



EyeOn **product** supply chain Center of Excellence benchmark

Subsidiaries of multinationals are embedded in various local networks. This means that knowledge is dispersed within a large geographical area and across different functional entities. Organizations create Centers of Excellence (CoE) to identify, develop, and leverage their capabilities using their widespread network of subsidiaries. However, most organizations are struggling with the creation and organization of a Supply Chain (SC) CoE. Together with Tilburg University, EyeOn executed a research on supply chain planning and forecasting CoE. The results give insight into key success factors to effectively create and operate a SC CoE.

Managing the Supply Chain Center of Excellence

Centers of Excellence have a permanent status and often have a physical presence that stimulates and simplifies the sharing of

knowledge. They are generally part of an organizational subunit. The main intention of a SC CoE is having your dedicated team improve process excellence. Furthermore, the center can be used to build and develop a team of supply chain talent which makes integral decisions. The center's actual role and form is different for each organization and is largely dependent on the organizational and business context. Nonetheless, certain aspects are worthy of taking into consideration when managing a SC CoE.

Organizational readiness

You need formal recognition and executive support so the parent firm is willing to invest, in order to develop the CoE into a more formal system. The organization must be willing to provide tangible and intangible resources to make the center viable. For collaboration to be effective, recognition and acceptance by business teams is essential. Furthermore, work that was first executed locally should now be carried out centrally. This may cause apprehension and resistance on the part of the employees. Therefore, change management plays an important role when building the center.

Team capabilities

A critical factor for the creation of a successful CoE is having the right resources available. When creating a CoE, the team members are recruited predominantly from inside the organization. These members need to have some in-depth content knowledge, prior business experience and a project-based mindset. Being socially competent is an important soft skill during a change management process as outlined above.

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Information and data availability

Even with the right people and the right processes, the center cannot optimally function without having easy access to the right data. Information and well-integrated knowledge management systems are needed to support the centers' activities. This enables better storage of information and knowledge while keeping data up to date.

"I think if we have good tools that make processing big data sets easier, then we can achieve more with processes and people."

Collaboration

Close collaboration within the team itself along with the business units is essential. This will improve communication and collaboration, which will make information gathering and sharing easier. Organizations use documentation, learning-on-the-job, and interactions as methods for sharing knowledge. Ad-hoc social interactions play a role in stimulating shorter communication lines as well as the spread of information and knowledge. However, within a multinational direct social interaction is often not possible since people are dispersed as is knowledge. To ensure knowledge transfer, most organizations facilitate this by using corporate procedures and by formalizing contact moments.

Activities

Decisions regarding initiatives should be made based on long-term objectives and the business units' needs. Not only the center has to come up with initiatives, business units must make their requirements apparent to the center and play a role in determining projects and improvements as well (top-down + bottom-up). To make project decisions, different initiatives must be validated and prioritized. Furthermore, the center must regularly revise running projects.

Enabling Data Driven Supply Chains

Current technology has greatly improved the availability of data. This data holds the potential to improve decision-making in the supply chain by making it faster and more efficient. However, turning available data into better insights for decision-making is not straightforward and it requires a completely different mindset. A key driver for success is centralizing analytical skills within a team in which various fields of expertise are represented. A CoE powered by analytics adds significant value to the organization and is a cornerstone to build data driven supply chains.

-  Use centers of excellence to bring together capabilities and secure continuity
-  Make speed, build capabilities as you operate
-  Build a platform that allows for continuous prototyping and fast scaling

Want to know more?

EyeOn offers a SC CoE benchmark to measure your maturity level and compare this with the level of an industry group average score. You will receive recommendations to further improve your center. Interested in this benchmark or want to know more? Please contact us at mail@eyeon.nl.

Our promise

We implement proven innovations to raise your forecasting and planning performance. We work in the most pragmatic way possible, based on our knowledge and experience in over hundred large, international companies. We develop and implement the best fit-for-purpose improvements with real impact.