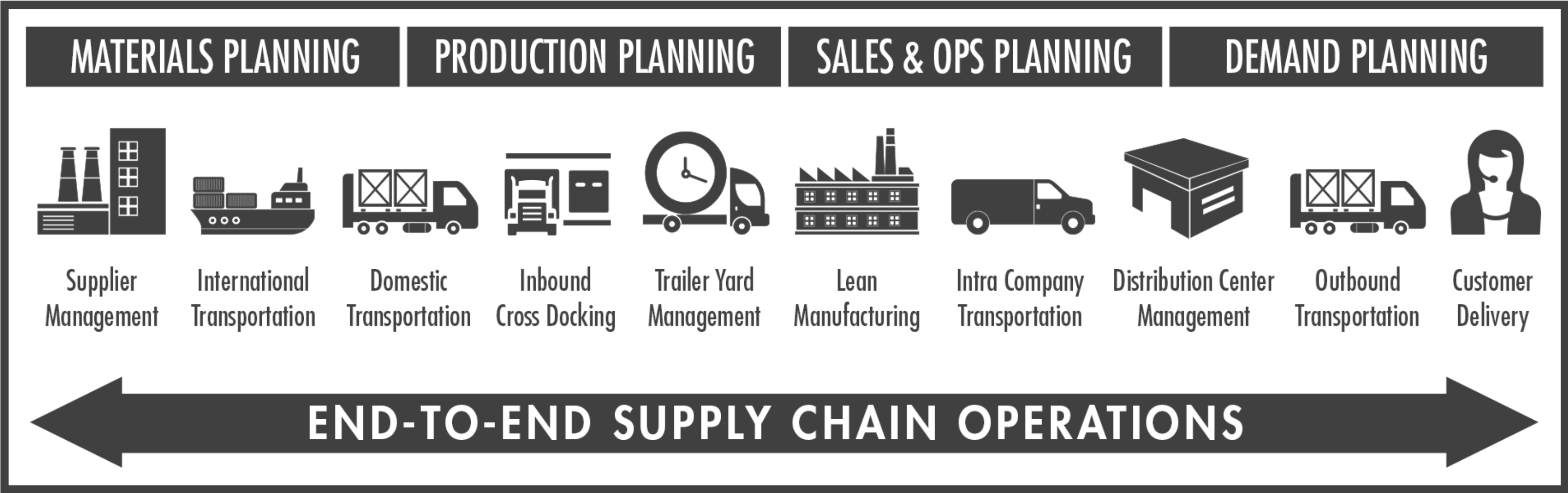


## PARTNERS

- What risk do we have relative to our supply chain partners?

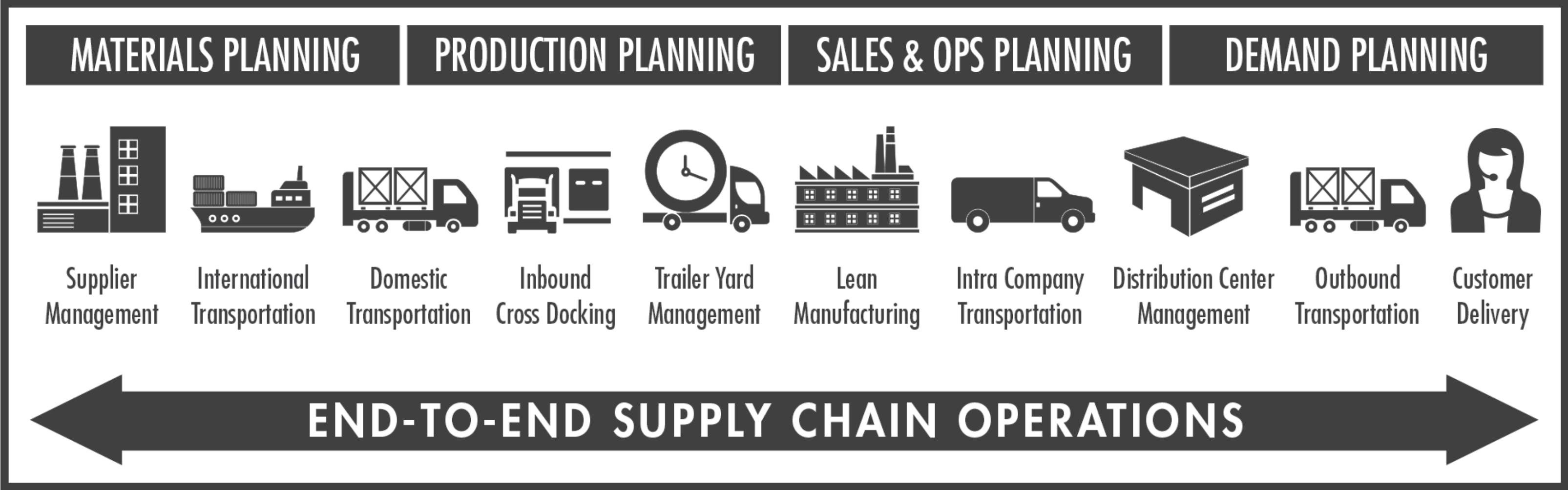


**PURPOSE:** What is the current purpose of our supply chain and how will the overall purpose of our supply chain need to change?





PEOPLE: What supply chain risk do we have relative to people systems?







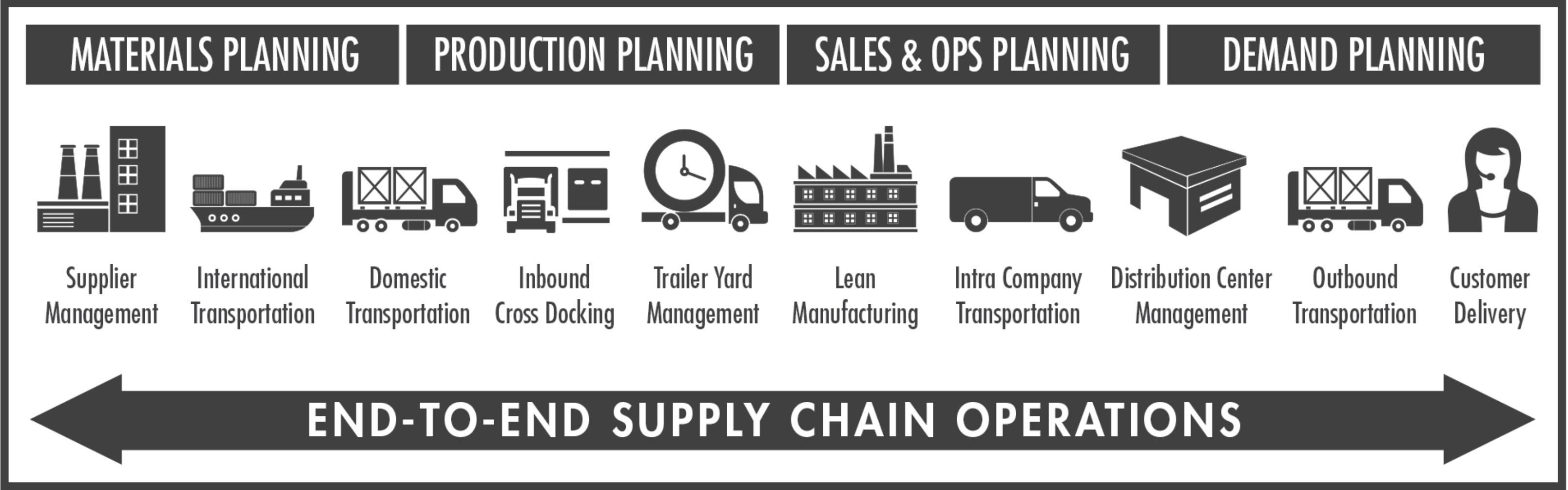
**POLL:**

**CAPABILITY**

Does your organization have a control tower to coordinate day-to-day and hour-to-hour supply chain activities?



**PROCESS & TECHNOLOGY:** What supply chain risk do we have relative to process and technologies?



- Complexity
- Inventory vs. Capacity
- Lead Time Reduction
- Single Point Failure Modes
- Redundancy
- Best Practices & Lean Tools
- Technology
- Control Tower
- PDCA & Management Systems





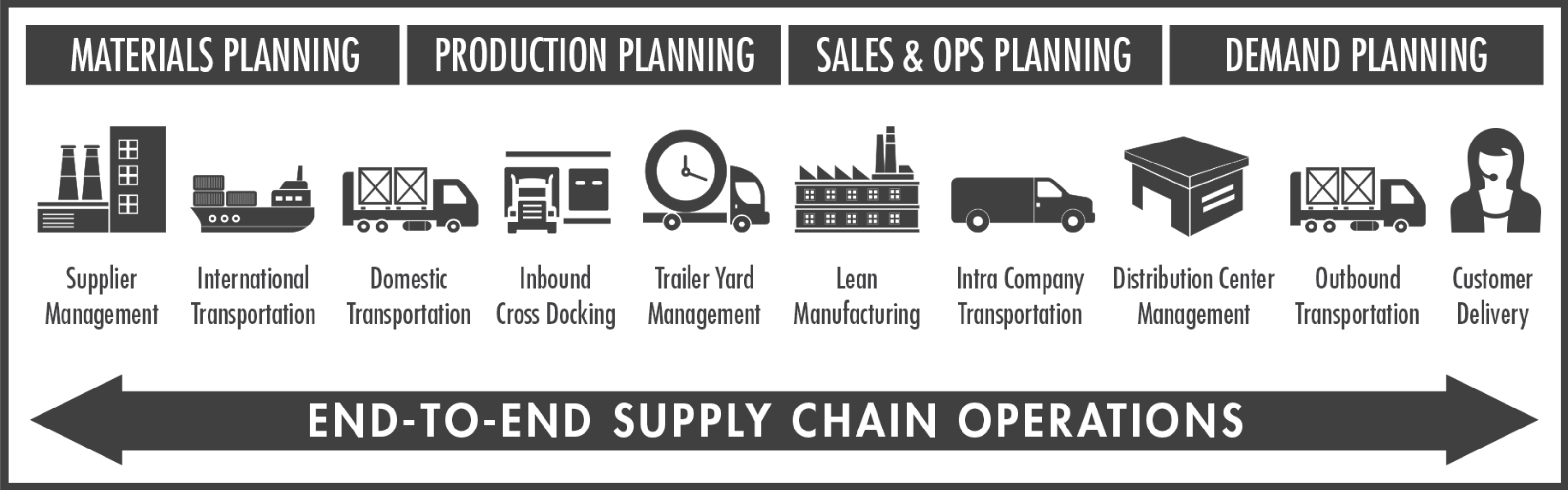
**“Do we have a control tower to coordinate day-to-day and hour-to-hour supply chain activities?”**

**THE DATA IS IN:**

*62% of organizations say there is no awareness of the control tower concept or they have not begun the work to implement one.*

*-Supply Chain Risk & Flexibility Maturity Survey, June 2020*

**PARTNERS:** What risk do we have relative to our supply chain partners?







**“Do we have systems and processes to provide real-time feedback to all supply chain stakeholders?”**

**THE DATA IS IN:**

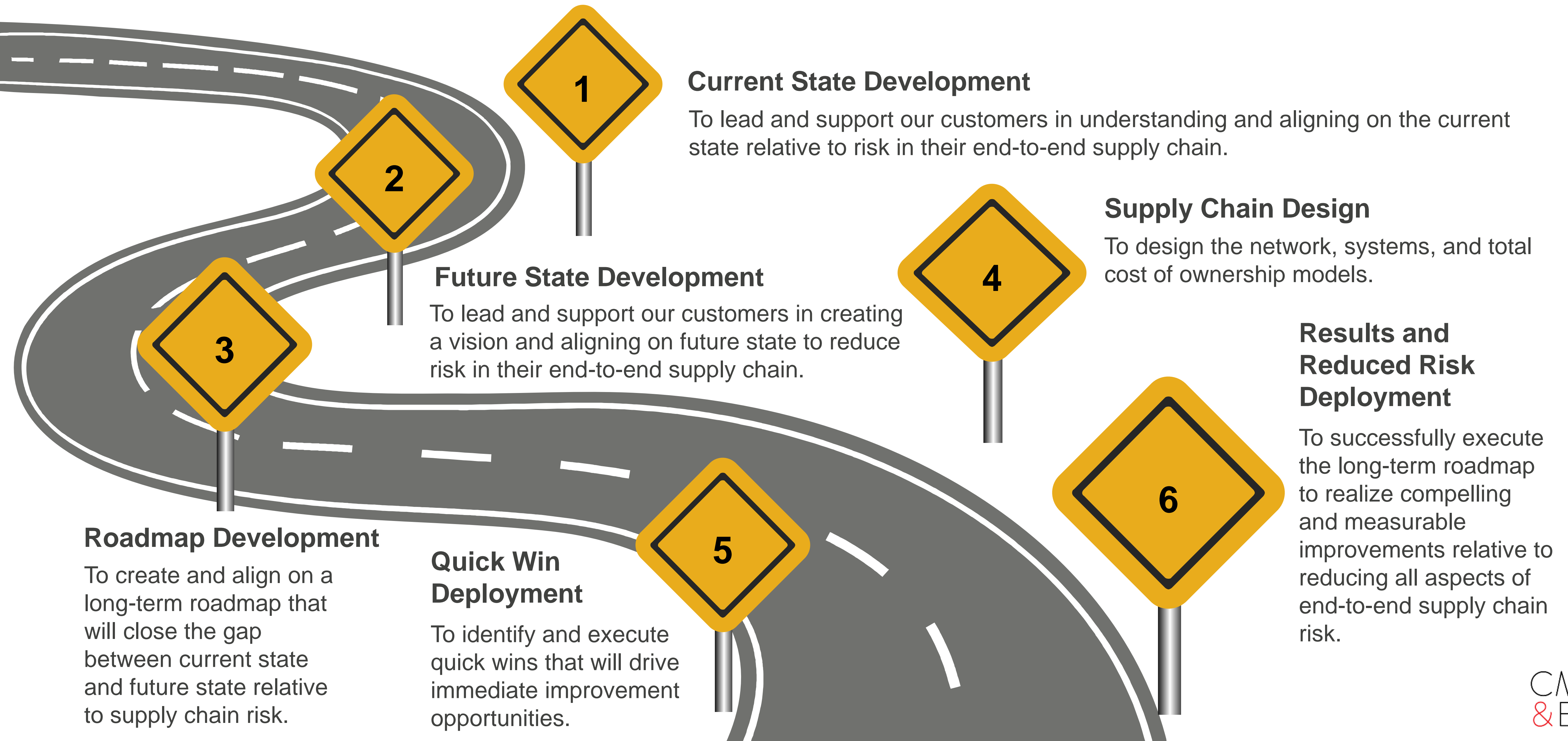
*47% of organizations say that feedback does not connect to all supply chain stakeholders.*

*-Supply Chain Risk & Flexibility Maturity Survey, June 2020*

# APPROACH TO ASSESSING YOUR SUPPLY CHAIN RISK

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SUPPLY CHAIN RISK PROJECT FRAMEWORK: HOW WILL WE CONDUCT THE WORK?







# POLL:


## RESILIENCE

Does your organization have the ability to successfully manage and quickly adapt to day-to-day activities during unplanned events?

# STEP 1 | CURRENT STATE DEVELOPMENT


## SUPPLY CHAIN RISK ASSESSMENT SURVEY

### RISK ASSESSMENT SCORING – RANK EACH 4P AREA




Organization is not even talking about it.

1




Organization is talking about it, but no meaningful work has begun.

2




Some work is being done, but it is not yet a strategic direction. Work is optional.

3



Work is now required. It is a strategic initiative being driven at the highest levels in the organization. Supply chain work is primarily internal.

4



Work has been going on for some time. It is engrained in the DNA of the organization. Work includes all (internal & external) stakeholders in the supply chain.


5

**Purpose**



- Vision
- Operating Principles
- Safety
- Measures of Success
- Financial Viability
- Competitive & Industry Review
- Nimbleness and Agility

**Process & Technology**




- Complexity
- Inventory vs. Capacity
- Lead Time
- Single Point Failure Modes/Redundancy
- Best Practices/Tools
- Technology

**Partners**



- Customers
- Logistics Partners
- Technology Partners
- Suppliers Tier 1
- Suppliers Tier 2 - 3

**People**

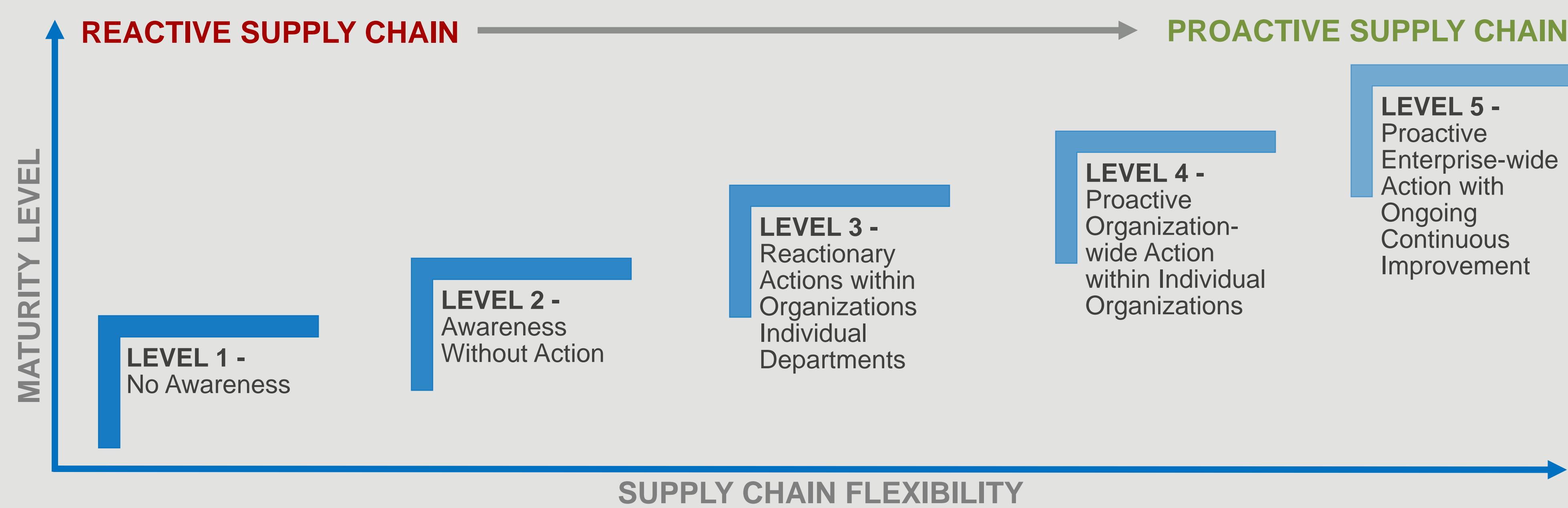


- Organizational Structure
- People Skills
- Teamwork



# SUPPLY CHAIN RISK AND FLEXIBILITY MATURITY MODEL

TO DRIVE SHORT AND LONG-TERM THINKING AND DEFINE SUCCESS



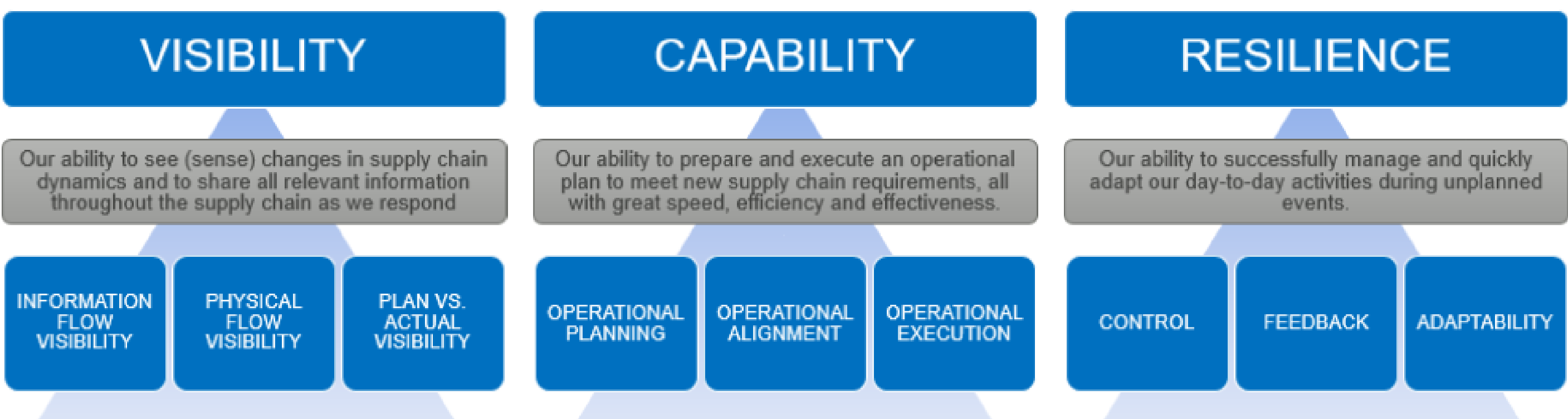
# MATURITY MODEL DETAIL:

# SUPPLY CHAIN RISK AND FLEXIBILITY ASSESSMENT: FLEXIBILITY = F (VISIBILITY; CAPABILITY; RESILIENCE)

Supply Chain Risk and Flexibility Assessment: Flexibility = f(Visibility; Capability; Resilience)						
FOCUS AREA	OBJECTIVES	LEVEL 1 - Nothing	LEVEL 2 - Talk	LEVEL 3 - Talk and Some Walk	LEVEL 4 - Talk and Strategic Walk	LEVEL 5 - All in
Visibility:	Definition: Supply chain visibility describes our ability to see (sense) changes in supply chain dynamics and to share all relevant information throughout the supply chain as we respond.	There is neither supply chain visibility nor ability to sense changes in supply chain dynamics, such as extreme changes in demand.	The organization recognizes the need for supply chain visibility, but no meaningful work has begun to create a central unified system to share & see information across the supply chain.	The organization recognizes the need for supply chain visibility, and work has begun to create a central unified system to share & see information across the supply chain, but only at the functional level.	Supply Chain Visibility is a top strategic initiative. Organizational resources are actively engaged in organizing and integrating people, processes and systems to make the end-to-end supply chain visible. Visibility is primarily with organization-controlled sections of the supply chain.	The entire supply chain is visible to all stakeholders across the extended value stream. Information is updated in real-time. All stakeholders are engaged daily, which drives coordination, prioritization and ongoing continuous improvement efforts.
Information Flow Visibility:	Do we have the ability to sense (see) changing operational dynamics and share this information across the end-to-end supply chain?	There is no information flow visibility and there is no work being done to create information flow visibility.	There is no information flow visibility but work has begun to create information flow visibility at functional levels.	Some segments of the supply chain have established flows of information, but there is not a uniform, coordinated effort to flow information across the entire end-to-end supply chain.	Information Flow Visibility is a top strategic initiative. Organizational resources are actively engaged in organizing and integrating people, processes and systems to make information flow. Information flow is primarily with organization-controlled sections of the supply chain.	There is critical information flowing across the extended value stream in real time. All stakeholders are engaged daily which drives coordination, prioritization and ongoing continuous improvement.
Physical Flow Visibility:	Do we have the ability to see the location and flow of inventory across the end-to-end supply chain?	End-to-end supply chain visibility does not exist. Supply chain operations are guided by the most recent customer complaints.	Basic types of recent inventory flow data exists, but it only facilitates limited tactical operating improvements. The organization recognizes the need and value of flowing inventory across the end-to-end supply chain, but no meaningful work has begun.	Inventory flow data is manually tracked in spreadsheets for some high profile functions. It is not integrated with activity from other functions, and is inconsistently shared among them.	Inventory flow data collection is a top strategic initiative. Organizational resources are committed to automating key functions using organizational transactions. Reports are a mix of manual & computer-created spreadsheets. Inventory flow data is easily accessible within the organization, but not visible to the end-to-end supply chain.	Real-time Inventory flow data is available to end-to-end supply chain stakeholders and is recognized as a fundamental tool to systematically drive process improvement.
Plan vs. Actual Visibility:	Do we have the ability to visualize the gap between Plan vs. Actual for all critical supply chain processes?	Visibility to Plan vs. Actual gaps does not exist for all critical supply chain processes.	The organization is discussing and understands the need to visualize plan vs actual performance for critical supply chain processes, but no meaningful work has begun.	Some critical supply chain processes have begun manually tracking Plan vs. Actual performance. Visualizations are very basic.	Plan vs. Actual performance tracking and visualization is a top strategic initiative. Organizational resources are being deployed to automate and standardize reporting and visualization. Efforts are primarily within the organization and not visible to the end-to-end supply chain.	Real time Plan vs Actual performance data and visualizations are available to all stakeholders in the end-to-end supply chain. Visualizations illustrate mean performance results, gaps and variation.

FOCUS AREA	OBJECTIVES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
Capability:	Definition: Supply chain capability describes our ability to prepare and execute an operational plan to meet new supply chain requirements, all with great speed, efficiency and effectiveness.	The organization is focused on daily, tactical execution and primarily reacts to the problem of the day.	The organization executes tactically and has some functional improvement processes in place. While it lacks higher level scenario planning, the need is understood, but no meaningful work has begun.	Some critical supply chain processes have scenario planning processes in place, but a cohesive organization-wide process does not exist.	Creating a multi-scenario planning process is a top strategic initiative. Organizational resources are being deployed to automate and integrate the supply chain planning process. Efforts do not include the extended supply chain partners.	The organization engages in supply chain scenario modeling and rehearses potential new conditions. Planning and execution processes include the entire end-to-end supply chain stakeholders.
Operational Planning:	Do we have the capability to quickly create an operational plan to meet the new conditions?	There is no capability to quickly create an operational plan to meet the new conditions.	The organization recognizes the need to quickly create operational plans to meet changing conditions, but no meaningful work has begun yet.	Some stakeholders in the organization can pivot quickly to create operational plans to meet new conditions for very low impact/low complexity decisions or routine decisions, however there is not a cohesive process to engage the end-to-end supply chain.	Creating capabilities to quickly create operational plans to meet new conditions is a top strategic initiative. Organizational resources are committed to people, systems and processes to quickly to create internal-organizational operational plans to meet new conditions.	The organization can quickly create end-to-end supply chain plans to meet new conditions. The planning process includes all stakeholders in the end-to-end supply chain
Operational Alignment:	Do we have the capability to quickly align all supply chain stakeholders on the new plan?	The organization cannot successfully align all stakeholders on the new plan.	The organization recognizes the need to quickly align supply chain stakeholders on new plans, but no meaningful work has begun yet.	Some stakeholders align quickly on new plans, while others are slow to align. There is not a cohesive process to ensure alignment.	Achieving stakeholder alignment on new plans is a top strategic objective. Processes are in place to ensure all internal stakeholders understand and align quickly with new plans.	The organization has well-established processes to ensure universal understanding and alignment with new operating plans. The process includes all stakeholders in the end-to-end supply chain to maintain alignment.
Operational Execution:	Do we have the capability to successfully execute the new plan across the end-to-end supply chain through the use of lean methods?	Supply chain stakeholders are unaware of Lean methods, operate independently and without knowledge or consideration of how their actions impact other stakeholders in the supply chain. It is impossible to execute new plans across the end-to-end supply chain in time to meet customer demand.	Key stakeholders are aware of execution problems/failure points in execution and have begun conversations about how Lean methods might help. However, it is business as usual and every stakeholder for themselves.	Lean methods are being piloted by some stakeholders in the supply chain. While their business units are improving speed and efficiency, substantial bottlenecks remain in execution workflows in the end-to-end supply chain.	The organization has recently adopted Lean methods as a strategic initiative. Lean methods are pervasive inside the organization, but do not include supply chain stakeholders outside the organization. Execution of plans are successful, but because so much senior leadership is required to ensure success, the bandwidth for change is limited.	All stakeholders have been practicing Lean methods for years. Continuous improvement practices are so deeply engrained in the organization that it is part of everyone's daily work habit. Rapid and professional execution occurs seamlessly and with little engagement from senior leaders.

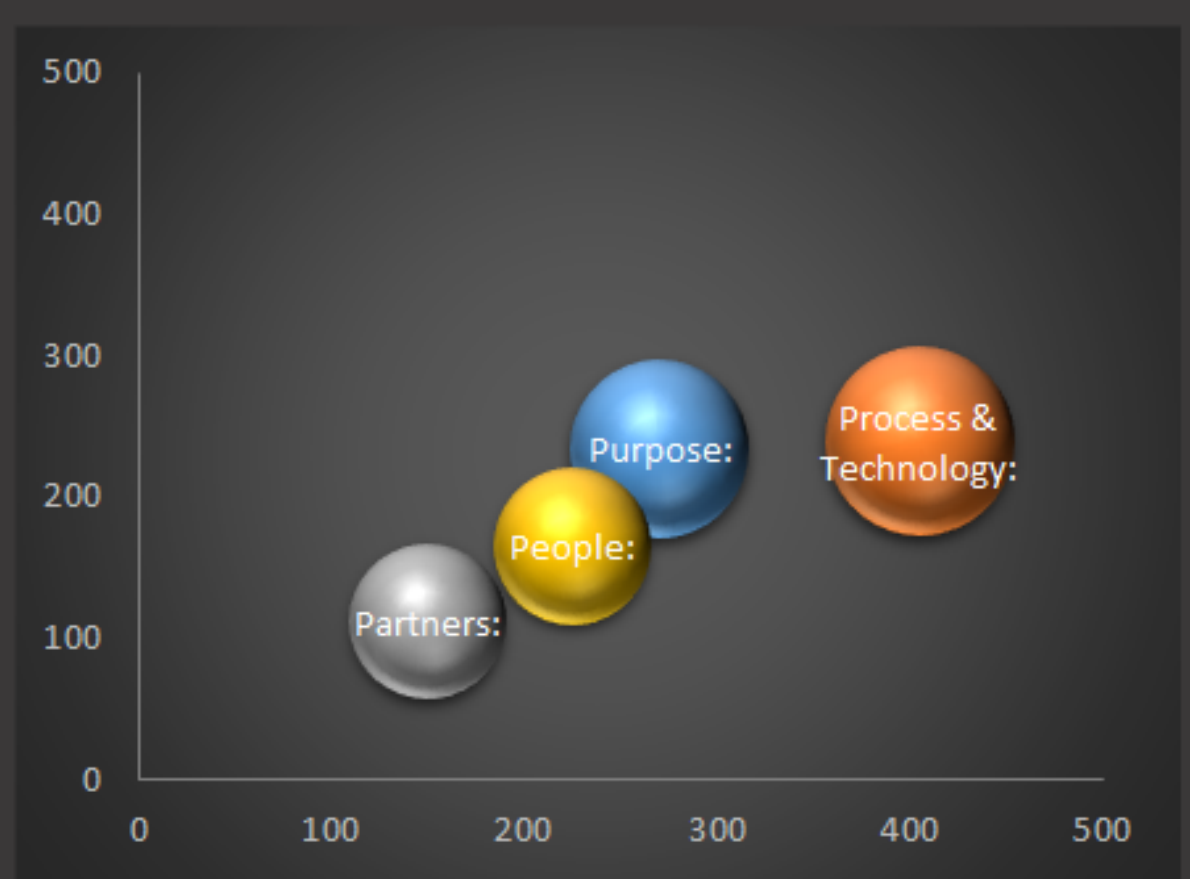
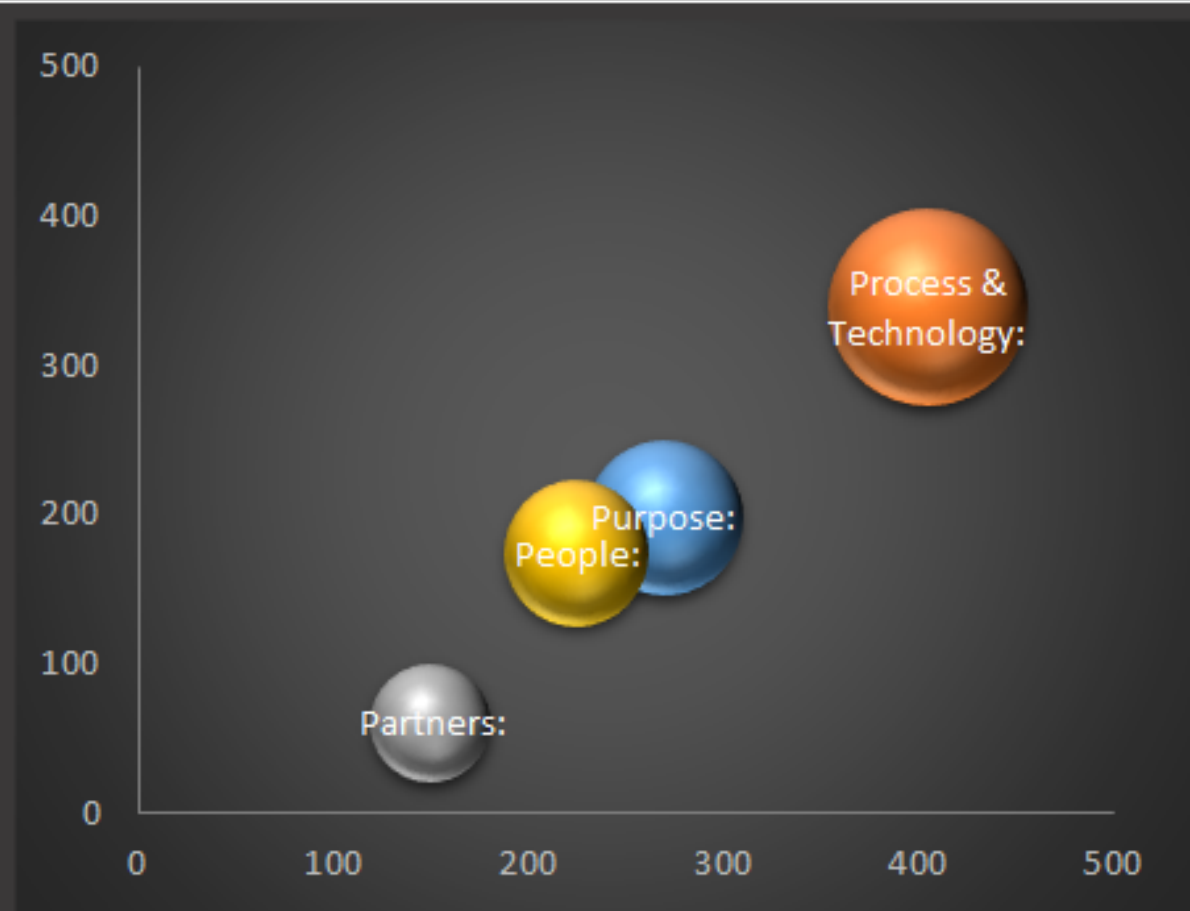
FOCUS AREA	OBJECTIVES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
Resilience:	Definition: Supply chain resilience describes our ability to successfully manage and quickly adapt our day-to-day activities during unplanned events.	There is no awareness relative to the importance of resilient supply chains.	There is awareness relative to the importance of resilient supply chains but we have not begun any work towards the goal.	There is awareness relative to the importance of resilient supply chains, and we have completed some work at the	There is awareness relative to the importance of resilient supply chains, and we have a strategic focus on Supply Chain	There is awareness relative to the importance of resilient supply chains and we have a complete strategic focus on Supply Chain Resilience across our entire extended value
Control:	Do we have a control tower to coordinate day-to-day and hour-to hour supply chain activities?	There is				
Feedback:	Do we have systems and processes to provide real-time feedback to all supply chain stakeholders?	There is				
Adaptability:	Do we have the capability to adapt and flex through the use of lean methods to new conditions as they evolve?	The org				





# STEP 2 | FUTURE STATE DEVELOPMENT

## SCORECARD

SUPPLY CHAIN RISK AND FLEXIBILITY ASSESSMENT SCORECARD												
SCRA 4P'S		CS Score	FS Score	Future State Model		Current State Results		▲ ▼	Purpose	High		
Purpose:	Vision:	9	9	<div>&lt; <div></div> &gt;</div>				▲ ▼	Process & Technology:	High		
	Operating Principles:	4	3	<div>&lt; <div></div> &gt;</div>				▲ ▼	Partners:	Low		
	Safety:	7	10	<div>&lt; <div></div> &gt;</div>				▲ ▼	People	High		
	Measures of Success:	9	6	<div>&lt; <div></div> &gt;</div>								
	Financial Viability:	6	8	<div>&lt; <div></div> &gt;</div>								
	Competitive & Industry Review:	9	3	<div>&lt; <div></div> &gt;</div>								
Process & Technology:	Complexity:	5	10	<div>&lt; <div></div> &gt;</div>								
	Inventory vs. Capacity:	3	6	<div>&lt; <div></div> &gt;</div>								
	Lead Time Reduction:	8	8	<div>&lt; <div></div> &gt;</div>								
	Single Point Failure Modes:	4	7	<div>&lt; <div></div> &gt;</div>								
	Redundancy:	7	8	<div>&lt; <div></div> &gt;</div>								
	Best Practices and Lean Tools:	3	5	<div>&lt; <div></div> &gt;</div>								
	Technology:	8	8	<div>&lt; <div></div> &gt;</div>								
	Control Tower:	3	8	<div>&lt; <div></div> &gt;</div>								
	PDCA & Management Systems:	8	4	<div>&lt; <div></div> &gt;</div>								
Partners:	Customers:	5	6	<div>&lt; <div></div> &gt;</div>								
	Logistics Partners:	8	7	<div>&lt; <div></div> &gt;</div>								
	Technology Partners:	5	5	<div>&lt; <div></div> &gt;</div>								
	Suppliers - Tier 1:	7	2	<div>&lt; <div></div> &gt;</div>								
	Suppliers Tier 2 - 3:	8	3	<div>&lt; <div></div> &gt;</div>								
People:	Organizational Structure:	6	9	<div>&lt; <div></div> &gt;</div>								
	People Skills:	7	7	<div>&lt; <div></div> &gt;</div>								
	Teamwork:	7	8	<div>&lt; <div></div> &gt;</div>								
	Communication:	8	4	<div>&lt; <div></div> &gt;</div>								
	People Development:	5	6	<div>&lt; <div></div> &gt;</div>								
								Category		Score	Priority	Rank
Purpose:								44		270	234	
Process & Technology:								49		405	240	
Partners:								33		150	112	
People:								33		225	165	





# THANK YOU

## QUESTIONS?

LEARN MORE ABOUT SUPPLY CHAIN RISK ASSESSMENTS:  
[leancor.com/supply-chain-risk-assessment](https://leancor.com/supply-chain-risk-assessment)



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