



Customer Solutions

Supply Chain Mapping



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# Supply Chain Mapping

On a mission to improve supply chain management within your organization? Mapping out your processes is an inexpensive way to make great strides and improvement.



### **SIMPLY PUT**

It is critical to start “looking around corners” and trying to foresee problems before they fully emerge. Knowing and maximizing our supply chain helps.

## **Supply chains are constantly evolving, But profitability is elusive, without knowledge.**



An evolving but seismic shift is occurring – you are increasingly operating in a world where the supply chain must manage goods (and services) not sitting in a distribution center but constantly in motion, requiring a whole new level of visibility systems, synchronization techniques, and (most importantly) management skill sets.

Supply chain value mapping defines how to arrive at the desired outcomes in a supply chain. It commonly encompasses an analysis of manufacturing; origin sourcing; vendor compliance and standardization; transportation; and the financial that maximize economic profitability (e.g., capital and fixed-asset utilization, day sales outstanding, days of inventory on hand, and the cash-to-cash conversion cycle). In short, every critical business function and process should be analyzed.

This analysis starts with a “whiteboard session” that involves all the key decision makers within the organization. For example, the decision maker in finance (e.g., CFO or controller) should be on hand to baseline key financial data that drives shareholder wealth and value. Changes to a supply chain should positively impact the cost of goods sold, purchases outstanding, day sales outstanding, inventory turnover and operating ratio, and, ultimately, a company’s economic profitability.



“Change is required. There is a process of change, just as there is a process of manufacturing, or for growing wheat. How to change is the problem.”

W. Edwards Deming, American statistician, professor, author, lecturer and consultant



“The modeling tools that UPS uses evaluates the many variables that make up your supply chain; but beyond the tools, our experts excel at helping you build a flexible supply chain that generates additional revenue and profit.”

*Tom Page, Director for International Regions, UPS, Customer Solutions, has used his more than 30 years of global logistics experience to help businesses achieve their goals.*

## Supply chain map is your path to improvements.



Supply chain mapping is the first step in creating an “outcome-driven supply chain.” The process identifies the change that will differentiate an organization from its competition, serve a client base with a prosperous value proposition, reduce internal cost, and drive profitability.

We get started with mapping your supply chain at its most basic level, it is the series of steps and persons involved with every stage of your operation. It encompasses your suppliers, their procurement of material and works, all the way down through your distribution network until it reaches the final customers.

One basic technique of supply chain management, which is greatly underutilized by many businesses, is the mapping and drawing of your supply chain and production processes. As a company grows and expands, often the supply chain becomes a tangled network.

By drawing out your operation on paper or in a “whiteboard” session, you can visualize and understand your problems. Incorporating everyone in the process makes it easy to identify areas of concern and will help alleviate waste.

When we talk supply chain mapping, we are really talking about uncovering new opportunities to improve supply chains. With UPS, you enter into a collaborative process where our expertise and your supply chain combine. Our goal is to help you reduce cost, improve service, or address particular problems.

Through this exploration, our trained logistics experts pinpoint the “quick fixes” that can immediately be implemented; as well as, ascertain longer term initiatives and solutions that align with your overall global supply chain.

## Your Supply Chain

Suppliers

Manufacturing

Distribution

Retail

Consumers

Returns



## Get up and close to your supply chain.

Process mapping provides a visualization of all the steps needed to procure and produce materials, deliver a product, and understand potential problem areas. Just like conventional maps, your process design should have a start and end point, with different sections outlining various stages along the way. Here are the basic steps to creating such an outline:

### *Draw out your suppliers.*

What does it take to purchase and receive items? We include critical information such as lead times and minimum stock orders. If you have had any problems in the past (late deliveries, incorrect deliveries etcetera), we include these on the map as well. This will help you get a better sense for what you're dealing with, and how to avoid future problems.

### *Do not forget the receiving end.*

Are there any issues that may arise during the receipt of ordered goods. For example, you may have identified that improper orders are common with an individual supplier; as a result, you should ensure your receiving function has a process for checking the order before the supplier's truck leaves the warehouse.

### *Where do the finished goods go?*

Do you spend a lot of time moving inventory? Does your material or finished goods inventory move to one place, only to be moved again the next day? Mapping out these processes allows for better visualization of where there is wasted time and energy. Remember, where there's waste, there's lost money.



## See It In Action

Customer Solutions has experts trained to help you whiteboard every aspect of your supply chain. From sourcing, through production, distribution, and into your customers' hands.

## Supply chain and process mapping is your pathway to improvements, profits and competitiveness.



Continue this mapping process through your own internal processes. Once you have this on paper, you can see the process as a whole, and should initiate employee input. Employees may notice missing items or have suggestions to improve the overall process.

Your process map will make your complex systems visible and allow our experts to help you identify non-value added or redundant activities.

You, and your UPS experts will begin the process analysis by examining the time, cost, resources, and people involved in each step of each process. The goal is to...

- Identify non-value added processes and steps
- Identify the steps that consume the most time or resources
- Identify processes that take too long or vary greatly in time
- Identify points of delay and other pinch points
- Estimate the value added by each step and judge the value against the cost
- Consider the reasons for problems and how to improve specific activities or processes



## Simply Put

Supply chains are constantly evolving and changing as the environment which they compete changes. The ability to design and redesign supply chains proactively that creates competitive advantage.

## Reap the rewards of a lean supply chain.



You can also use the map for trial and error. Try shifting processes around on paper to see if you can calculate and anticipate future results. The map should include all problem areas, which should be addressed as a team. It thus becomes easier to target and eliminate such issues.

Unlike manufacturing plants, which run in scheduled shifts, supply chains never stop. They run in constant motion as multiple channel members harvest and create raw materials, and then move these raw materials to manufacturers—who then create products and move those products to markets, where customers buy, consume, return, and dispose of them. The supply chain begins with the conception of a product and terminates when the product's life ends.

So, remember: map, draw and visualize your operation. It's a great way to improve your processes, increase share holder value, and reach your goals.





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