

New SCOR release expands supply chain offering

The Supply-Chain Council (SCC), a global not-for-profit standards organisation, has announced the release of version 9.0 of its Supply-Chain Operations Reference (SCOR) Model, which Soltius is now able to utilise to improve clients' supply chain processes.

This major update includes expanded risk management capabilities, as well as new features to guide companies' environmental sustainability efforts — the latter of which incorporate and expand the capabilities of GreenSCOR, formerly a stand alone variation of the SCOR model.

Risk management now a core capability of SCOR

As enterprises' operations have become increasingly global and complex, the potential risks to which companies are exposed have grown accordingly. The need for risk management capabilities within SCOR was brought to the Council's attention by multiple SCC member organizations in government, industry, and academia. In 2006 the Supply-Chain Council organised a volunteer team from various industries in the United States, Europe, Asia, and Latin America to determine how to include risk management in the SCOR model and, thus, provide an essential new tool for addressing risk and risk management in global supply chain operations.

The result of those efforts are a set of new capabilities in SCOR 9.0 that enable a company to systematically identify, assess, and quantify potential supply chain disruptions to control exposure to risk or reduce its negative impact on supply chain performance. SCOR 9.0 has a comprehensive set of risk calculation metrics covering all levels of the supply chain, which enables a company to more effectively balance risk impact and costs of risk mitigation with overall supply-chain management costs. For example, the two new higher-level risk metrics included in SCOR 9.0 are "Value at Risk" and "Risk Mitigation Cost." Value at Risk is the sum of the probability of risk events multiplied by the monetary impact of the events for all the supply chain functions (e.g. plan, source, make, deliver and return). Risk Mitigation Cost is now a component of Total Supply Chain Management Cost and provides the total of these costs across all the processes.

Building a "Green" Supply Chain

In addition to risk, environmental responsibility has grown steadily as a corporate concern for the past decade. Today, increasing governmental regulations — coupled with a broader recognition that developing more eco-friendly operations is "the right thing to do" — has put sustainability at or near the top of most companies' agendas. To help organisations build a "greener" supply chain, SCOR 9.0 has incorporated the capabilities of GreenSCOR, which SCC introduced as a stand alone reference model in 2003. These capabilities include the following:

- Industry best practices for making the supply chain more environmentally friendly, such as collaborating with partners on environmental issues, reducing fuel and energy consumption, and minimizing and reusing packaging materials.
- Metrics to measure the effects of greening, including carbon and environmental footprint, emissions costs per unit, energy costs as a percent of production costs, waste produced as a percent of product produced, and returned products disposed of versus remanufactured.

- Processes to address waste management, such as how to collect and manage waste produced during production and testing (including scrap metal and nonconforming product).

The green capabilities within SCOR 9.0 not only make it easier for companies to comply with governmental and other regulations, but they also can improve overall supply-chain performance by identifying ways to reduce consumption and waste.

Other Updates Include Expanded Metrics and Excel Format for Importing

Accompanying the preceding new features are other important changes to SCOR 9.0. The entire metrics section of the reference model has been updated and clarified, and now benefits from the inclusion of metrics performance attributes needed for benchmarking and a new metrics coding system. The entire manual has been completely reformatted for easier use and readability.

In addition to hard copy, lists of the Metrics, Best Practices, and Inputs/Outputs will be available in Excel format for easy importing into individual and company-specific programs. These lists include the name, definition, and processes where the item occurs, as well as coding and performance attributes for metrics. The new lists will make using current SCOR much easier on a global basis.

About SCOR

The Supply-Chain Operations Reference-model (SCOR) is a process reference model that has been developed and endorsed by the Supply-Chain Council as the cross-industry standard diagnostic tool for supply-chain management. SCOR enables users to address, improve, and communicate supply-chain management practices within and between all interested parties. The SCOR model uses common definitions to describe the business activities associated with all phases of satisfying a customer's demand. This enables companies to use SCOR to model supply chains from the very simple to very complex, across disparate industries. SCOR has been successfully used as a basis for supply chain improvement for global projects as well as site-specific projects.

About Soltius

Soltius New Zealand Ltd is an award-winning professional services company and SAP Channel Partner delivering consulting solutions to a range of New Zealand enterprises, from large corporates and public sector organisations to some of New Zealand's leading medium-sized businesses.

Soltius has expertise in applying SCOR for projects ranging from specific pain-point exercises to supply-chain wide initiatives incorporating both vendors and customers. Our consultants can analyse your business using this model and make recommendations that will lead to significant savings.

