

Introduction to the SCOR® model

SCOR® is an acronym for supply chain operations reference model. SCOR® is, today, the supply chain management community's most widely accepted framework for evaluating and comparing supply chain activities and performance.

Beginning in 1996, the Supply Chain Council, which began as 69 of the world's leading companies, refined a generic approach to improving supply chain processes.

In 2014, SCC and APICS announced their merger to form APICS SCC which today maintains the SCOR® model, which is at its 12th release today. APICS SCC is in charge of continuously updating the model with the latest relevant and accepted developments in Supply Chain Management. The recent update to the 12th version for example, recognizes Demand Driven MRP (DDMRP) and Demand Driven S&OP (DDS&OP) as emerging best practices.

When relating to the APICS dictionary definition:

The SCOR® model describes the business activities associated with satisfying a customer's demand. The model is organized around six primary management processes: plan, source, make, deliver, return and enable (PSMDE). Use of the model includes analyzing the current state of a company's processes and goals, quantifying operational performance, and comparing company performance to benchmark data.

SCOR® has developed a set of metrics and collects best practices information that companies can use to evaluate their supply chain performance

The model, which is industry open standard, provides companies with a standard reference and common definition for over 200 **process elements**, 550 **metrics**, and 500 **business practices** including risk and environmental management and over 160 **people skills**.

A very unique feature of the model is that it predefines any of the following relationships:

Performance (metrics) ↔ **Process** (activity) ↔ **Practices** ↔ **People** (skills)

Example:

The SCOR® methodology helps a company to strategically understand the importance to improve on its working capital **performance**.

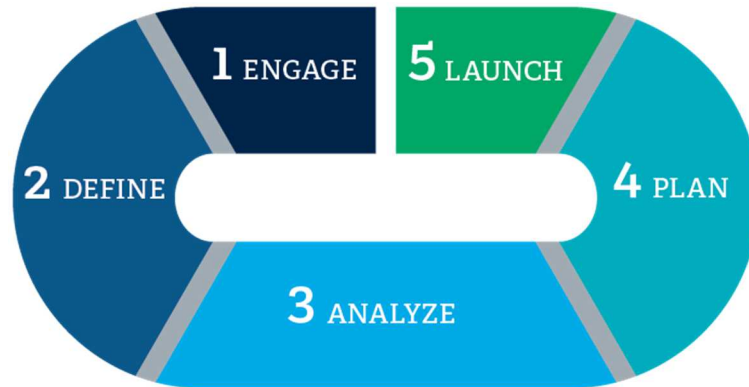
More precisely, while using the SCOR® model, a deeper analysis of the cash-to-cash key performance indicator will guide the company in quickly targeting the root causes of the problem: i.e. the different plan **processes**: Supply Chain – Source – Make and Deliver.

In relation to those processes, the SCOR® model will also suggest relevant business **practices** to be implemented such as S&OP, DDMRP, LEAN, VMI amongst others in order to change / improve the way the company is running operations.

The analysis could be complemented and finalized with a detailed analysis of the suggested people **skills**, aptitudes and trainings required to execute the selected activities and therefore, to sustain the operations strategy of the company.

The SCOR® improvement program methodology

Capitalizing on and leveraging the utilization of the model, an associated methodology has been established for helping the companies to create and continuously apply a program capable of achieving sustainable supply chain improvement. That methodology is also named the SCOR® implementation roadmap



The methodology presents an order in which dedicated phases, key tasks and deliverables could be accomplished, leading to the analysis and the performance optimization of a given supply chain.

Business results

SCOR® can be used to describe, in a holistic way, end-to-end supply chains that are very simple or very complex using a common set of definitions and enabling a common understanding.

Typical Business benefits are

- Average operating sales income improvement of 3% (high 4.5%; low 1.5%)
- Typical inventory-turn improvements of 20%
- 30% faster system implementations with 30% more functionality
- Continuous improvement portfolios refreshed at a value of 0.5%
- Mitigation of costs associated with risk management

Such business process reengineering and improvement efforts that previously took years/months can be done in months/weeks using SCOR®. This vast improvement in productivity is possible because the SCOR® approach is specifically tailored to the problems that supply chain managers must solve.

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