


# READINESS STANDARD REPORT TIER 1

SUPPLY CHAIN RISK MANAGEMENT CONSORTIUM (SCRMC)

# THE GENESIS OF THE SUPPLY CHAIN RISK MANAGEMENT CONSORTIUM (SCRMC)

The Supply Chain Risk Management Consortium (SCRMC) has been active since 2012. The SCRMC consists of (32) companies and about 1,750 risk professionals from around the globe. Its' genesis was born out of a 1st-of-a-kind SCRMC MBA class at Lehigh University that has grown into multiple courses at Lehigh University, over 25 workshops per year around the globe with over 15 educational partners in 23 countries, driven by a best-selling book and presently, two Online Supply Chain Risk & Resilience courses. The SCRMC Consortium has educated over 3,000 operational professionals around the globe in the last seven years through workshops, seminars, classroom courses and client engagements. The SCRMC works in 23 countries leading, guiding, directing, and coaching organizations large and small, across multiple industry sectors, including government agencies and Non-Governmental Organizations, to educate, build awareness and identify, assess, mitigate, and manage supply chain risks. The SCRMC members bring tools, techniques, methodologies and cloud-based, software solutions to help identify, assess, mitigate and manage supply chain risks. (Figure 1)



### WHAT WE PROVIDE

- Online Education
- Virtual Training
- Classroom Training
- Certificates/Certifications
- Awareness/Mitigation
- Chain Risk & Resiliency Best practices
- Journey Coaching
- SC War Room Development
- SaaS Supply Chain Risk & Resiliency Visibility
- Enterprise SaaS SCR&R Platform Solution
- SC Management Readiness Assessment
  - Best-In-Class, Industry Benchmarking
  - Tailored Journey Action Planning
- Prescriptive Online SCR&R 90-Day Action Plan

EDUCATION	CONSULTING	SaaS
<p>Greg Schlegel @TheSCRMCConsortium.com</p> <p>SCOP E</p> <p>THE WORLD ACADEMY</p> <p>CONNECT EAST</p>	<p>Enhance International Group</p> <p>Discenza Business Continuity Solutions</p> <p>Unicomb</p> <p>LA Services, LLC</p> <p>vertaeon</p> <p>Bowler Hunt, LLC</p> <p>Financial IT</p> <p>ARIT</p> <p>Strategic SPMS PM Solutions, Inc</p> <p>NTEL-X</p> <p>SCERTIFY</p>	<p>RAAD</p> <p>bättra</p> <p>everstream ANALYTICS</p> <p>coupa</p> <p>everbridge</p> <p>RAPIDRATINGS</p> <p>DHL RESILIENCE360</p> <p>WAPACKLABS RED SKY ALLIANCE</p> <p>TRUSTED INTERNET</p> <p>NGC</p>

Figure 1

A recent global study by the insurance industry involving over 450 companies across multiple industries found that the average number of supply chain disruptions per 12-month period was 11. These disruptions, costing about \$350k each, add up to about \$4 million dollars in out-of-pocket expenses every 12 months to mitigate disruptions. Many of these costs may not be covered by insurance. There is no shortage of reasons why supply chain risk management must be taken seriously. The SCRMC is committed to expanding the body of knowledge in supply chain risk & resiliency through university classrooms, publications, books, public workshops, online certification courseware, leading-edge, online assessment tools, solutions, best practices, and best practices accreditation organizations.

**For these reasons and many more, the SCRMC has decided to enhance our existing SCM Tool and build out a Cloud-based Supply Chain Readiness “Primer” Tool to assess**

a company's maturity levels for their supply chain processes and their readiness for a successful SCR&R journey.

## HISTORY BEHIND THE SCM READINESS ASSESSMENT TOOL:

As mentioned earlier in the report, the original SCM Assessment Tools' genesis was born out of a 1st-of-a-kind SCRM MBA class at Lehigh University. The initial tool maintained only 10 supply chain process tenets along with their associated questions-of-discovery. It was utilized as a Mid-Term assignment for the MBA students. It was so well received, the SCRMC began to revise the tool and "took-it-on-the-road." For years, the SCRMC has utilized the tool in classrooms, workshops around the globe and with clients. The original tool posed about 10 questions per tenet, provided short "complexions" of each supply chain process and asked the survey respondent to render an opinion that best described his or her company's AS-IS status. As the respondent answered the questions, the tool built out a "Likert-type" profile across all tenets. An example of a workshop assignment chart is displayed in Figure 2.

### THE SCRM "HEAT MAP" ASSESSMENT...

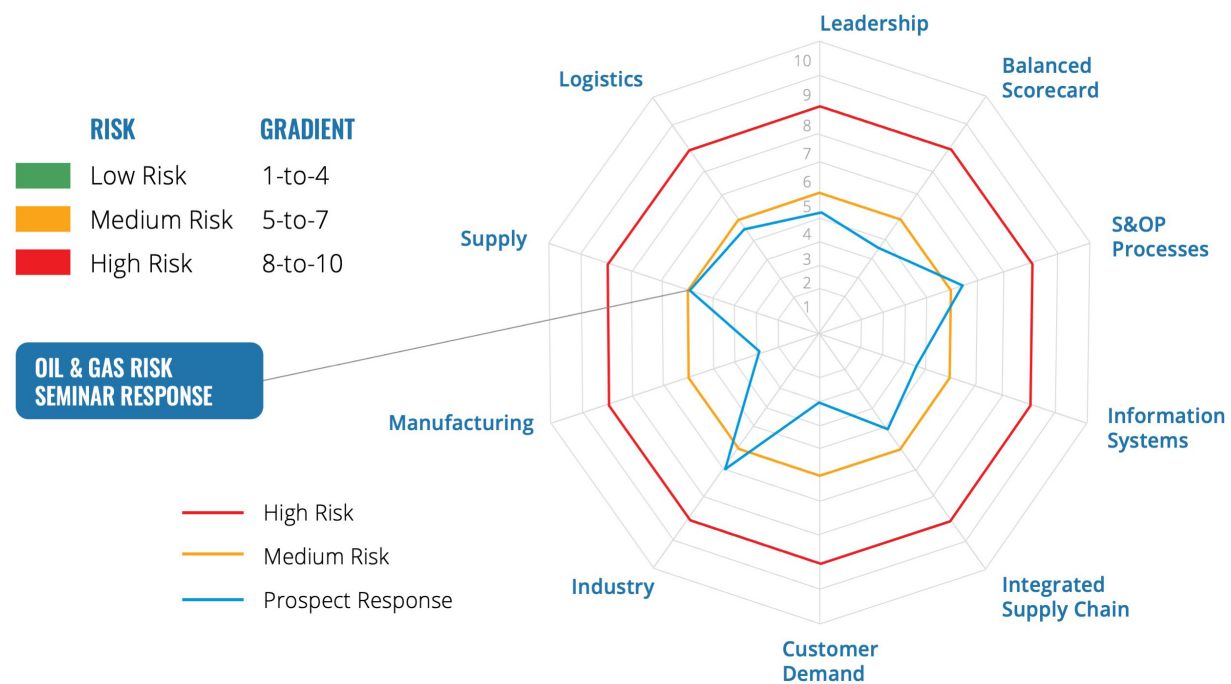


Figure 2

Over the last ten years the tool has provided tremendous value to:

- Over 1,500 MBA students across 15 universities
- Over 3,000 operational and supply chain professionals
- Over 350 financial risk professionals

- And many corporations across almost all industry sectors

**The bottom-line value proposition of the tool, through classroom time, workshops and client engagements, has been:**

- It establishes an objective AS-IS supply chain process maturity level profile.....  
Very Mature (1-3), Less Mature (4-8) and Very Immature (8 & Beyond)
- It identifies an initial Risk Assessment Level-set as well....Low (Green Circle), Medium (Orange), High (Red)
- It provides direction for future TO-BE supply chain improvements within the tool &
- It acts as an objective benchmarking vehicle to evaluate mature supply chain/risk improvement projects

To put a bow on the genesis of the original tool, it has been available as a download URL within our best-selling book; *“Supply Chain Risk Management: An Emerging Discipline.”*  
*Dr. Robert J. Trent and Gregory L Schlegel—CRC Press, Taylor & Francis Group, 2015.*

## **THE NEW SUPPLY CHAIN MANAGEMENT READINESS ASSESSMENT TOOL:**

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The SCM Assessment Tool is now called—“The SCM Readiness Assessment Tool.” Why?

We’ve ADDED three new tenets to the Tool. They are purely aligned to risk and are black & white. Meaning, there’s not much wiggle room. You either do these or you don’t. They are:

- Intentional Redundancies
- Risk Mitigation Planning &
- Agility

The SCRM Consortium has been helping companies identify, assess, mitigate and manage supply chain risks for over 10 years. With the advent of our new AI/ML driven, online SCR&R 90-Day Assessment/Action Plan Tool, we had an epiphany. What we realized after numerous engagements is---many, many companies want to do something in supply chain risk but are totally unprepared! With that as a backdrop, we’ve upgraded our long-standing, one-dimensional supply chain assessment tool.

### **Enhanced Capabilities:**

- We’ve gathered hundreds of assessments across many industry sectors from the past 10 years.
- We began to categorize the findings by industrial sector and began to review the assessments
- We developed overall definitions for each of the 13 tenets, providing context for each
- We captured trends within industry sectors, such as patterns in terms of strengths, weaknesses, propensities, etc

- We've Built out a "Likert-type" ordinal numbering approach to profile Best-in-Class levels of supply chain process maturity and levels of inherent risk in those processes, such as High, Medium and Low, using a color-coded Heat Map.

This has led to what we are now calling **Tier-1 Supply Chain Management Readiness Assessment Tool**. (Figure 3)

## 13 MANUFACTURING TENETS

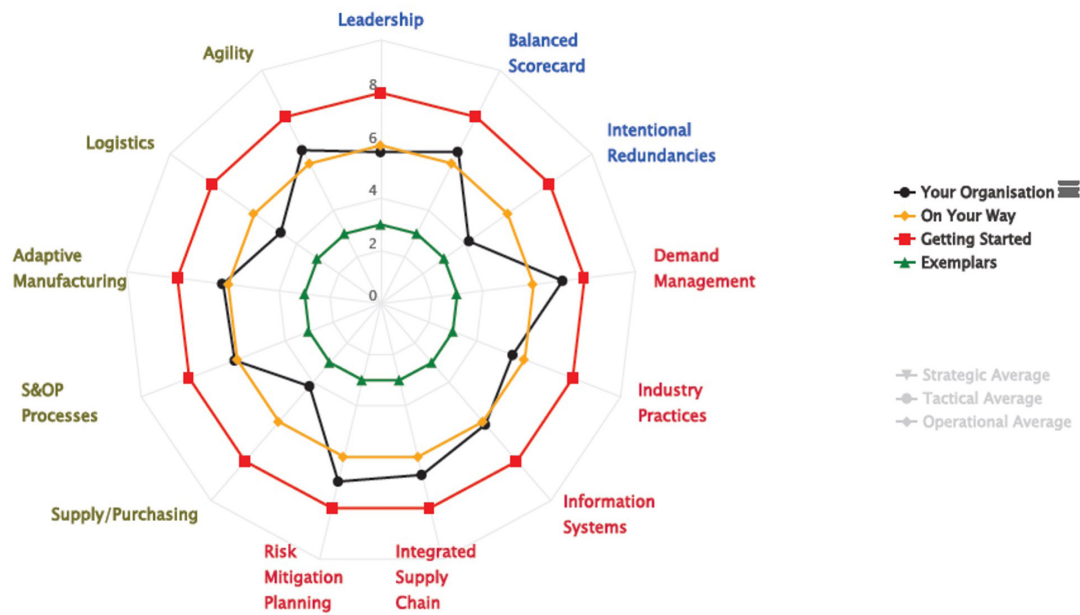


Figure 3

As you can see in **Figure 3**, the outcome of the 92 questions is still a computer-generated graph depicting a company's AS-IS position, **dark BLACK line**, relative to their supply chain process maturity and the inherent risks in each tenet. It continues to display the Best-in-Class area where almost all exemplar supply chain companies reside---the GREEN Exemplar Circle. It continues to provide a TO-BE supply chain roadmap, based on its' inherent maturity model structure. And it still acts as a benchmarking tool to graphically demonstrate supply chain process improvements over time. This particular graph profiles one of two SCM Readiness Assessment Tools now available. It's a manufacturing-centric assessment and our 2nd SCM Readiness Assessment Tool covers service-oriented supply chains along with NGO's in Public Healthcare.



Let's get grounded on the 13 Tenets encompassing the body of the assessment tool. First, we have the **MANUFACTURING TENETS**, below.



# MANUFACTURING TENETS

**01**

## **Leadership: Culture of your leadership**

Leadership, both as a research area and as a practical skill, encompasses the ability of an individual, group or organization to “lead”, influence or guide other individuals, teams, or entire organizations.

**02**

## **Balanced Scorecard: The FOUR Business Perspectives**

A balanced scorecard is a strategy performance management tool – a well-structured methodology that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions.

**03**

## **Intentional Redundancies: Overtly developing alternative sources of supply**

Redundancy is the intentional duplication of system components, in our case, suppliers, in order to increase a supply chains’ dependability and resiliency. Resilience refers to a system’s ability to recover from a fault and maintain persistency of service dependability in the face of faults.

**04**

## **Demand Management: How do you manage demand and your customer base**

Demand management is a planning methodology used to forecast, plan for and manage the demand for products and services. This can be at macro-levels as in economics and at micro-levels within individual organizations associated with their products and services.



**05**

## **Industry Practices: What type of industry do you operate in**

Risks companies face by virtue of the industry they're in. The chance that a set of factors particular to an industry group drags down the industry's overall performance. Different industries have different levels of inherent risk. Some more than others.

**06**

## **Information Systems: What level of sophistication are your IT systems**

Information systems can be defined as an integration of components for collection, storage and [processing](#) of [data](#) of which the data is used to provide information, contribute to knowledge as well as [digital products](#) that facilitate [decision making](#). In the context of supply chain management, (IS) can be considered as the people, processes, data and technology utilized to take an order, make an order, ship an order and bill an order.

**07**

## **Integrated Supply Chain: Do you take an end-to-end viewpoint to supply chain**

[Integrated supply chain management](#) refers to an enterprise resource planning approach to [SCM](#). A business facilitates relationships with all of its suppliers and customers and manages all distribution and logistics activities through a centralized system rather than having multiple systems within the organization.

**08**

## **Risk Mitigation Planning: Overtly developing Risk Mitigation Plans**

Risk Mitigation Planning is a protocol or a set of procedures taken by an organization on a regular basis to prevent/or mitigate a hazard or threat from causing harm and to reduce the risk to a tolerable or acceptable level.

**09**

## **Supply/Purchasing: What does your supply base look like**

Supply management refers to the act of identifying, acquiring, and managing resources and suppliers that are essential to the operations of an organization. Also known as [procurement](#), supply management includes the purchase of physical goods, information, services, and any other necessary resources that enable a company to continue operating and growing.

**10**

## **S&OP Processes: What does your Sales & Operations Planning processes look like**

Sales and operations planning (S&OP) is an integrated business management process through which the executive/leadership team continually achieves focus, alignment and synchronization among all functions of the organization. The S&OP process includes an updated forecast that leads to a sales plan, production plan,

inventory plan, customer lead time (backlog) plan, new product development plan, strategic initiative plan and resulting financial plan. Plan frequency and planning horizon depend on the specifics of the industry. Short product life cycles and high demand volatility require a tighter S&OP than steadily consumed products. Done well, the S&OP process also enables effective supply chain & risk management.

## 11

### **Adaptive Manufacturing: How mature are your manufacturing processes**

Manufacturing is the creation or production of goods with the help of equipment, labor, machines, tools, and chemical or biological processing or formulation. The term may refer to a range of human activity, from handicraft to high-tech, but it is most commonly applied to industrial design, in which raw materials from the primary sector are transformed into finished goods on a large scale. Such goods may be sold to other manufacturers for the production of other more complex products (such as aircraft, household appliances, furniture, sports equipment or automobiles), or distributed via the tertiary industry to end users and consumers (usually through wholesalers, who in turn sell to retailers, who then sell them to individual customers).

## 12

### **Logistics/Transport: Do you manage your own logistics or hire out**

Logistics is generally the detailed organization and implementation of a complex operation. In a general business sense, logistics is the management of the flow of things between the point of origin and the point of consumption to meet the requirements of customers or corporations. The resources managed in logistics may include tangible goods such as materials, equipment, and supplies, as well as food and other consumable items.

## 13

### **Agility: How agile is your entire supply chain**

Business agility is the ability of an organization to adapt quickly to market changes - internally and externally, respond rapidly and flexibly to customer demands. Also, adapt and lead change in a productive and cost-effective way without compromising quality, continuously, in an effort to maintain a competitive advantage.



**NEXT, THE 13 TENETS FOR OUR NEW SERVICE-ORIENTED, LOGISTICS, NGO ASSESSMENT TOOL.** They are the same EXCEPT for #9, which is Supply Chain Processes. This replaces Adaptive Manufacturing, in so much as service-oriented, logistics providers, do not manufacture products.



# SERVICE-ORIENTED, LOGISTICS TENETS

09

## Supply Chain Processes: How mature are your supply chain processes

A supply chain is a network between a company and its suppliers to produce and distribute a specific product to the final buyer. This network includes different activities, people, entities, information, and resources. The supply chain also represents the steps it takes to get the product or service from its original state to the customer. Companies develop supply chains so they can reduce their costs and remain competitive in the business landscape. [Supply chain management](#) is a crucial process because an optimized supply chain results in lower costs and a faster production cycle.

## INTRODUCTION TO TIER 2, 3 & 4:

The entire upgraded SCM Readiness Assessment Tool can be viewed in Figure 4. It now maintains four tiers, each providing additional insights. The tool is accretive, meaning, as you move up through the different tiers, you accumulate additional insights relative to your supply chain process AS-IS position, which will drive performance improvement.

## BENCHMARK COMPARISONS ALIGNED TO BIC & YOUR INDUSTRY


 GAIN CUSTOMIZED DIRECTION OF IMPROVEMENT OPPORTUNITIES IN THE RIGHT ORDER TO DRIVE COMPETITIVE ADVANTAGE	OFFERING	DELIVERABLES
	<b>TIER 1</b> Best-in-Class (BIC) Benchmark – 1- User	<ul style="list-style-type: none"><li>• Performance Ranking Relative to BIC Benchmark (Services or Products)<ul style="list-style-type: none"><li>- Risk Levels: Low, Medium, High</li></ul></li><li>• Definitions of 13 Evaluation Tenets</li></ul>
	<b>TIER 2</b> Best-in-Class Ranking Benchmark for Your Organization (3-8 Stakeholders)	<ul style="list-style-type: none"><li>• Performance Ranking Relative to BIC Benchmark</li><li>• Definition of 4 BIC Performance Segments</li><li>• Tenet Grouping: Strategic, Tactical and Operational</li><li>• Provide Observations of Performance Gaps and High-Risk Areas Relative to BIC</li><li>• Coaching and Consulting: 8 hours</li></ul>
	<b>TIER 3</b> Industry Benchmark Comparison and Task Prioritization (3-8 Stakeholders) Coaching	<ul style="list-style-type: none"><li>• Performance BIC Benchmark as provided in Tiers 1-2</li><li>• Statistical Benchmark Comparison aligned to the Client's Industry</li><li>• SCR&amp;R Rating -- Relative to Industry Performance</li><li>• Quartiles: Leaders, Followers, Average, Laggards</li><li>• SCM Improvement Prioritization</li><li>• Coaching and Consulting: 16 hours</li></ul>
	<b>TIER 4</b> SC Readiness Playbook Coaching	<ul style="list-style-type: none"><li>• Prioritization &amp; Performance BIC &amp; Industry Benchmark as provided in Tiers 1-3</li><li>• Coaching and/or Playbook: Top 10 questions to ask the Organization<ul style="list-style-type: none"><li>- Onsite/Virtual Interviews with Key Stakeholders</li><li>- SC Improvement Roadmap to get ready to implement SCR&amp;R</li><li>- SCM Improvement Prescriptive Action Plan (What and How)</li></ul></li><li>• Coaching and Consulting: 32 hours</li></ul>

Figure 4

**Tier-2** provides additional insights in terms of Best-in-Class definitions, highlights your company's strengths and weaknesses by categorizing the tenets into Strategic, Tactical and Operational clusters, along with hands-on consulting.

**Tier-3** builds further on tiers 1 & 2 by providing a comparison of your company's AS-IS position, relative to your industry, through an SCR&R Rating. It also includes additional hands-on consulting.

**Tier-4** leverages the preceding capabilities of all subsequent tiers, includes hands-on consulting and culminates with a Forward-looking Playbook to improve supply chain performance and better prepare your company for a Supply Chain Risk & Resiliency journey.

## CONTACT US

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If any of these tiered deliverables appeal to you and your team, feel free to contact:



Greg Schlegel,  
Founder of the Supply Chain Risk Management Consortium

[gregschlegel@thescrmconsortium.com](mailto:gregschlegel@thescrmconsortium.com)



Jim de Vries,  
Managing Director, the Supply Chain Risk Management Consortium

[jimdevries@thescrmconsortium.com](mailto:jimdevaries@thescrmconsortium.com)

Or visit our website

[www.thescrmconsortium.com](http://www.thescrmconsortium.com)