



Scorecarding A suppliers perspective

**FMI/GMA
Joint Conference
April 2007**





PLANET

ROCKET SCIENCE

101

WYOMING UNIVERSITY
& ROCK & ROLL
SPARKS FROM THATTOOES
AND WAVE ROCKETS

101





How we view Scorecarding

- Foundation of our partnership
 - Beginning of a conversation
- We want to know your KPIs and goals
 - KPIs
 - Drive business results
 - Fewer the better
 - FMI/GMA
 - Goals & Measurement
 - Clear definition of how it is measured
 - Achievable goal
 - Within supplier's ability to impact
- Drives resources and improvement efforts



Establishing a collaborative relationship

When used to set common objectives

- Improved Communication
- Aligned Priorities
- Work as a team
- Motivating
- Achieving Results

When used to assign blame

- Frustration
- Strained relationship
- Not as successful achieving results



Real Life Result





Case Example

Background

- September 05, First Scorecard Review
 - Agreed top priority of On-time delivery
 - On-time was 53% against a target of 85%
 - Kimberly-Clark and Customer results did not match

Understanding the issue

- Toured DC's
 - Characterized product flow
 - Interviewed DC teams
 - Identified Best Practices
- Root Cause Analysis
 - Carrier Base
 - Appointment Process
 - Appointment Scheduling (Buyer vs DC Want Dates)



Case Example (con't)

Identified Solutions

- Modify the carrier base
- Stagger Promotional Appointments
- Establish Standing Appointments
- Implement on-line appointment scheduling

Results

- Improved from 53% to 80% (so far)
- Improved on all metrics
 - Days of Inventory: 17% improvement
 - Service Level: +2 points
 - Demand Forecast Accuracy: +3.4 points
 - Lead-time: 15% improvement
 - Great working relationship



TAKING SCORECARDING TO THE NEXT LEVEL

Scott Craig
Director Supply Chain Services

Hannaford Bros. Co.

3 Goals for Today

- What to Measure
- What to Walk away from
- How to leverage the information

Scorecards Can be Fun

INTER-MARITIME FOUNDATION PRO-AM
Sunday, July 15, 2001

Pro: FRED COUPLES Game No. 3 Start Time: 08.38 Pro Score: 61 Team Score: 130 Queen's Course

| HOLE NO. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | OUT | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | IN | TOTAL |
|---------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-------|
| METRES | 374 | 133 | 384 | 324 | 161 | 399 | 449 | 309 | 383 | 2917 | 385 | 290 | 395 | 128 | 197 | 230 | 345 | 186 | 376 | 2534 | 5452 |
| YARDS | 409 | 146 | 421 | 355 | 177 | 437 | 491 | 337 | 419 | 3192 | 421 | 318 | 433 | 140 | 215 | 252 | 378 | 204 | 412 | 2773 | 5965 |
| PAR | 4 | 3 | 4 | 4 | 3 | 4 | 5 | 4 | 4 | 35 | 4 | 4 | 4 | 3 | 3 | 4 | 4 | 3 | 4 | 33 | 68 |
| STROKE INDEX | 5 | 17 | 1 | 10 | 15 | 6 | 8 | 12 | 2 | | 4 | 13 | 3 | 18 | 9 | 16 | 11 | 14 | 7 | | |
| BARBARA KLEIN | 5 | 2 | 4 | 5 | | 5 | 6 | | 4 | | | 4 | | | | | | | 4 | | |
| TIMY ELIAS | | | | | | | | 3 | | | 4 | | 4 | | | | | | | | |
| LOUI FRASER | | | | | 3 | | | | | | | | | 2 | 3 | 4 | 3 | 4 | | | |
| PRO SCORE | 4 | 2 | 4 | 4 | 3 | 4 | 4 | 3 | 4 | 32 | 3 | 3 | 4 | 3 | 3 | 4 | 4 | 2 | 3 | 29 | 61 |
| TEAM TOTAL | 9 | 1 | 8 | 9 | 6 | 9 | 10 | 6 | 8 | 69 | 7 | 7 | 8 | 5 | 6 | 8 | 7 | 6 | 7 | 61 | 130 |

AM SIGNATURE [Signature] PRO SIGNATURE [Signature]

Or at least entertaining...



Differences between a golf scorecard and Hannaford's Supply Chain Scorecard

- On ours, par is average. On the golf scorecard it's a miracle.
- On ours, on time delivery doesn't mean the beer cart showed up when you ran dry.
- Out of stock...See above
- Fill Rate...See above

And the biggest difference...

- No eraser marks on our scorecard



What to Measure

- Balance the scorecard - Inventory and In-stock %
- Measure what's important- Not because you can
- If it's truly supply chain- measurements should be cross-functional

Beware of the Rocks...



MISTAKES

IT COULD BE THAT THE PURPOSE OF YOUR LIFE IS
ONLY TO SERVE AS A WARNING TO OTHERS.

www.despair.com

Learn where the rocks are...

- Not all measurements are important
- Just because you can, doesn't mean you should
- You can't manage what you don't measure
- We tried to keep it simple (and 1 page)

| | | | | | | | | | | | | |
|--|---------------|---------------|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------|---------------|------------------|
| CM Name | | | | | | | | | | | | |
| Vendor Id | 005000 | | Vendor Name | | | | | | | Generated On | | 2/22/2007 |
| Metrics | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 | Aug 06 | Sep 06 | Oct 06 | Nov 06 | Dec 06 | Jan 07 |
| Sales | | | | | | | | | | | | |
| Total Sales ('000s \$) | 390.37 | 405.54 | 416.02 | 420.84 | 560.95 | 350.16 | 530.92 | 374.72 | 361 | 432.86 | 356.77 | 499.95 |
| Total Sales (CM Average) | 954.72 | 943.99 | 956.09 | 979.02 | 1230.09 | 753.35 | 1248.37 | 1022.69 | 1016.15 | 1270.86 | 1054.03 | 1313.27 |
| Gross Profit ('000s \$) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Profit (CM Average) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventory | | | | | | | | | | | | |
| DC Days of Supply (Average) | 12.57 | 10.52 | 10.43 | 9.85 | 9.12 | 6.09 | 7.69 | 6.94 | 5.02 | 6.54 | 11.38 | 7.93 |
| DC Days of Supply (CM Average) | 16.3 | 14.98 | 14.9 | 14.12 | 13.45 | 13.29 | 12.18 | 12.54 | 13.07 | 13.9 | 14.05 | 15.24 |
| DC 01 Days of Supply | 9.41 | 9.03 | 8.59 | 7.3 | 9.08 | 6.61 | 7.79 | 6.59 | 4.93 | 7.27 | 13.3 | 9.29 |
| DC 02 Days of Supply | 15.35 | 11.9 | 12.05 | 12.19 | 9.16 | 5.62 | 7.6 | 7.26 | 5.1 | 5.95 | 9.95 | 6.83 |
| DC 03 Days of Supply | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Store Days of Supply(Average) | 7.34 | 7.91 | 7.77 | 8.32 | 6.68 | 8.39 | 7.47 | 9.43 | 9.71 | 7.52 | 9.7 | 6.85 |
| Store Days of Supply(CM Average) | 13.33 | 15.76 | 16.26 | 15.17 | 12.26 | 15.75 | 12.26 | 14.83 | 15.07 | 11.8 | 14.43 | 11.87 |
| DC Service Level | 99.06% | 98.81% | 99.04% | 98.73% | 98.65% | 98.87% | 98.69% | 98.82% | 98.84% | 98.77% | 98.73% | 98.93% |
| DC Service Level(CM Average) | 97.31% | 97.32% | 97.16% | 96.94% | 97.00% | 96.91% | 96.98% | 97.03% | 97.00% | 96.96% | 97.02% | 97.00% |
| DC 01 Service Level | 99.02% | 98.94% | 99.03% | 98.86% | 98.57% | 98.78% | 98.68% | 98.74% | 98.66% | 98.48% | 98.43% | 98.75% |
| DC 02 Service Level | 99.10% | 98.71% | 99.05% | 98.63% | 98.71% | 98.93% | 98.69% | 98.87% | 98.96% | 98.94% | 98.90% | 99.04% |
| DC 03 Service Level | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| DC Out of Stock(%) | 0.94% | 1.19% | 0.96% | 1.27% | 1.35% | 1.13% | 1.31% | 1.18% | 1.16% | 1.23% | 1.27% | 1.07% |
| DC Out of Stock%(CM Average) | 2.69% | 2.68% | 2.84% | 3.06% | 3.00% | 3.09% | 3.02% | 2.97% | 3.00% | 3.04% | 2.98% | 3.00% |
| DC 01 Out of Stock(%) | 0.98% | 1.06% | 0.97% | 1.14% | 1.43% | 1.22% | 1.32% | 1.26% | 1.34% | 1.52% | 1.57% | 1.25% |
| DC 02 Out of Stock(%) | 0.90% | 1.29% | 0.95% | 1.37% | 1.29% | 1.07% | 1.31% | 1.13% | 1.04% | 1.06% | 1.10% | 0.96% |
| DC 03 Out of Stock(%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Shipping | | | | | | | | | | | | |
| Fill Rate | 97.32% | 97.57% | 99.64% | 99.52% | 98.59% | 98.48% | 98.84% | 99.01% | 99.96% | 99.27% | 99.86% | 99.99% |
| Fill Rate(CM Average) | 96.61% | 97.57% | 93.40% | 93.07% | 97.47% | 92.67% | 92.73% | 93.09% | 92.54% | 92.70% | 92.95% | 92.68% |
| On time Delivery | 89.74% | 94.44% | 81.25% | 79.59% | 50.91% | 41.67% | 64.15% | 63.16% | 65.22% | 74.00% | 72.09% | 72.34% |
| On time Delivery(CM Average) | 76.97% | 75.37% | 65.31% | 64.16% | 63.10% | 56.41% | 63.38% | 58.55% | 57.82% | 60.16% | 61.34% | 66.67% |
| Accounting | | | | | | | | | | | | |
| A/P Amount Processed ('000s \$) | 1571.2 | 1771.5 | 1604.4 | 1833.4 | 1988.9 | 2009.2 | 2133.1 | 1441.7 | 1694.5 | 1761.5 | 1770.2 | 1820.7 |
| A/P Amount Processed(CM Average) | 7675.86 | 8699.92 | 7557.66 | 8351.52 | 8722.99 | 7936.64 | 9392.68 | 8396.64 | 9843.44 | 8835.74 | 8874.45 | 9620.21 |
| A/P Deductions ('000s \$) | 0.02 | 0.12 | 0.06 | 0.05 | 0.07 | 0.23 | 0.22 | 2.67 | 1.05 | 0.02 | 0.02 | 5.68 |
| A/P Deductions(CM Average) | 328.58 | 365.09 | 168.84 | 73.57 | 248.39 | 339.24 | 252.18 | 145.5 | 129.53 | 119.65 | 518.01 | 468 |
| PRC \$/ Total Sales \$ | 0.33% | 0.30% | 0.50% | 0.17% | 0.16% | 0.20% | 0.32% | 0.00% | 0.17% | 0.45% | 0.00% | 0.54% |
| PRC \$/ Total Sales \$(CM Average) | 0.64% | 0.49% | 0.69% | 0.40% | 0.52% | 0.71% | 0.85% | 0.01% | 0.57% | 1.05% | 0.00% | 1.19% |

Lessons Learned

- Make Scorecards part of the conversation
- Make the Scorecard systemic
- Automate the delivery
- Share with Key stakeholders

How are we using Scorecards?

- Generating 1x per month
- Top 200 vendor numbers
- Emailing to our Category Managers to share with the vendor community
- CM Training for Scorecards
- Supply Chain Team leveraging the information to share with Vendor Supply Chain Teams

Future

- Continue to refine metrics (add or subtract)
- Perfect order metrics
- Expand Scorecards to more vendors
- Web portal delivery
- More linkage with the business