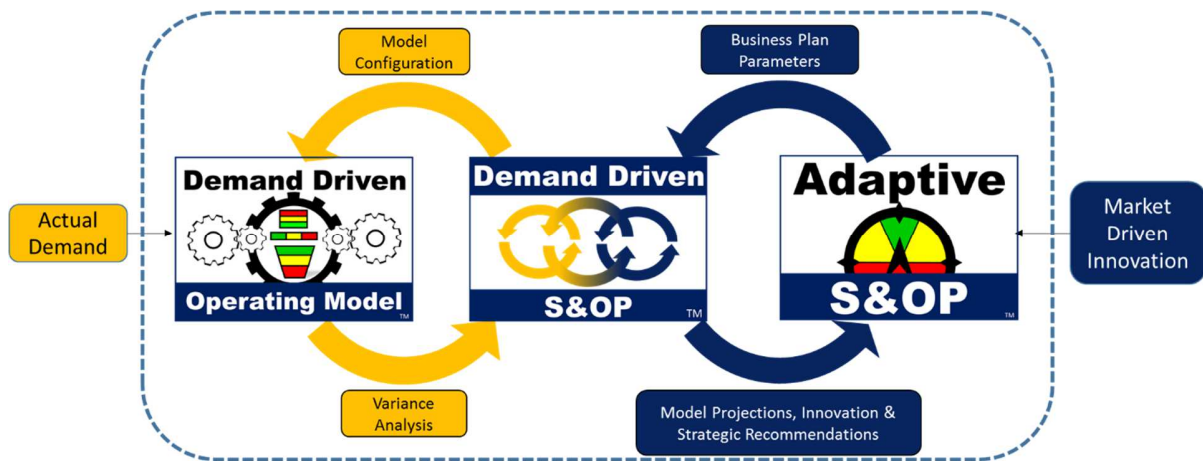


The Demand Driven Adaptive Enterprise (DDAE) Model Implementation Path

By Demand Driven Institute

The Demand Driven Adaptive Enterprise model is a management and operational model designed to enable enterprises to adapt to complex and volatile environments. The model utilizes a constant system of innovation and feedback between three primary components; a Demand Driven Operating Model, Demand Driven S&OP and Adaptive S&OP. A Demand Driven Adaptive Enterprise focuses on the protection and promotion of the flow of relevant information and materials across the strategic, tactical and operational relevant ranges to drive sustained return on equity performance.



It is neither simply right-to-left nor simply left-to-right in nature. It is both at the same time. It is a bidirectional system that seeks to drive adaptation through a cycle of configuration, feedback and reconciliation through the three components.

The DDAE model incorporates all four of the prerequisites for relevant information discussed earlier in this paper.

The Demand Driven Adaptive Enterprise (DDAE) Development Path

The DDAE model has a defined development path for companies to achieve increasing levels of success through their demand driven transformation. This path has five distinct stages. The entire path is depicted below. Each stage is explained in more detail below.

A complete journey through these five stages can take years. Indeed, the upper stages (4 and 5) may never be achieved as key personnel exit and/or acquisitions occur that slow the momentum or sponsorship of driving the DDAE. At each step, the ROI improves and accelerates.

Stage	1	2	3	4	5
Operating Description			DDAE I	DDAE II	DDAE III
Operational Objectives	<ul style="list-style-type: none"> Cost Reduction Focus on Response 	Flow Protection and Promotion	Fully synchronized and leverage operational capability for better flow performance	Leverage the Demand Driven Operating Model capability across the enterprise and into the market	Sense, Adapt and Innovate across the organization and supply chain (customers and suppliers).
Demand Driven Characteristics	Conventional MPS, MRP, DRP and MFS practices. Demand Driven principles are limited to the Incorporation of actual demand into supply order generation. Strategic chronic conflict between cost and service.	Trial and/or expanding implementation of Demand Driven Material Requirements Planning (DDMRP).	Trial and/or expanding implementation of the Demand Driven Operating Model (DDOM) with supporting Tactical Smart Metrics. Beginning to explore DDS&OP process.	A mature DDOM with the strategic and tactical reconciliation process of DDS&OP with Adaptive S&OP in place. A full (strategic and tactical) Smart Metrics suite in place.	A mature DDOM with mature DDS&OP and Adaptive S&OP and Smart Metrics capability. Thoughtware fully installed.
Primary Metrics	<ul style="list-style-type: none"> OEE Fully Absorbed Unit Cost Service 	<ul style="list-style-type: none"> Signal Integrity Decoupling Point Integrity Average Inventory Service 	<ul style="list-style-type: none"> Reliability Stability Velocity 	<ul style="list-style-type: none"> Strategic Contribution Waste/Improvement Local Operating Expense Control RACE/ROI/C 	<ul style="list-style-type: none"> RACE/ROI/C Improvement Rate
Analytics	<ul style="list-style-type: none"> Absorption Rates Total Days of Inventory OTD and/or fill rates 	<ul style="list-style-type: none"> OTOG % and \$ % to inventory target OTD and/or fill rates 	<ul style="list-style-type: none"> Buffer Run Charts Reason Code Analysis Flow Exception Reports Flow Indices 	<ul style="list-style-type: none"> Outlier Analysis (Time, Capacity and Stock Buffers) Buffer Compression Throughput Rate and Volume Improvement 	<ul style="list-style-type: none"> Strategic Conflict Definition and Resolution
Education	Traditional SCM and Financial training and education	Precisely Wrong Workshop, Demand Driven Planner (DDP)	DDP, Demand Driven Leader (DDL), Demand Driven Analyst (DDA)	DDP, DDL, DDA, Adaptive S&OP Workshop	DDP, DDL, DDA, Adaptive S&OP Workshop (SSP), Strategic Solutions Program (SSP)
Personnel Capability	Traditional SCM and Financial training and education	Personnel are aware of and capable of describing the problems with conventional planning systems. They are well versed in DDMRP principles and are capable of implementing (at a cursory level) decoupling point buffers.	Personnel understand the broader implications of DDMRP to the organization. Personnel understand how to implement Demand Driven Scheduling and Execution. Personnel are capable of adjusting the DDOM based on performance analytics.	Other functional personnel now understand the requirements and capabilities of the DDOM. Personnel are able to successfully bridge the tactical and strategic relevant ranges. They can project, recommend and adapt.	Strategic personnel are able to analyze complex problem areas (internal and external), define strategic conflicts and constraints and recommend strategic policy/direction changes. They are able to mentor new key personnel through the DDAS.

For more information including additional detail on the implementation progression to become a Demand Driven Adaptive Enterprise, please go to www.demanddriveninstitute.com