

TECHNOLOGY'S PLACE IN THE

by Scott R. Sykes

At the conclusion of this year's annual CLM conference in Philadelphia, Roger Dow, the senior vice president of Marriott International, delivered the closing speech which he based upon his 1996 book, *Turned On*. The first of eight insights from his book is the importance of **building a strong foundation**.

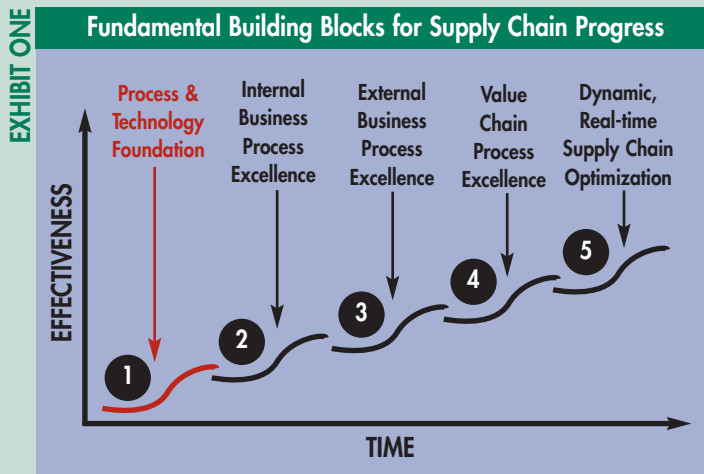
In his speech, Roger explained the nonnegotiable imperative of "being brilliant on the basics." To illustrate this point, he shared a multimillion dollar technology challenge that Marriott had recently faced—namely, how to build individual customer preference profiles, such as which newspaper a guest preferred receiving in the morning.

Roger revealed how his competitors had beaten him to market with the perfect low-tech solution—a customer service associate with a positive attitude asking each guest what his or her preferences were, then jotting them down on a yellow pad!

Roger's closing speech resonated for me because the story hit so close to home. His message to conference attendees evoked two key questions which I'll address in this article:

- 1. Why is it that so many supply chain innovation projects that are "heavy on technology" fall short of their expected goals?**
- 2. What insights from Roger's book can serve us as supply chain professionals as we plan our next technology initiatives?**

To answer the first question, we must recognize the central role that our technology investments play in our supply chains. To illustrate, consider Exhibit One.



My premise is that for many of our truly innovative supply chain management ideas to flourish, we must first build a strong foundation to bolster those ideas. Increasingly, that foundation consists of strategy, business process design, and *scalable technology to underpin, enable, and measure their execution*. Our challenge as supply chain practitioners is that we seem to consistently want to begin at (innovation wave) three or four (in Exhibit One), without first building the strong foundation necessary upon which to expand.

To that end, consider the following insights from Roger Dow's book when your firm considers its next supply chain technology investment:

First, Set Bold Goals. The goals should be about the business outcomes your firm seeks as the guiding mission for the technology project. Many technology projects are undertaken by companies without a consensus understanding of why the investment is being made or what the driving business factors are for taking action.

If your leaders cannot plainly articulate a project's business goals, then the technology investment is at risk of being perceived of as falling short of expectations. To guard against that outcome, consider using the following tactic at the outset of your next technology initiative. Gather the leaders of the key stakeholder groups together, and distribute a "low-tech tool"—3x5 index cards. Without allowing discussion, ask each participant to write down the answers to the following:

This project must be accomplished successfully in order to:

1. _____
2. _____
3. _____

This project will be considered successful if afterwards we can:

1. _____
2. _____
3. _____



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SUPPLY CHAIN INNOVATION GAME

At the conclusion of this exercise, conduct a facilitated session where everyone's input is shared, grouped by similarity, and agreed upon from the outset. This will be the essence of your project charter. From this session, the project workers will use *their leaders' own words* to guide their efforts. This "chartering" approach ensures that the project has clarity of purpose from the start, and serves to guide the project staff when "wrinkles" appear. Ultimately, technology projects with charters articulated upfront and by consensus do not fall short of expectations.

Second, Simplify, Simplify, Simplify. Technology projects are at a higher risk than most investments of becoming bogged down in the details and minutia of bits and bytes. That risk, when coupled with the always-present time pressure to finish an install by a certain date, yields the danger of taking technology "short-cuts" to keep the project on track. Nothing sinks a technology business case faster than an over-simplification for expediency's sake.

"Make things as simple as possible...but no simpler."

– Albert Einstein

When we look to Roger Dow's insight to Simplify, Simplify, Simplify, it's not to simplify the technology itself, but to leverage the capacity of technology to manage and tame complexity as a means of simplifying the subsequent operation of the business.

To highlight the importance of allowing the technology to have its "day in the land of complexity," consider the strategic importance of having consistent, clean, and complete product data nailed down as a foundational element of the business.

A product management client of mine who has global profit and loss responsibility for a line of products in his firm faces a daunting task in taking advantage of his company's excellent internal and external supply chain capabilities. His biggest challenge is that his products have varying names, item numbers, and costing attributes as he goes from country to country, and from plant to plant.

Searching for innovative supply chain opportunities in his business requires that he first gather data on his portion of the business from multiple sources, in multiple formats, then scrub that data and make assumptions about the products' composition and sourcing points.

The challenge is that his firm did not seek to establish consistent global product naming conventions, numbering conventions, and cost accounting methods as a foundational enabler. Rather, in the name of simplification, they left that level of detail and complexity to the regional leadership across the globe—and now, every region has its own standard.

The seemingly harmless decision to allow regional leadership to make those detailed choices in a decentralized fashion now impedes the pursuit of global product management and global supply chain optimization. To return to the point of building a strong foundation, what if my client's firm had taken that step back at the outset of the project, and recognized the strategic importance of having a unified global view of a P&L at a product level?

Taking this seemingly low-value added time at the outset of the project to define a single standard for defining all products in the item master (perhaps a week of time at most) would have saved countless hours of every P&L manager who spends that time every month or quarter recollecting and re-cleansing data so that he can run his or her portion of the business!

The strategic power of technology is to bring order and structure to the complexity that all businesses face, and to encapsulate that complexity in such a way that the technology user sees only the information that is relevant to him, enabling the innovation and progress we all seek.

Third, Unleash the Power of People. A final key insight from Roger Dow's book that can enable all our firms to have greater success in their supply chain technology endeavors is to recognize that technology is only a tool—it is the people who use that tool who create the real value.

To that end, all technology projects by definition engender change, and change is not naturally embraced by most of us. Several key success ingredients for supply chain technology projects that carry significant change implications are to recognize the size of the change, budget for the necessary training and communications processes, and don't cut that portion of the budget near the project's conclusion when funds are running low!

Change management and training are as important to a technology project's success as the functionality of the technology itself. Ultimately, staying true to a project's charter and its success demands that the training and change management processes be championed by the company leadership.

In the end, the intent of all of our businesses is to deliver consistent value to our customers and stakeholders. For those of us who buy, make, move, or service products, that means delivering consistent supply chain service, and striving to continuously improve on our capabilities. In Roger Dow's book, he equates this objective with *achieving long-term vitality*.



Roger Dow

In his speech in Philadelphia, Roger cautioned that "if you're looking for ways to add value but don't deliver the basics, you're wasting your time and money." As supply chain professionals, we must continue striving to innovate in our supply chains. To ensure the vitality of those pursuits, let's heed his lesson and strive first to be brilliant on the basics. ■