



Give your Supply Chain an Execution Edge

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Strategy is sexy, execution is sweat and blood. The great strategy and execution divide has been a topic of discussion and one of the greatest challenges for the CEOs. While great strategy is an outcome of great leadership and thinking, ability to execute is a part of DNA of an organization. It is a usual practice to formulate long term plans and strategies at the beginning of year. However, the accountability of implementation of the strategies is left to every department and very little thinking happens on what it would take to execute the strategies.

As per a [survey conducted by The Economist Intelligence Unit](#) in 2013, less than half (46%) of the respondents felt that their businesses were excellent or good at executing strategic initiatives. On an average 56% of the strategic initiatives were implemented across all the respondents over past 3 years. Only 33% of the respondents fed back the lessons from the failed strategy execution into new strategy formulation.

Supply Chain Execution Excellence



“Execution is a strategy in our business”, says Paul Polman, CEO Unilever. Unilever realized that their customer service was at best average and therefore, declared it as a priority for the business. The appropriate organization structure was put in place along with reward and measurement. Then followed the rigorous following through and holding people accountable. Now, Everyday Great Execution (EDGE) is the mantra of Unilever organization’s culture and processes. Successful leaders understand that the team meetings, town-hall meetings or investments in technology do not guarantee the successful execution of a strategy. It largely depends on how well each employee identifies with the strategy and how well-oiled is the execution machinery of the organization.



For example, Samsung would know about the new technologies and products Apple is working on and vice versa. The real competition is about who has the better supply chain execution capability to get the products on the shelf quicker while ensuring the product quality. Supply Chain is about 10% strategy and 90% execution capability. Supply chain people, in any company, are the busiest lot but are they really spending their energies on the right initiatives. Most of the time they are fighting day to day fires or trying to get alignment between conflicting interests of different departments. What is missing?

1. Communication and Alignment

The companies have very well established processes for Annual Planning, Sales & Operations Planning and scheduling. In most cases, the people responsible for executing the plans e.g. delivery, procurement, production etc. get to see only the detailed level schedules and have little idea about the big picture. For them, every SKU or material is equally important and requires same level of attention. They cannot identify with the business critical **Winning Goals & Winning Moves** and how their decisions and actions would impact the success. For example, if meeting a deadline of an important customer order is the key winning move for the business then every part of supply chain should focus on meeting the most important objective. It requires supply chain leaders and managers to align their teams and communicate the key winning moves of the month, quarter or the year on a regular basis.

2. Appropriate Lead Measures

We hear and read a lot about Balanced Scorecards and many organizations swear by their system of measurements. What most companies measure are the success measures e.g. revenue growth, profitability, working capital, customer service and so on. These measures are true reflection of the success of the company but are not helpful in understanding the gaps in performance. For example, customer service is a success measure for supply chain performance but the person responsible for order fulfillment needs to know much more than just one figure e.g. stock availability, inventory accuracy, order processing time etc., before being able to pinpoint where the gaps are and what needs to change. These lead measures are the levers available in the hands of people directly responsible for execution. Every part of supply chain should concentrate on their set of aligned lead measures to steer the business towards winning goals.

3. Use Performance Gaps for Structural Improvements

Generally, supply chain teams analyze their KPIs on a monthly basis and try to address the performance gaps. However, most of it happens at a very superficial level without getting into the depth of the root cause and addressing a process or system instead of addressing just one specific problem. As a result the gaps and issues creep back after some time.

While there could be multiple issues needing attention, every supply chain team should be working on 3-4 important initiatives on strengthening their ability to execute winning



day to day whirlwinds that take away their focus and the winds that sail their boats in the direction of the winning goals.

4. Accountability and Commitment

When companies are small, team members contribute to the success of the company regardless of department divisions. But as companies grow, team members become singularly focused on getting their jobs done rather than focusing on how their jobs help to score the winning goals. Mistakes are blamed on other departments or people leading to silos. It happens when companies focus only at the success measures and no one is held accountable for the leading measures.

Every lead measure should be assigned to a team or individual who commits and held accountable for reporting, analyzing and improving the measure. It should be clearly communicated who takes what steps and corrective actions, should there be any gaps in the performance. The commitments made by the team or individuals should be reviewed on weekly / monthly basis to bring in sense of ownership.

5. Discipline

Finally, discipline plays a very critical role in execution and is the first casualty whenever there are “whirlwinds” of unforeseen events. People tend to take short cuts and short term decisions not realizing the impact of their decisions on the other parts of supply chain and business.

The discipline is about following the rhythm of the planning and execution processes while ensuring the alignment with the rest of the supply chain and business. It is like an orchestra in which every musician is expected to follow the discipline of playing the assigned piece and stay in rhythm with the rest of the crew.

Supply Chain Execution Excellence requires putting together all the above pieces as a well-oiled machine that continuously moves the performance needle in line with the key business strategy.

We can help your supply chain organization to develop this capability using a well tested and structured **Supply Chain Execution Excellence** framework. [Click here for more details](#) or [contact us](#).



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Shyam Iyengar1mo

A Seasoned Consumer Supply Chain Professional with exposure to Planning , Logistics and Customer...

Well articulated and brought out ...the PDCA cycle depicted as "PLANning /RoadMap" (with the Big picture in mind) , DO depicted as "Implementation /Execution" ,CHECK brings /talks about the "Measurement& Adjustment" where the concept of Lead Measures play a key role and finally ACT depicted as Improvement orienting all of us towards Continuous Improvement...

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