



Driving Supply Chain Excellence

Insights on the Use of a Supply Chain Center of Excellence

06/18/2015

By Lora Cecere

Founder and CEO
Supply Chain Insights LLC

**Supply
Chain
Insights™**

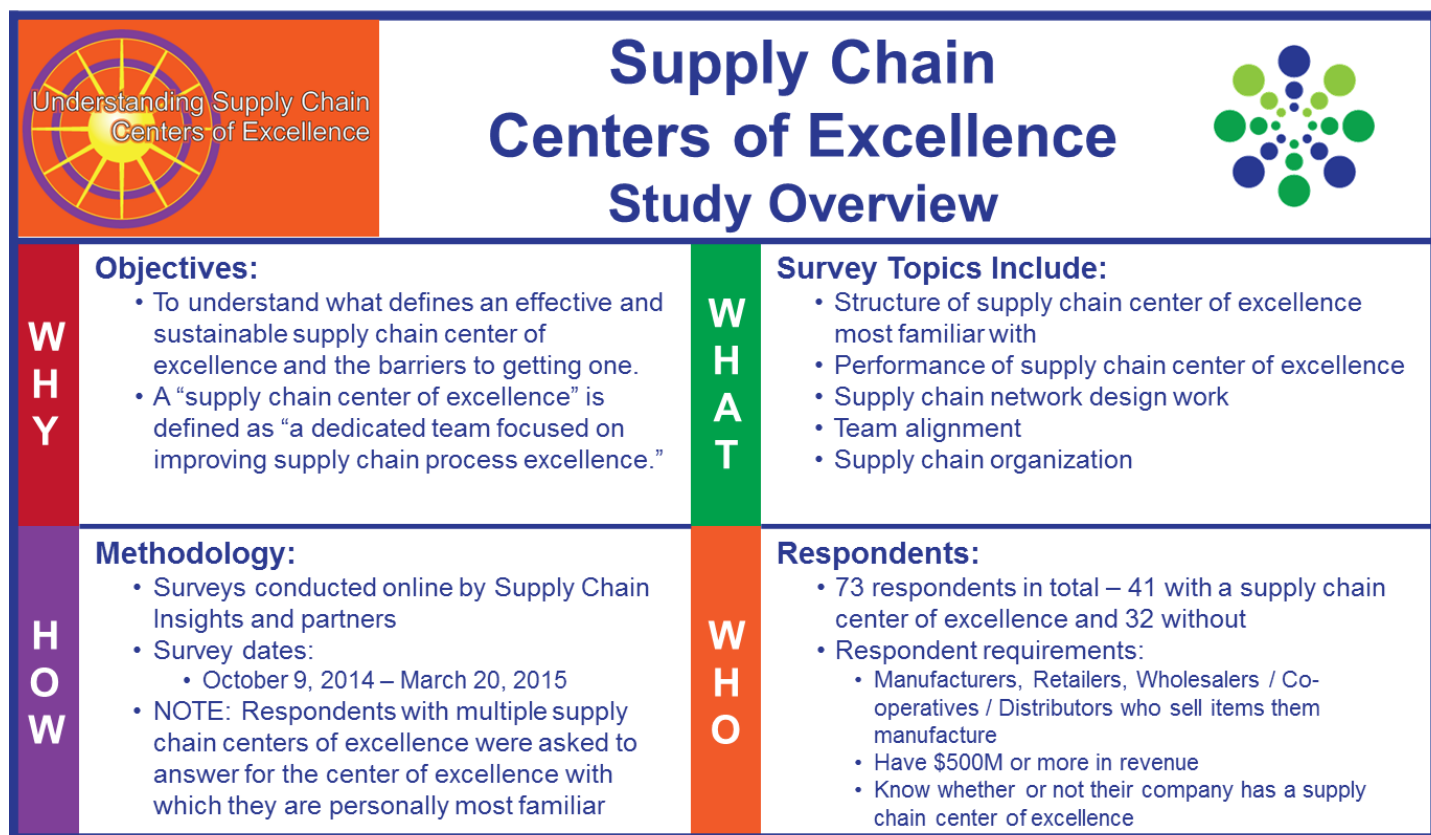
Contents

Research Methodology	3
Disclosure	3
Executive Overview	5
A Clear Supply Chain Strategy Means Greater Success	7
What Is the Value Proposition for a Center of Excellence?	8
What Does a Center of Excellence Do Well?	11
Current State	12
Organizational Design, Structure and Governance	14
Evolution of Supply Chain Design: A Maturity Model	16
Recommendations	20
Summary	20
Other Relevant Reports	21
Appendix	22
About Supply Chain Insights, LLC	30
About Lora Cecere	30

Research Methodology

This report shares the results of a quantitative survey on supply chain Centers of Excellence (COE) along with insights gathered through roundtable discussions. In Figure 1 we share the objectives, methodology, and demographics of the study.

Figure 1. Survey Overview



Disclosure

Your trust is important to us. In our business, we are open and transparent about our financial relationships and our research operations. To develop this research we partnered with Chainalytics to drive a response rate. Throughout this research process we maintain anonymity of the respondents. It is our policy to validate the research participants, but to never share the names of respondents or give attribution to the open comments collected in the research study.

This report is written and shared using the principles of Open Content research. It is intended for you to read and share freely with your colleagues and through social channels like LinkedIn, Facebook and Twitter. When you use the report, all we ask for in return is attribution. We publish under the

Creative Commons License [Attribution-Noncommercial-Share Alike 3.0 United States](#) and you will find our citation policy [here](#).

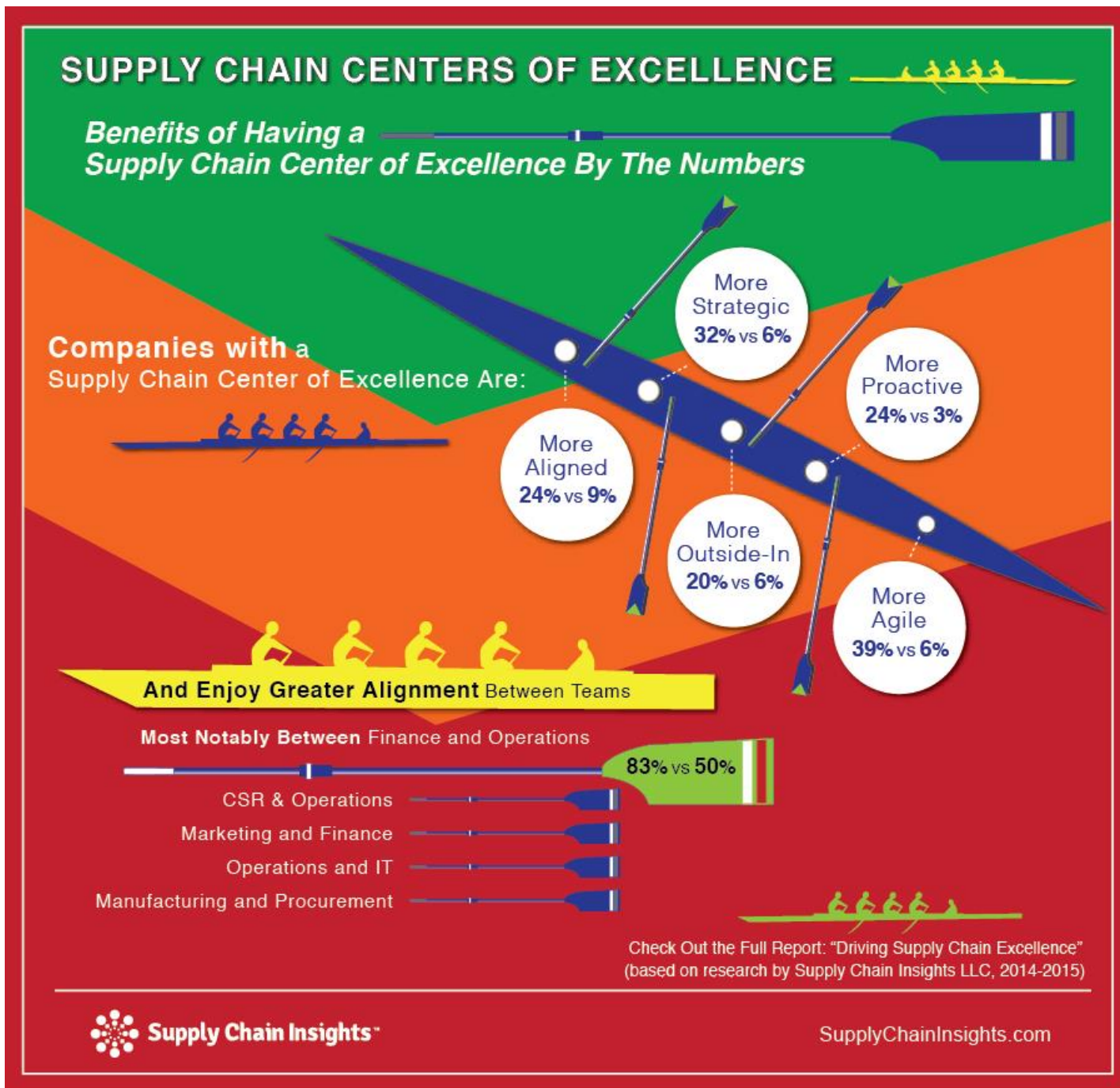
In the development of research, our philosophy is “You give to us, and we give to you.” We empower the spirit of the crowd. Participants in our research always receive the final reports; and, if interested, we will share our insights with the respondents of our quantitative surveys and qualitative interviews in a one-hour phone call with their team. Participants in this research also had an option to participate in a networking roundtable. Forty-one supply chain leaders participated in these roundtables. Where appropriate we share their feedback on the quantitative study.

We remain committed to delivering thought-leading content for the supply chain leader. It is our goal for Supply Chain Insights to be the place where visionaries turn to gain an understanding of the future of supply chain management.

Executive Overview

Growth is slowing and the complexity in today's supply chain is unprecedented. No two centers of excellence are the same, and no two supply chains are alike. There are different drivers and obstacles to building and running a Center of Excellence. However, if done right, the organization rates itself as more aligned, proactive and agile. The high-level results from our study are shown in Figure 2.

Figure 2. Centers of Excellence Infographic



Based on our qualitative interviews with clients, we find that these seven drivers to build a Center of Excellence:

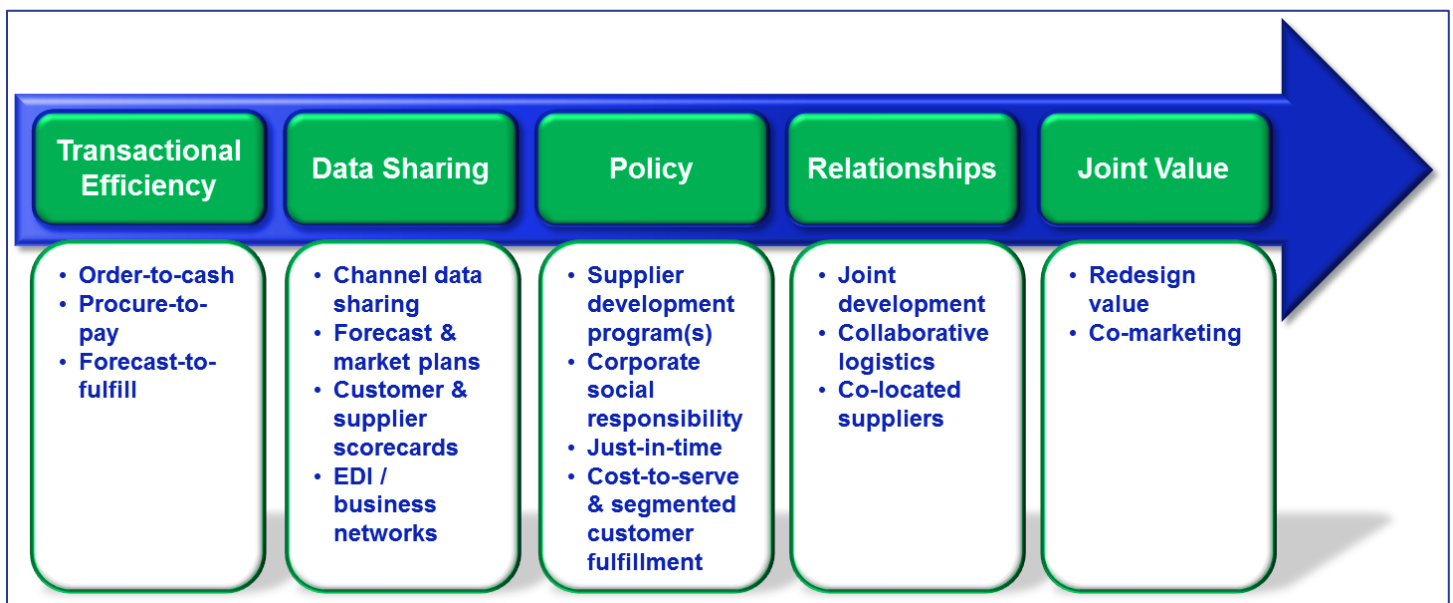
- **Increase in the Importance of Supply Chain Management.** As growth slows, and the global multinational organization matures, more and more companies are interested in driving supply chain excellence. The reasons are many; but, at the top of the list is improving reliability in the face of volatility. How so? Demand volatility is increasing and supplier viability is growing more fragile. Driving reliability in global operations in the face of these challenges is fundamental to defining and executing supply chain excellence.
- **Building of Global Teams and the Development of Supply Chain Talent.** With the shortage of students from academia, and the retirement of the first- and second-generation supply chain pioneers, more and more companies are developing and executing programs to build supply chain talent. There is a shortage of mid-management talent with pressure on planning job retention. There is a limited supply of supply chain knowledge workers: leaders that are technologically savvy, analytical problem solvers, and astute in business processes.
- **Continuation of Work on Enterprise Resource Planning (ERP).** When companies complete a large ERP project, there is a strong impetus to get the value from the investment and ensure technology usage. The focus of the Center of Excellence often becomes an extension of the global implementation team.
- **Metrics and Implementation of Analytics.** While the management of supply chain excellence sounds easy, it is not. The management of order-to-cash and procure-to-pay processes and the supply chain execution processes are easier because they are well-defined. Most companies struggle with the definition of planning and the use of new forms of analytics.
- **Network Design and the Orchestration of Flows.** Most companies start on their supply chain design journey to save costs in logistics. With the increasing cost of transportation, and the fragility of freight networks, network design for transportation and logistics networks is paramount. One client likened it to “minting money.”
- **Testing of New Technologies.** Cloud technologies. Supply chain operating networks. The Internet of Things. 3D Printing. New forms of analytics. The list of technology and process disruptors could go on and on. While most companies feel stuck in their existing, and more traditional, processes they want to understand and explore technology possibilities to define a digital supply chain transformation road map. The supply chain Center of Excellence is a natural starting point.
- **Mergers and Acquisitions.** Mergers and acquisitions drive change for the supply chain requiring the design and orchestration of the value network to gain synergy. With heightened politics, and the need to rationalize the processes in the time of M&A, the supply chain Center of Excellence is essential to rationalize process definition and technology adoption.

One out of two companies surveyed for this study reported having a supply chain Center of Excellence; but, only one in two believe they are successful. Despite the strong and compelling drivers, success can only happen when there is a supportive culture. The goal of this report is to help supply chain leaders beat the odds.

A Clear Supply Chain Strategy Means Greater Success

While it is easy to define “*What Good Looks Like*” for transactional systems, defining the End-to-End vision for the Supply Chain Value Network is more difficult. The typical steps for the End-to-End Journey are outlined in Figure 3.

Figure 3. Journey for End-To-End Supply Chain Processes



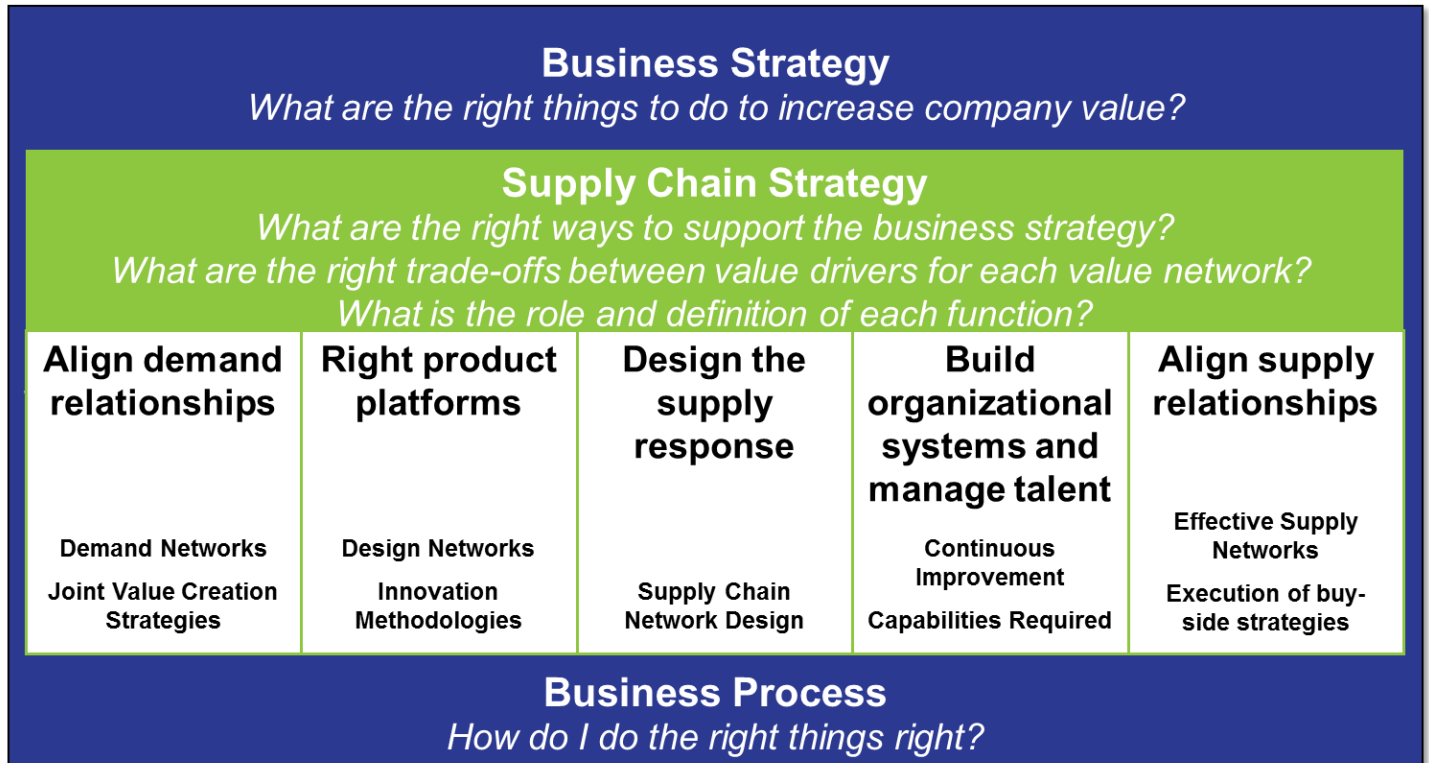
These steps are more nebulous than the definition of transactional systems, requiring a clear definition of the supply chain strategy as it ties to the business strategy. When successful, there is a clear definition of the goals: well-defined process orchestration with new product launch, processes/product platform rationalization, and clarity of business policies in supplier/commercial relationships.

As new forms of analytics evolve, new capabilities are being defined in the Center of Excellence and the processes of supply chain planning, inventory management, and network design are evolving. For the successful Center of Excellence this is at the heart of the mission.

In Figure 4, for the purposes of this report, we define supply chain strategy. In the areas of planning

and network design the questions in the green and white boxes must be answered before companies tackle the definition of business process. When this is completed, there is clarity of outcomes and the optimizers within the technologies can be tuned to manage conscious trade-offs. However, if this does not happen, the tools and technologies work at cross-purposes: optimizing different things with varied outcomes.

Figure 4. Definition of the Supply Chain Strategy



Source: Supply Chain Insights, LLC

What Is the Value Proposition for a Center of Excellence?

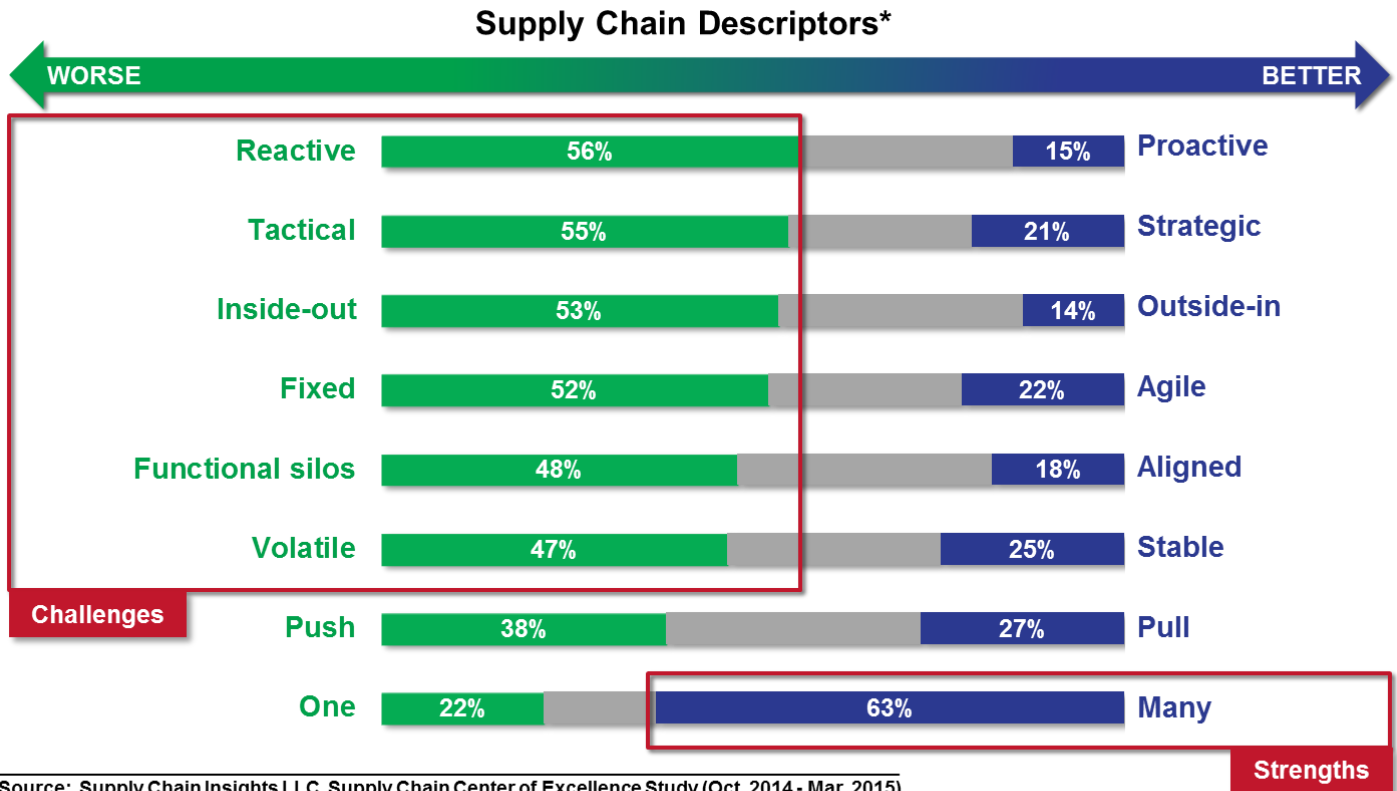
The differences in organizational alignment are marked based on the inclusion of a network design group within the center of excellence. Maturity in network design improves alignment. In companies greater than \$10 billion in revenue, three out of four Centers of Excellence includes a group focused on network design. They average two, not one, and the centers are four-years old on average. Two-fifths of companies have both a Center of Excellence and a Network Design group. They are closely coupled and work together to drive alignment improvements.

A 'supply chain Center of Excellence', for the purposes of this report, is defined as a dedicated team that is focused on improving process excellence. The average company staffing for a Center of

Excellence is 19 full-time employees.

Navigating the journey is important. Today, nine out of ten companies are stuck. They are unable to power supply chain improvement at the intersection of operating margin and inventory turns. As shown in Figure 5, companies in this report describe themselves as reactive, tactical, and stuck in functional silos. This is today's reality for most companies, not just the companies in this study.

Figure 5. Current Descriptors of Supply Chain Excellence



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacture, have \$500M+ in revenue (n=73)
 Q43. For each of the following pair of words, please pick the one that best describes your company's supply chain today. 5-POINT SCALE
 *Data show those rating it 1-2 or 4-5 on a 5-point scale

While it is difficult to place hard numbers and drive a hard ROI, teams with a successful Center of Excellence are significantly more agile and aligned. When companies have a supply chain Center of Excellence, supply chain teams are more likely to state that they are strategic, proactive, and aligned. They are also more likely to describe themselves as outside-in, from the customer back.

Table 1. Current Descriptors of Supply Chain Excellence with and Without a Center of Excellence

**Supply Chain Descriptors in Total*:
By Presence of Supply Chain Center of Excellence**

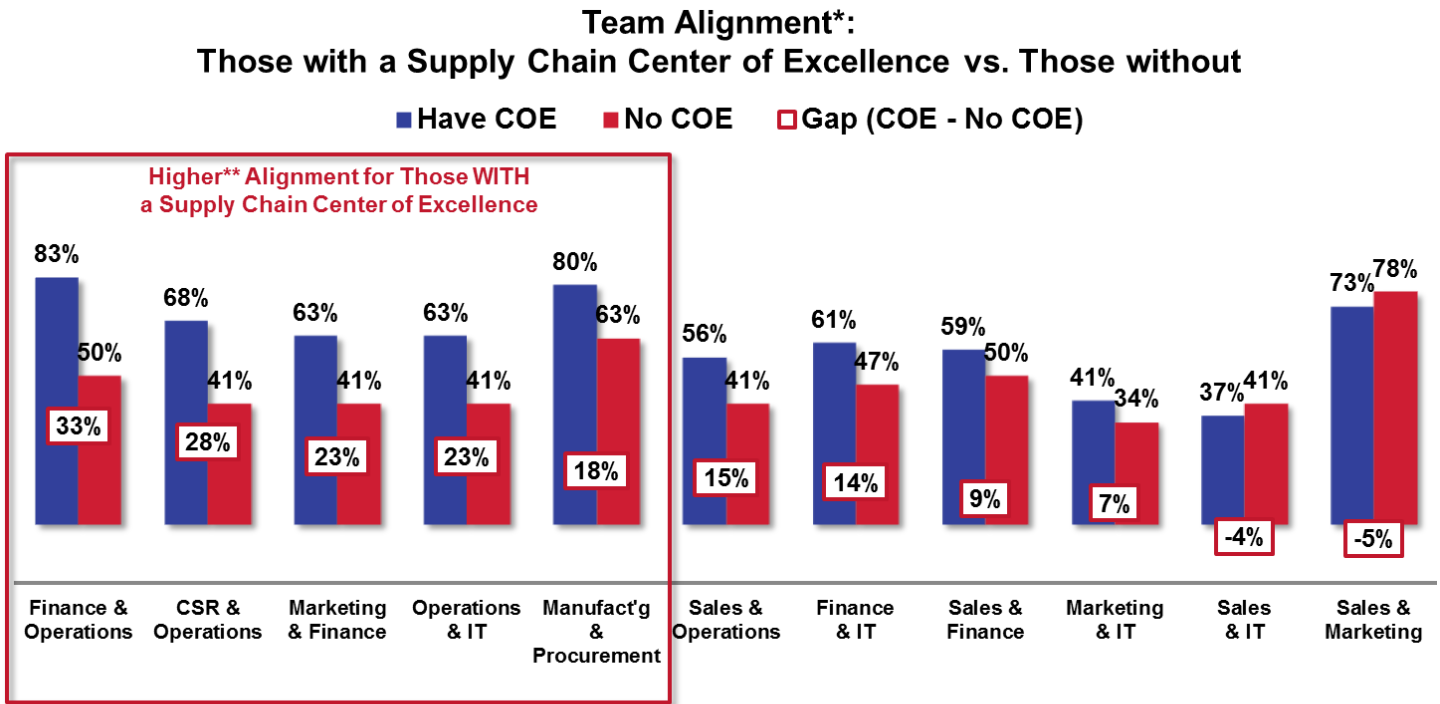
	Total	Have a Center of Excellence	No Center of Excellence
Many	63%	66%	59%
Reactive	56%	49%	66%
Tactical	55%	37%	78%
Inside-out	53%	44%	66%
Fixed	52%	44%	63%
Functional silos	48%	37%	63%
Volatile	47%	41%	53%
Push	38%	41%	34%
Pull	27%	22%	34%
Stable	25%	29%	19%
Agile	22%	27%	16%
One	22%	22%	22%
Strategic	21%	32%	6%
Aligned	18%	24%	9%
Proactive	15%	24%	3%
Outside-in	14%	20%	6%

Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacture, have \$500M+ in revenue – Total (n=73), have a supply chain center of excellence (n=41), do not have a supply chain center of excellence (n=32)
 Q43. For each of the following pair of words, please pick the one that best describes your company's supply chain today. 5-POINT SCALE
 *Data show those rating it 1-2 or 4-5 on a 5-point scale
 Higher than other group at 90% or higher level of confidence

When there is an effective supply chain Center of Excellence group there is an impact on organizational alignment between the finance group and the operations group. In addition, where there is an effective network design group there is better alignment between marketing and finance.

When we compare companies with and without a supply chain Center of Excellence, as shown in Figure 6, we see there is greater alignment for those with a supply chain Center of Excellence. The larger the company, the greater the impact on alignment. For the large global multinational, this is a significant benefit.

Figure 6. Impact of the Supply Chain Center of Excellence on Alignment



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacture, have \$500M+ in revenue – have a supply chain center of excellence (n=41), do not have a supply chain center of excellence (n=32)
 Q41. In your opinion, how aligned do you believe each of the following pairs of teams are at your company? SCALE: 1=Not at all aligned, 7=Extremely aligned
 *Data show those who rated it 5-7 on a 7-point scale (top 3 box); **Higher than group indicated at 90% or higher level of confidence

What Does a Center of Excellence Do Well? What Are the Issues?

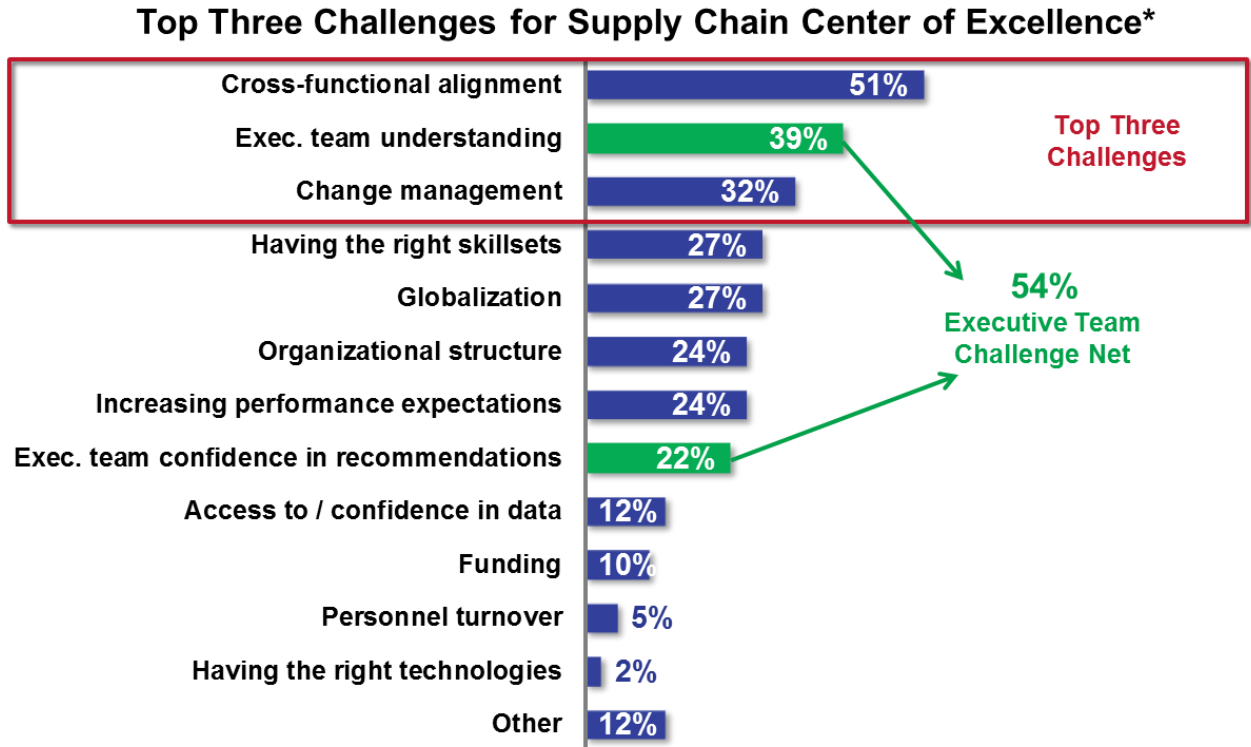
The management of the supply chain Center of Excellence has their challenges. They face political and cultural issues. As shown in Figure 7, change management, executive alignment and support, and cross-functional alignment top the list. Others include regional/global governance and talent development.

Based on qualitative interviews, when a supply chain Center of Excellence performs well there is a high level of executive support, clarity of strategy, a strong focus on a business imperative, support from the human resource team for talent development, and mature skills in supply chain planning/network design.

It requires balance between 'push' and 'pull' within the organization. The supply chain Center of Excellence has a higher success rate when it is focused on 'pull'. ('Pull' is defined as the business teams pulling the Center of Excellence into business projects and priorities while 'push' is an

auditing/standardization focus.). Navigation of service pitfalls across divisions and product lines requires a very skilled manager in driving cross-functional alignment and managing change. This leader also needs strong skills to influence and educate the executive team on supply chain options and issues.

Figure 7. Center of Excellence Issues



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue, have a supply chain center of excellence (n=41)
 Q25. What are the top 3 challenges when it comes to your company's supply chain center of excellence? Please select no more than three.
 *Respondents were asked to answer for the supply chain center of excellence with which they are most familiar.

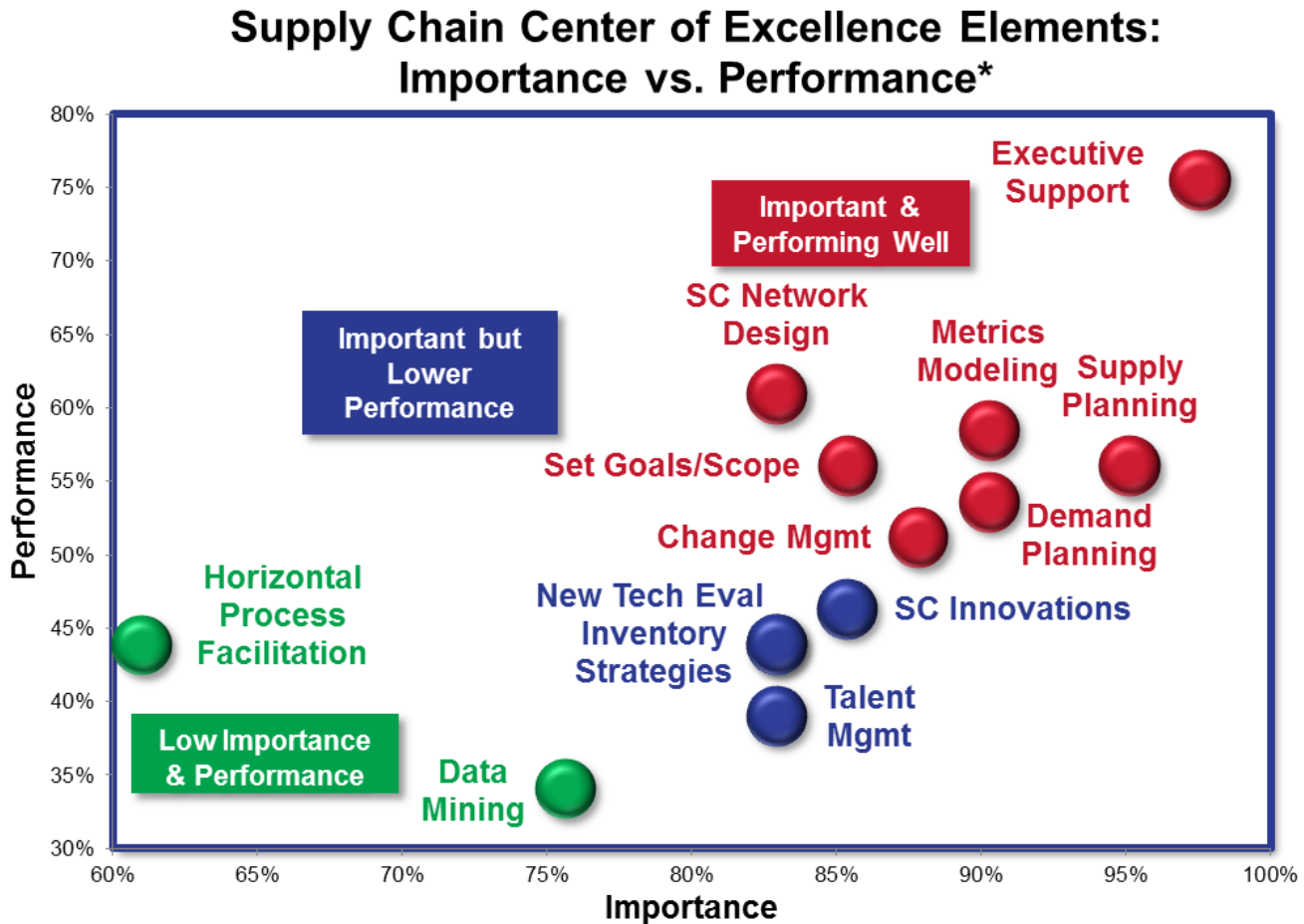
Current State

One of the first questions that we get on the functioning of the supply chain Center of Excellence is “What is the Center of Excellence responsible for?” This is closely followed by the question “What and when does a supply chain Center of Excellence excel?”

No two centers of excellence are alike. In Figure 8, when companies were asked to self-assess the performance and importance of supply chain Center of Excellence responsibilities, we find that companies rate their capabilities on network design, metrics modeling, and supply chain planning as both important and highly performing. Talent management, new technology evaluations, and inventory management are lower performing, but still important. The group in this study had low

importance on the management of horizontal processes—revenue management, Sales and Operations Planning and Supplier Development—and the respondent group is grappling with the fundamentals of cost, inventory, and service.

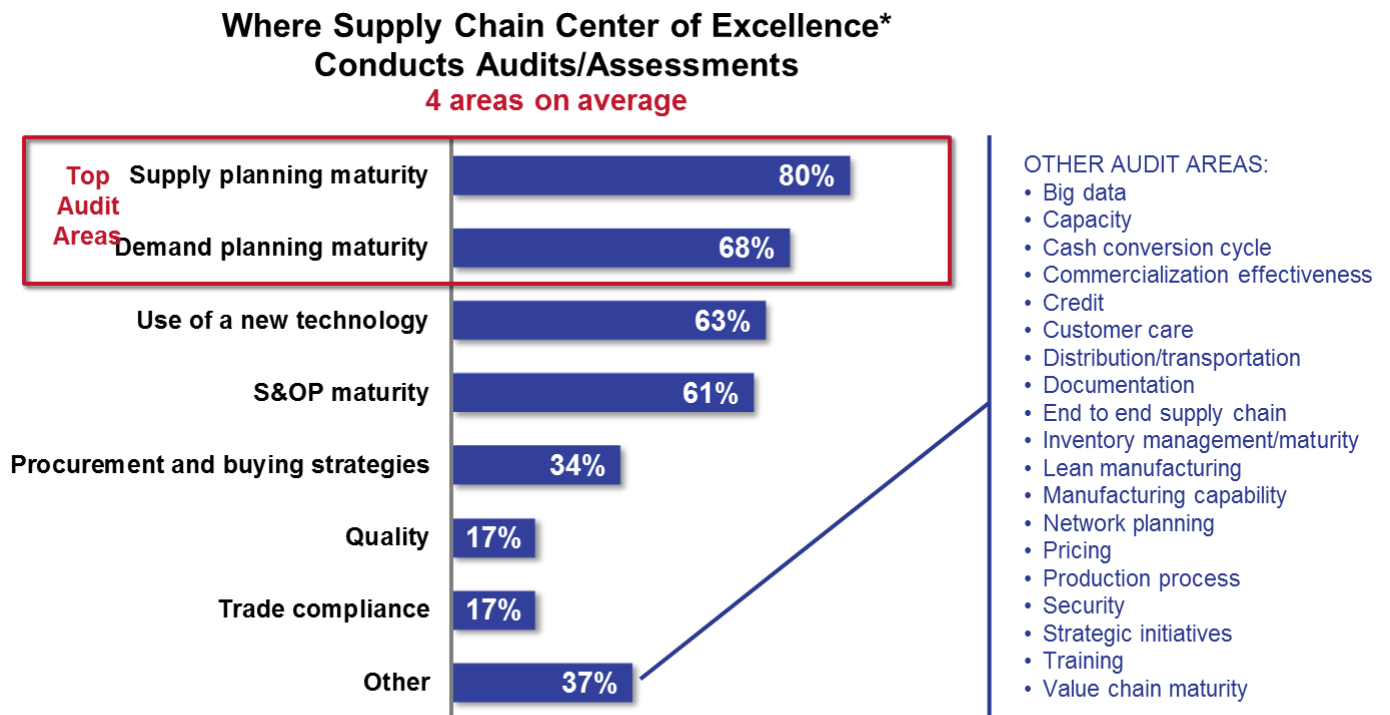
Figure 8. Performance versus Importance of Center of Excellence Roles and Responsibilities



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue, have a supply chain center of excellence (n=41)
 Q23. In your opinion, how important is it to have each of the following within a supply chain center of excellence? SCALE: 1=Not at all important, 7=Extremely important; Q24. How well does your company's supply chain center of excellence perform on these same elements? SCALE: 1=Poor, 7=Excellent;
 *Respondents were asked to answer for the supply chain center of excellence with which they are most familiar. Importance and performance data are those who rated it 5-7 on a 7-point scale (top 3 box)

In this study, 48% of the work focus was push and 45% was pull. When the Center of Excellence is focused on push-based processes, it is usually process auditing. The auditing can include demand and supply plan auditing, the use of a new technology, and S&OP maturity. The auditing objectives of the survey respondents are outlined in Figure 9.

Figure 9. Push-Based or Auditing Objectives of the Supply Chain Center of Excellence



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)

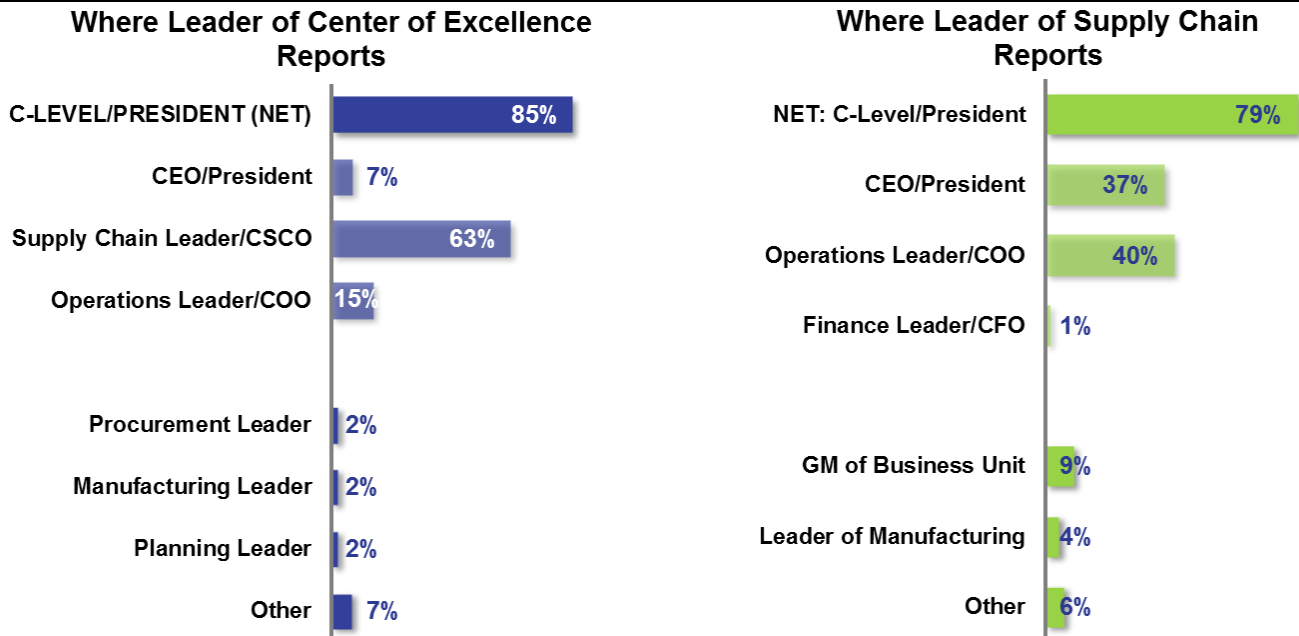
Base: Manufacturers, retailers, and distributors who sell items they manufacture, have \$500M+ in revenue, have a supply chain center of excellence (n=41) Q22. For which of the following areas does the supply chain center of excellence conduct audits and/or do supply chain assessments? Please select all that apply. *Respondents were asked to answer for the supply chain center of excellence with which they are most familiar.

Organizational Design, Structure and Governance

The reporting relationships of the Center of Excellence are typically cross-functional with direct reporting to a Chief Operating Officer, Profit Center Manager, or Chief Supply Chain Officer. As shown in Figure 10, they are seldom at the divisional or functional level. The focus of the Center of Excellence is more end-to-end, from the customer's customer to the supplier's supplier, with close support by the leadership team. Based on prior analysis, this is a shift. The old reporting structures were more likely reporting to Information Technology groups completing major Enterprise Resource Planning (ERP) and analytics projects.

Figure 10. Reporting Relationships of the Center of Excellence

Company Leadership: Center of Excellence* vs. Supply Chain



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)

Base: Manufacturers, retailers, and distributors who sell items they manufacture, have \$500M+ in revenue, have a supply chain center of excellence (n=41)

Q18. At your company, to whom does the leader of the supply chain center of excellence report?

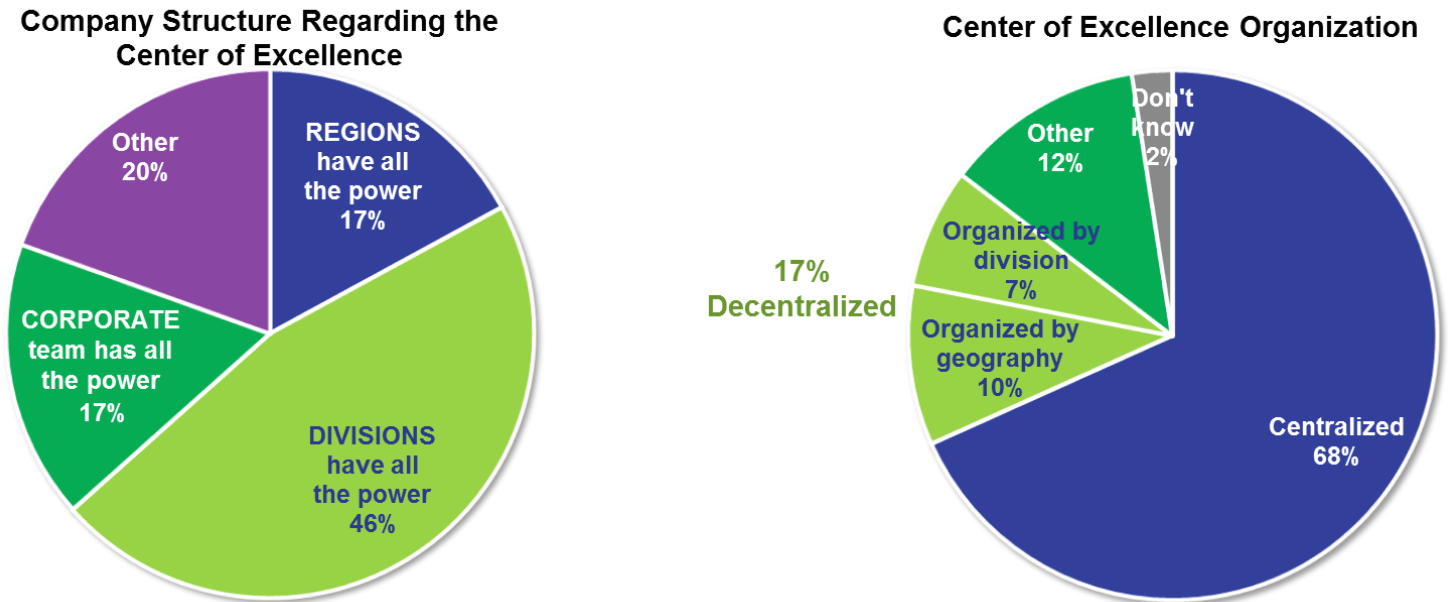
Q42. At your company, to whom does the leader of your supply chain organization report?

*Respondents were asked to answer for the supply chain center of excellence with which they are most familiar.

For a supply chain Center of Excellence to thrive in a global multinational company, the group needs to carefully define regional/global governance. Each organization has a unique culture. For example, while Johnson & Johnson is more focused on governance at a divisional and a regional level, P&G is more regional rolling-up into global planning hubs, and Cisco/Dow are more global with a focus on corporate initiatives. Getting this right is essential. It needs to be a conscious choice. Groups are more effective when they know how decisions are made. The lack of clarity on governance is the primary reason that we have seen Centers of Excellence fail in our work with clients.

Figure 11. Definition of Regional/Global Governance

Supply Chain Center of Excellence*: Structure and Organization



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue, have a supply chain center of excellence (n=41)
Q19. Which of the following best defines your company's structure, regarding the supply chain center of excellence?
Q20. Is the organization of your supply chain center of excellence centralized or decentralized?
*Respondents were asked to answer for the supply chain center of excellence with which they are most familiar.



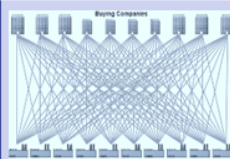


Evolution of Supply Chain Design: A Maturity Model

Supply chain design also looks very different by company. The differences are marked with varying levels of maturity. Based on this study, we know that today, three out of four companies with a network design group have 10B\$ or greater revenue (vs. 30% for those without a network design group). The network design groups within the Center of Excellence average seven people. There is very little outsourcing; the work is done in-house within the organization. The efforts are coordinated by internal teams. So, how do companies get good at supply chain design? Where are the supply chain architects of the future?

For clarity, let's start with a definition. For the purposes of this study, we define the processes of network design as the use of analytic tools to model and optimize the supply chain. The work can use multiple technologies and combine cognitive learning, simulation and optimization. Based on interviews with manufacturing clients, we find that companies move through a five-stage maturity

cycle. There is an opportunity to design our supply chains, and our value networks. As the work of network design matures within the supply chain Center of Excellence, the capabilities rapidly progress. The design maturity model is outlined in Figure 12.

Figure 12. Maturity Model of Network Design Processes

Maturity	Stage I	Stage II	Stage III	Stage IV	Stage V
					
Focus	Bricks and Mortar	All About Logistics	Network Focus	Network Flows	White Space: What Should My Network Look Like?
Questions Answered	Where Do I Locate My Assets?	What Modes? Which Lanes? Best Carrier Configuration?	Who Should Be My Suppliers?	Form and Function of Inventory. What Are the Best Customer and Supplier Policies?	What if We Had a Blank Sheet of Paper?
Frequency	Project Basis	Freight Bidding Frequency	Quarterly and Yearly	Monthly and Quarterly	Ongoing
Integration	Stand-alone	Limited Integration into Transportation Planning	Limited Integration into Inventory Management and Business Operating Networks	Monthly Integration into Sales and Operations Planning	Ongoing with a Focus on Growth. Frequently Run in Stage Gate Analysis

Start by defining your current state. This shift will not happen overnight. It is about changing traditional paradigms and building the processes to make design a priority. To understand the stages, we share more insights:

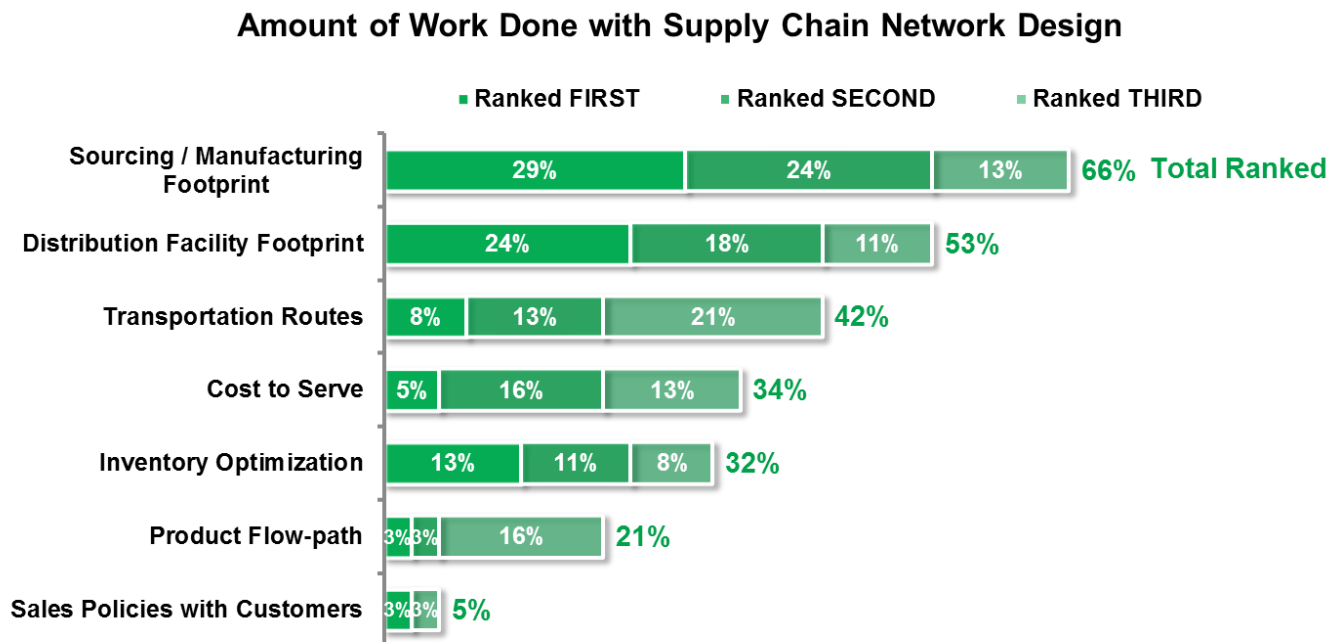
- **Stage 1: What Are the Right Bricks and Mortar?** The earliest form of network design is a focus on the bricks and mortar. The focus is on the right locations for factories and distribution centers. It is on the physical flows of the supply chain. This analysis is ad hoc is usually stimulated by the launch of a new product or a shift in capacity. The design efforts are usually coordinated by a central group like a Center of Excellence.
- **Stage 2: All About Transportation.** In this phase of network design, the focus is functional. It is usually driven by the logistics and transportation functions. The focus is to rationalize the flows from the distribution center to the customer. The flows are typically linear and the analysis is on alternate

modes and best shipping lanes. This work is typically periodic to accompany a freight bid or an end-to-end project.

- **Stage 3: Effective B2B Networks.** At this level of maturity, companies are looking at the complexities of supply networks—manufacturing outsourcing, supplier development, and the management of complex distribution, or demand networks—customer shipment alternatives, distributors, and free trade zones. The focus is on the definition of business policy. It is often stimulated by failure. The projects explore the alternatives for risk management, tax efficiency, social responsibility, and the complexities of outsourcing. The growth of e-commerce puts pressure on networks for a quicker and more accurate response. Companies need multi-tier Available-to-Promise (ATP) and real-time inventory management. Network complexity grows quickly which rules out many of the available technologies. In this work, the use of linear optimization (which usually is about averages) is augmented with simulation to test network feasibility (the ability of the network design to manage demand and supply volatility). However, the work is still periodic. It is not an embedded systemic enterprise approach.
- **Stage 4: All About Flows.** In the next phase and evolution of design maturity, companies realize that product flows are only a piece of the puzzle. There are more flows than materials to make products. In this evolution, cash, information, and inventory flows grow in importance. At this stage, network design efforts become an enterprise-class process with a monthly analysis of the network. This is often coupled with Sales and Operations Planning (S&OP) processes. Terms like ‘push/pull decoupling points’, ‘form and function of inventory’, and ‘buffer analysis’ become a part of the lexicon. (For more on this level of sophistication on inventory management check out our [recent inventory management report](#).) Companies like Cisco Systems, Intel, Hewlett-Packard, SanDisk and Seagate are at this level of sophistication.

Figure 13 is a good overview of the current state of network design in the industry.

Figure 13. Focus of Network Design Efforts



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)

Base: Manufacturers, retailers, and distributors who sell items they manufacture, have \$500M+ in revenue, have supply chain network design (n=38)

Q39. Please rank the following items in terms of how much work is done with supply chain network design. Give a "1" to the type of work done MOST, a "2" to the type done SECOND most, and so on. If no work is done, give it a 0.

- Stage 5: What Should the Network Be?** In the last and final stage of network design maturity, the focus is on a clean sheet of paper. The idea is *"not to optimize what exists, but to develop a roadmap of what should exist."* This work is useful to baseline the current state of the business and brainstorm higher levels of performance. In this analysis, the evaluation of partnerships and design partners is holistic, optimized from the customer's customer to the supplier's supplier. The focus is on value and understanding supply chain potential. While this may seem academic, it is very useful for an executive team to see the difference between an 'efficient network that operates at the lowest cost per case', a 'responsive network that can shift with the quickest cycle time to market demands', and an 'agile network that can deliver the same cost, quality and customer service levels given the levels of demand and supply volatility'. These are three different designs. While executive leadership teams will often use these terms interchangeably, seeing the impact on a geographical map for a global network stimulates a different level of dialogue. It is an awakening. Why? Executive teams are guilty of using these terms frequently without realizing the difference. Seeing the difference in a tangible network design stimulates a new discussion.

Recommendations

One in two supply chain Centers of Excellence is successful. Based on the qualitative discussions with manufacturing companies using this data, here we share seven recommendations:

- 1. Clearly Define the Supply Chain Strategy and Operating Charter for the Supply Chain Center of Excellence.** Spend time understanding the organizational goals and define how to deliver the business strategy through supply chain excellence. In the building of your charter, avoid buzzword bingo. Define all terms and focus on delivery. Measure the impact and market the successes.
- 2. Focus on Maturing Your Planning and Supply Chain Design Processes.** Maximize the effectiveness of more advanced network technologies. Build a group of specialists and actively and intentionally design the network. Over time, connect this analysis to cross-functional processes.
- 3. Clearly Define the Governance Model and Market the Group's Efforts.** Success is all about adaptation to cultural norms. Spend time to define the role of regional, global, and divisional teams for supply chain planning and network design decisions.
- 4. Have the Right Balance of Push and Pull.** Focus more on pull than push and train the group to serve the larger organization.
- 5. Grow and Retain Talent.** While business process outsourcing of planning sounds good, we know of no client where it has been successful. While you may use external talent to learn technologies, focus on building in-house capabilities.
- 6. Mature Your Supply Chain Design Capabilities.** Companies that are mature in the network design processes drive alignment and agility faster.
- 7. Align to a Corporate Initiative to Make a Difference.** Align the supply chain Center of Excellence to drive success on a burning platform and align the effort to drive the guiding coalition.

Summary

Design with the goal in mind while respecting the organizational culture and norms. It is clear that the supply chain Center of Excellence improves supply chain agility and alignment. In this world, where nine out of ten supply chains are stuck and most are labeled 'traditional', it matters. Make your journey successful by sidestepping the change management issues to drive a faster rate of supply chain excellence. The greater the maturity in network design thinking, the faster the progress.

Other Relevant Reports

If you like this report, we think you will like others. Readers may gain added value by accessing complimentary, and related, reports on the [Supply Chain Insights website](#):

[Voice of the Supply Chain Leader 2014](#)

[Supply Chains to Admire](#)

[Maximizing the Return on Investment in Supply Chain Planning](#)

[Three Techniques to Improve Organizational Alignment](#)

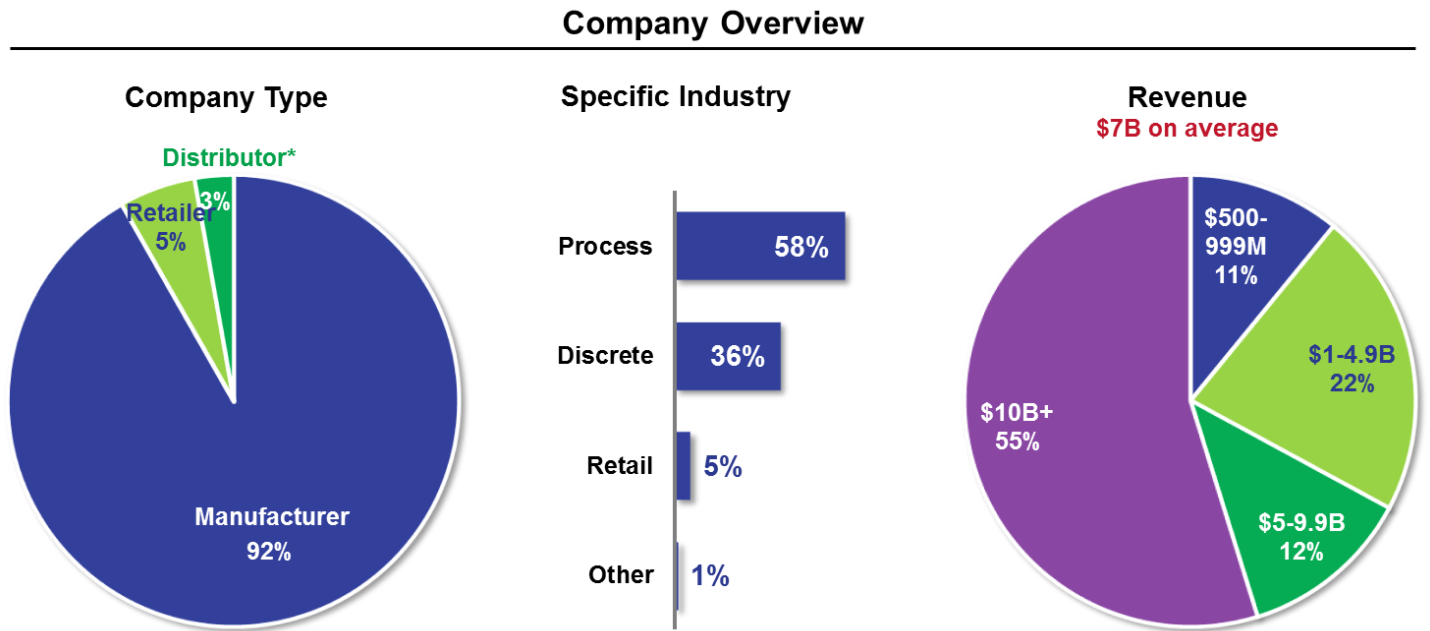
[Supply Chain Visibility in Business Networks](#)

Appendix

In this section, we share the demographic information of survey respondents, along with research findings to support the key insights listed in this report. Our motto is “You give to us, and we give to you.” Companies responding to this survey received final results and had the option to participate in global roundtables to network with other supply chain leaders.

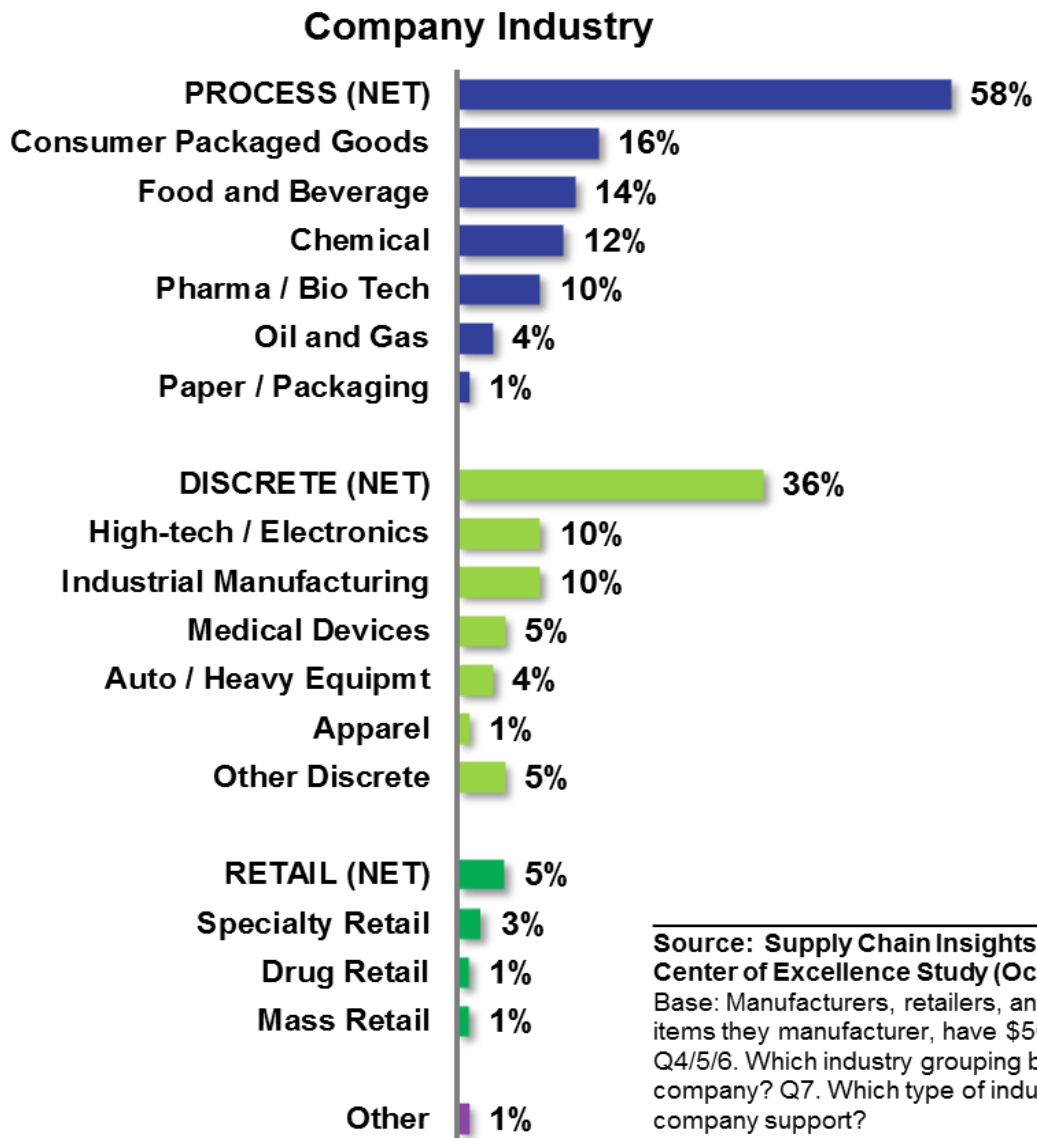
The names, both of individual respondents and companies participating, are held in confidence. We never share the name of the respondents. In this section, the demographics are shared to help the readers of this report gain a better perspective on the results. The demographics and additional charts are found in Figures A–N. To help the reader, at the bottom of each image are the specific questions asked in the survey with the survey demographics.

Figure A. Company Size and Industry



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacture, have \$500M+ in revenue (n=73)
 *Distributor = Wholesaler/Distributor/Co-operative
 Q1/2. Which of the following best describes where you work?
 Q4/5/6. Which industry grouping best defines your company? Q7. Which type of industries does your company support?
 Q8. Approximately, what was the last fiscal year revenue for your entire company? Your best estimate is fine.

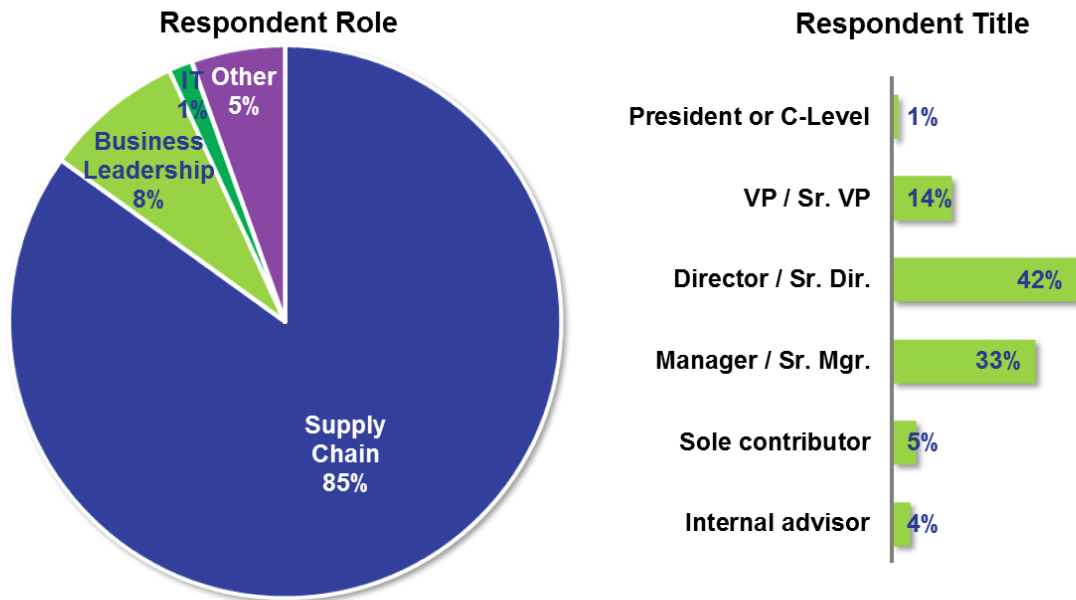
Figure B. Respondent by Industry



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacture, have \$500M+ in revenue (n=73)
 Q4/5/6. Which industry grouping best defines your company? Q7. Which type of industries does your company support?

Figure C. Respondent by Role

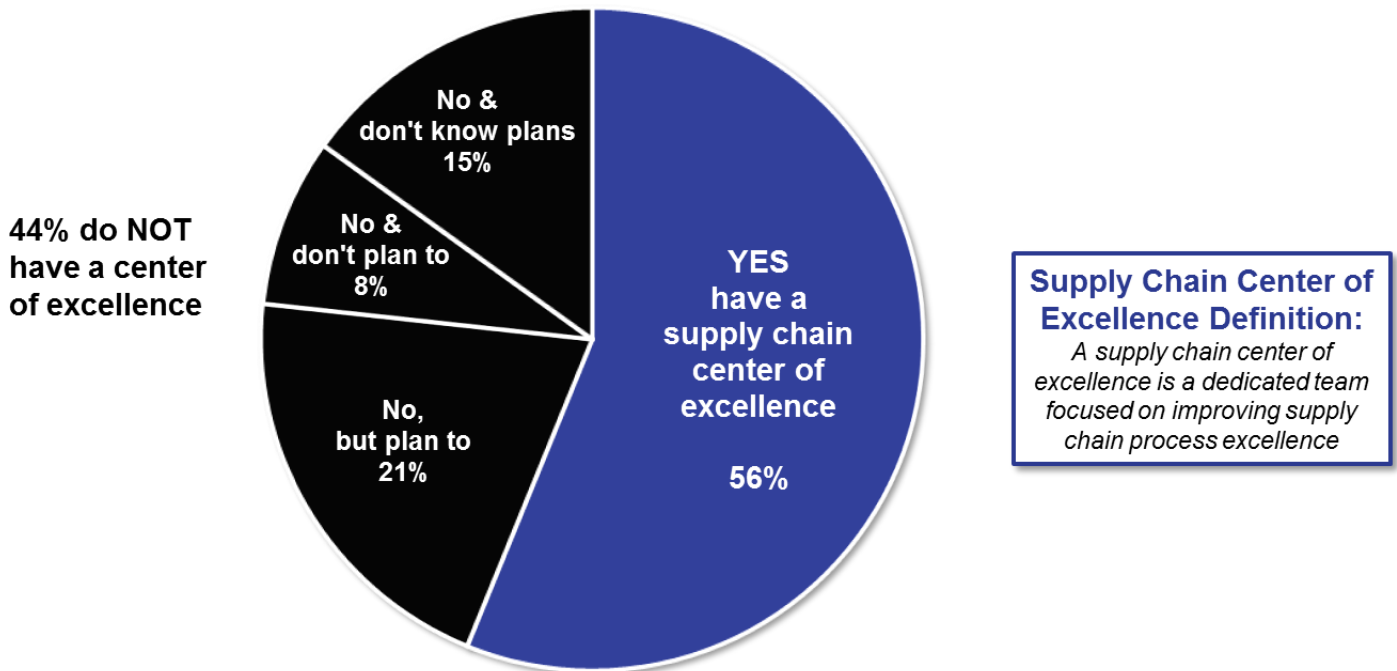
Respondent Overview



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue (n=73)
 Q46. Which of the following best describes your current role, even if the terminology isn't exactly right?
 Q47. Please indicate which of the following best describes your current title or position, even if the terminology isn't exactly right.

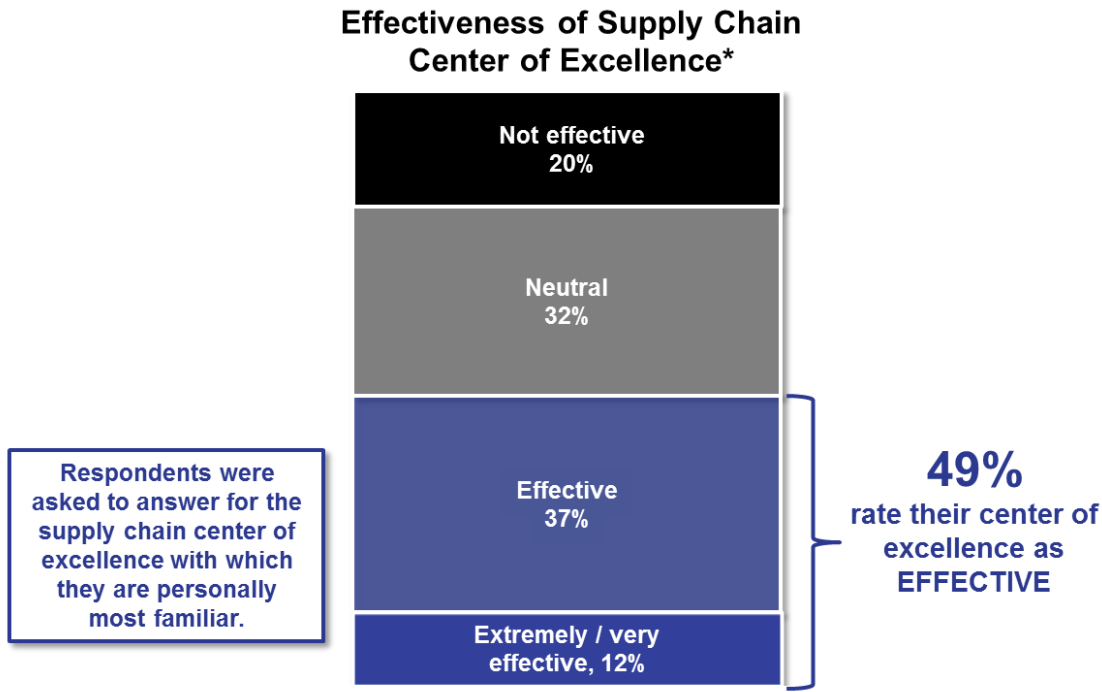
Figure D. Presence of a Center of Excellence

Presence of a Supply Chain Center of Excellence



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue (n=73)
 Q9. Does your company currently have a supply chain center of excellence – in other words, a dedicated team focused on improving supply chain process excellence?
 Q30. Does your company plan to have a supply chain center of excellence in the future?

Figure E. Center of Excellence Effectiveness

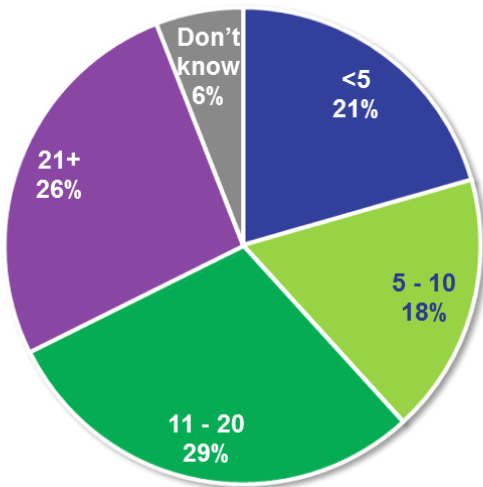


Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue, have a supply chain center of excellence (n=41)
 Q13. All things considered, how would you rate the effectiveness of your supply chain center of excellence?
 SCALE: 1=Not at all effective, 7=Extremely effective
 *Respondents were asked to answer for the supply chain center of excellence with which they are most familiar.

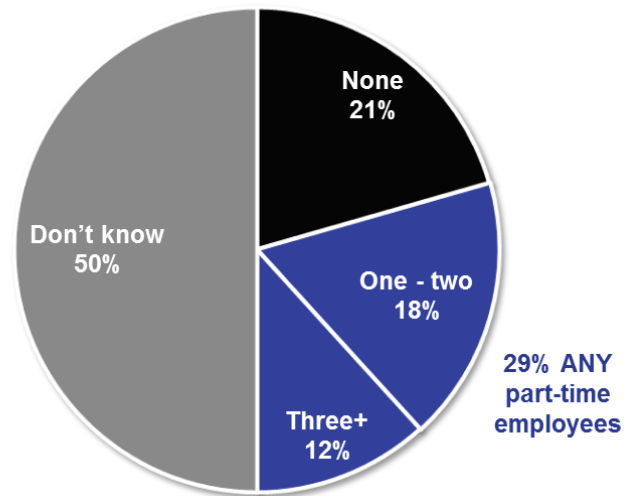
Figure F. Staffing

Supply Chain Center of Excellence*: Employees

Number of Full-Time Employees Working in the Supply Chain Center of Excellence
 19 full-time employees on average



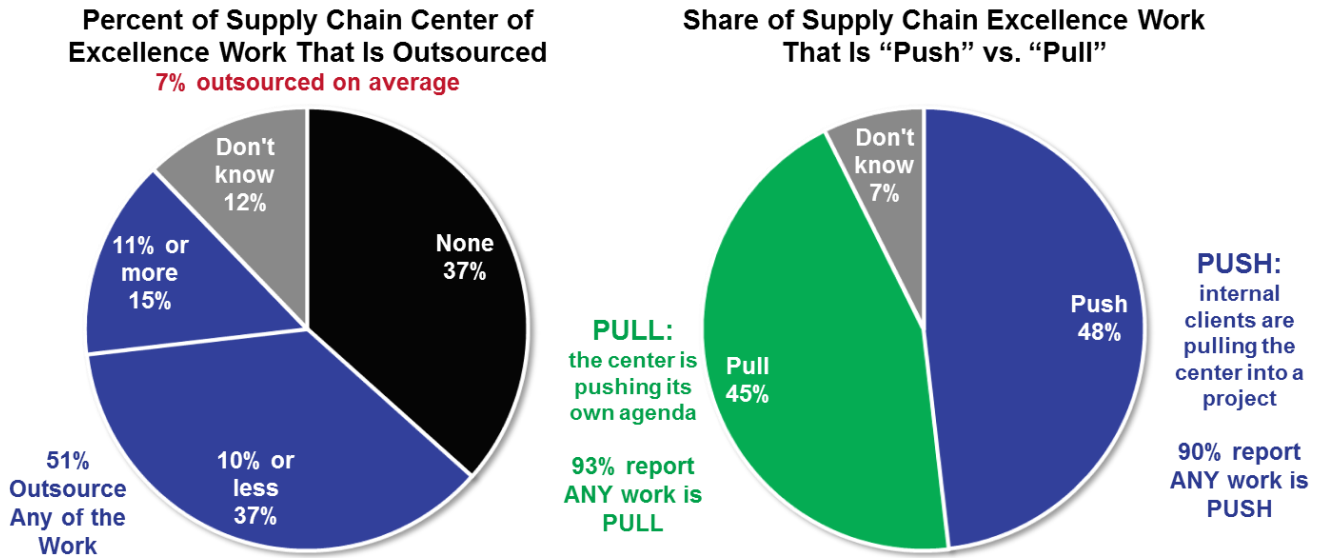
Number of Part-Time Employees Working in the Supply Chain Center of Excellence
 2 part-time employees on average



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue, have a supply chain center of excellence (n=34, outliers removed)
 Q15. How many full-time employees currently work in the supply chain center of excellence? And how many part-time employees? NUMERIC RESPONSE
 *Respondents were asked to answer for the supply chain center of excellence with which they are most familiar.

Figure G. Center of Excellence Focus

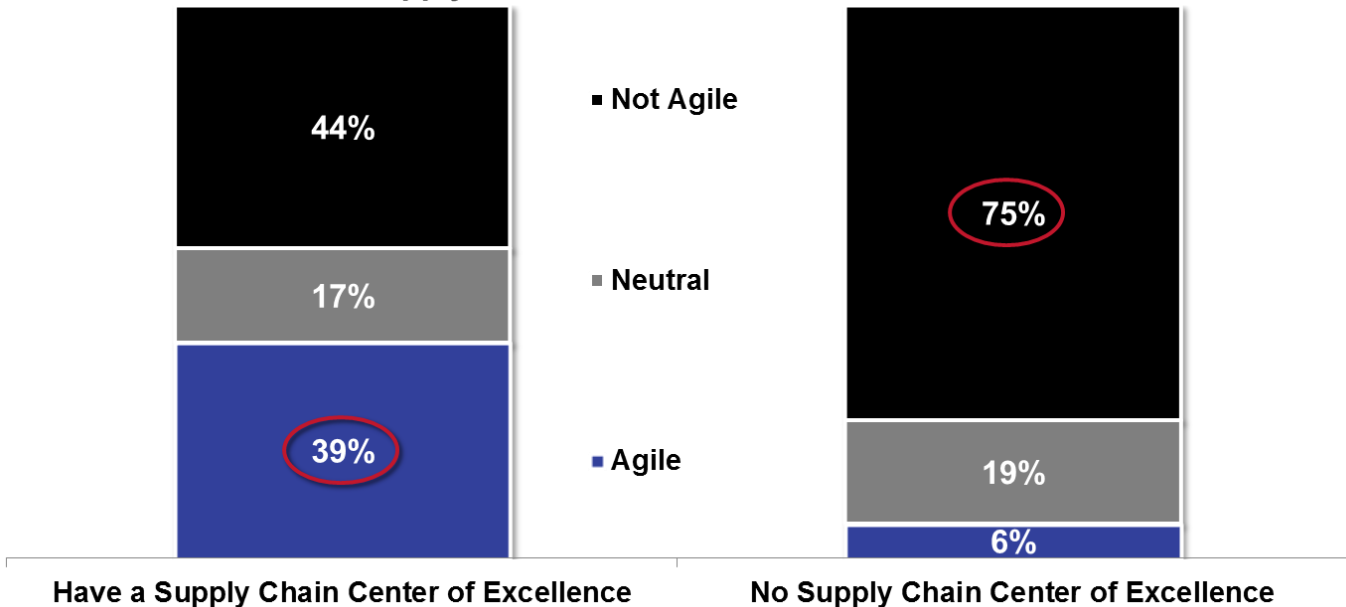
Supply Chain Center of Excellence*: Outsourcing and Push vs. Pull



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue, have a supply chain center of excellence (n=41)
 Q16. Approximately what percentage of supply chain center of excellence work is outsourced? Your best estimate is fine. NUMERIC RESPONSE
 Q17. And approximately what percentage of supply chain center of excellence work is "pull" (internal clients are pulling the center of excellence into a project) versus "push" (the center of excellence is pushing its own agenda)? NUMERIC RESPONSE
 *Respondents were asked to answer for the supply chain center of excellence with which they are most familiar.

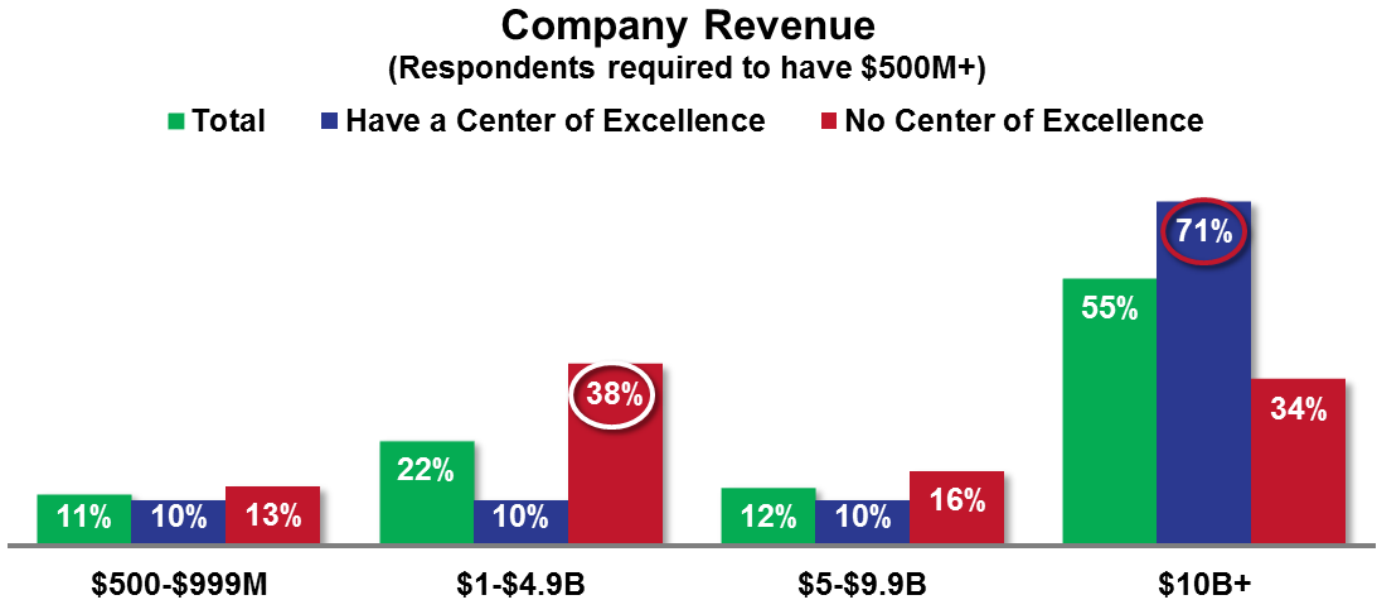
Figure H. Impact on Agility

Current Agility of Company's Supply Chain:
Those with a Supply Chain Center of Excellence vs. Those without



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue – have a supply chain center of excellence (n=41), do not have a supply chain center of excellence (n=32)
 Q44. Please now think just about supply chain agility. Supply chain agility is the recalibration of supply chain flows to mitigate demand and supply volatility while delivering comparable cost, quality and customer service. Given that definition, how would you rate the current agility of your company's supply chain? SCALE: 1=Not at all agile, 7=Extremely agile; ● Higher than other group at 90% or higher level of confidence

Figure I. Center of Excellence Distribution by Company Size

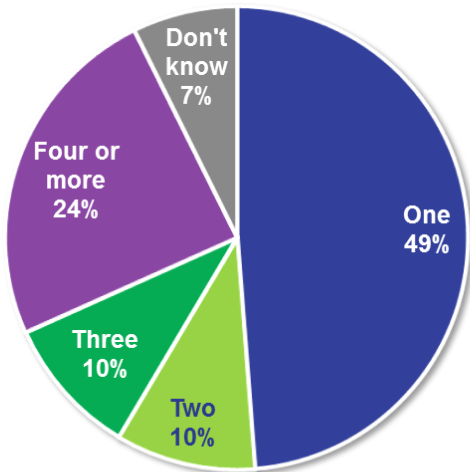


Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue – Total (n=73), have a supply chain center of excellence (n=41), do not have a supply chain center of excellence (n=32)
 *Distributor = Wholesaler/Distributor/Co-operative
 Q8. Approximately, what was the last fiscal year revenue for your entire company? Your best estimate is fine.
 ● Higher than other group at 90% or higher level of confidence

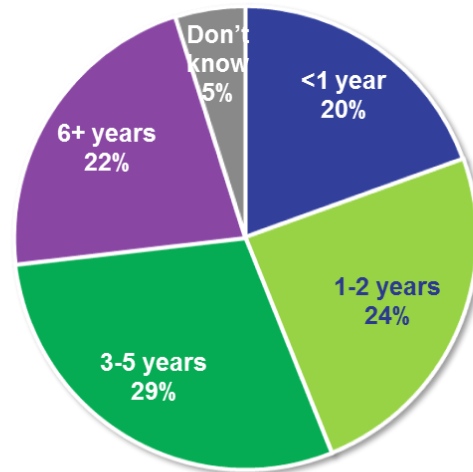
Figure J. Center of Excellence Focus

Supply Chain Center of Excellence: Overview

Number of Distinct Supply Chain Centers of Excellence
 2 centers on average

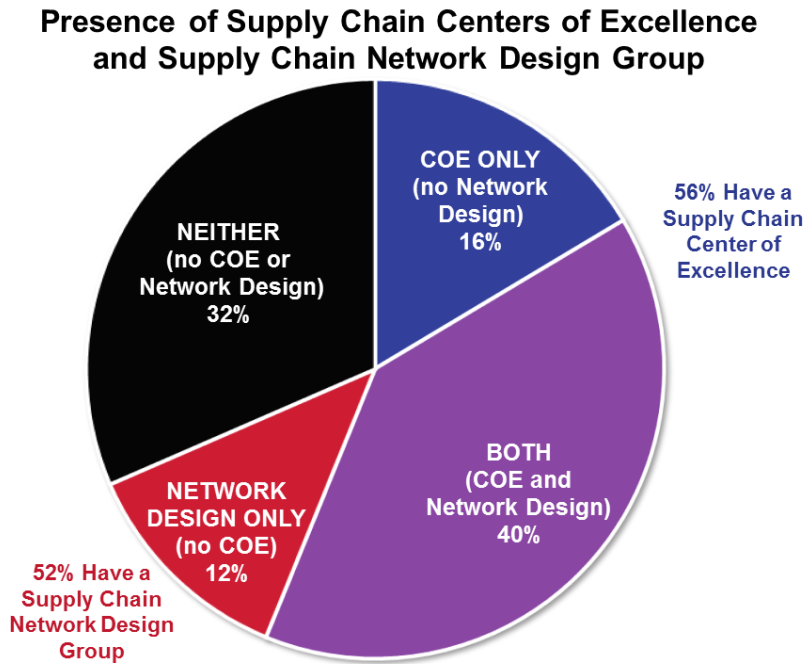


How Long Have Had Any Supply Chain Centers of Excellence
 4 years on average



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue, have a supply chain center of excellence (n=41)
 Q10. How many distinct supply chain centers of excellence currently exist at your company? Your best estimate is fine.
 Q11. For how long have you had any supply chain centers of excellence at your company? Your best estimate is fine.

Figure K. Presence of a Network Design and a Center of Excellence



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacture, have \$500M+ in revenue (n=73)
 Q9. Does your company currently have a supply chain center of excellence – in other words, a dedicated team focused on improving supply chain process excellence?
 Q35. Does your company have a group that does supply chain network design?

Figure L. Most Likely Characteristics of a Center of Excellence

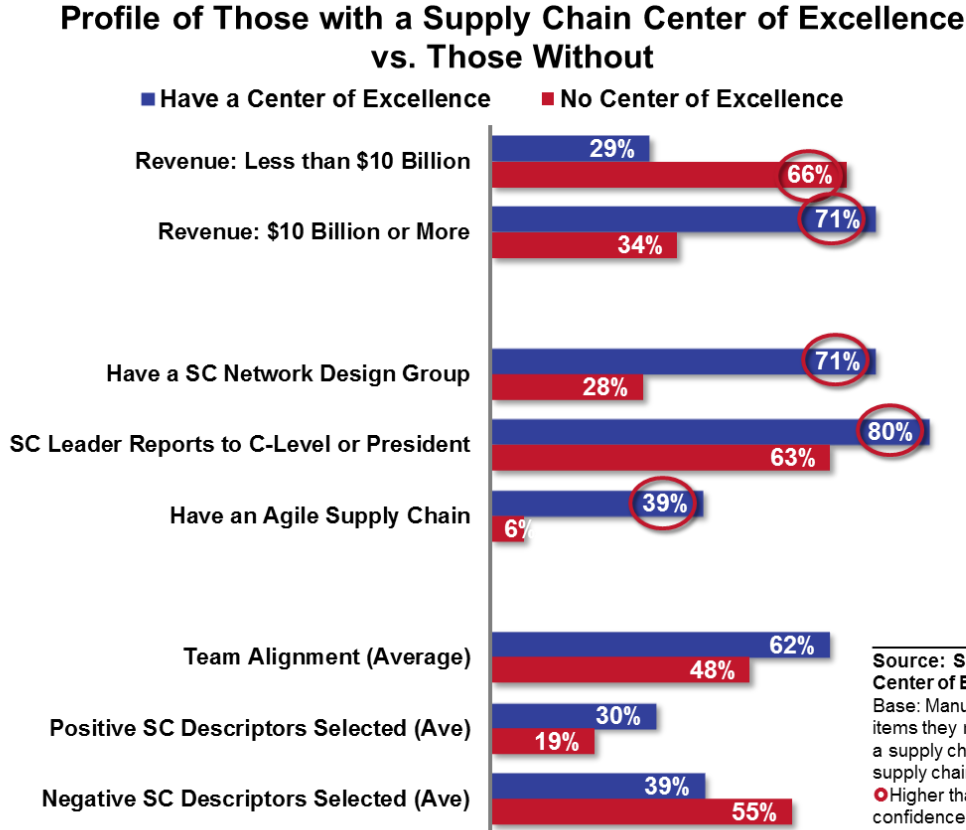


Figure M. Characteristics of a Network Design Group

Profile of Those with a Supply Chain Network Design Group vs. Those without

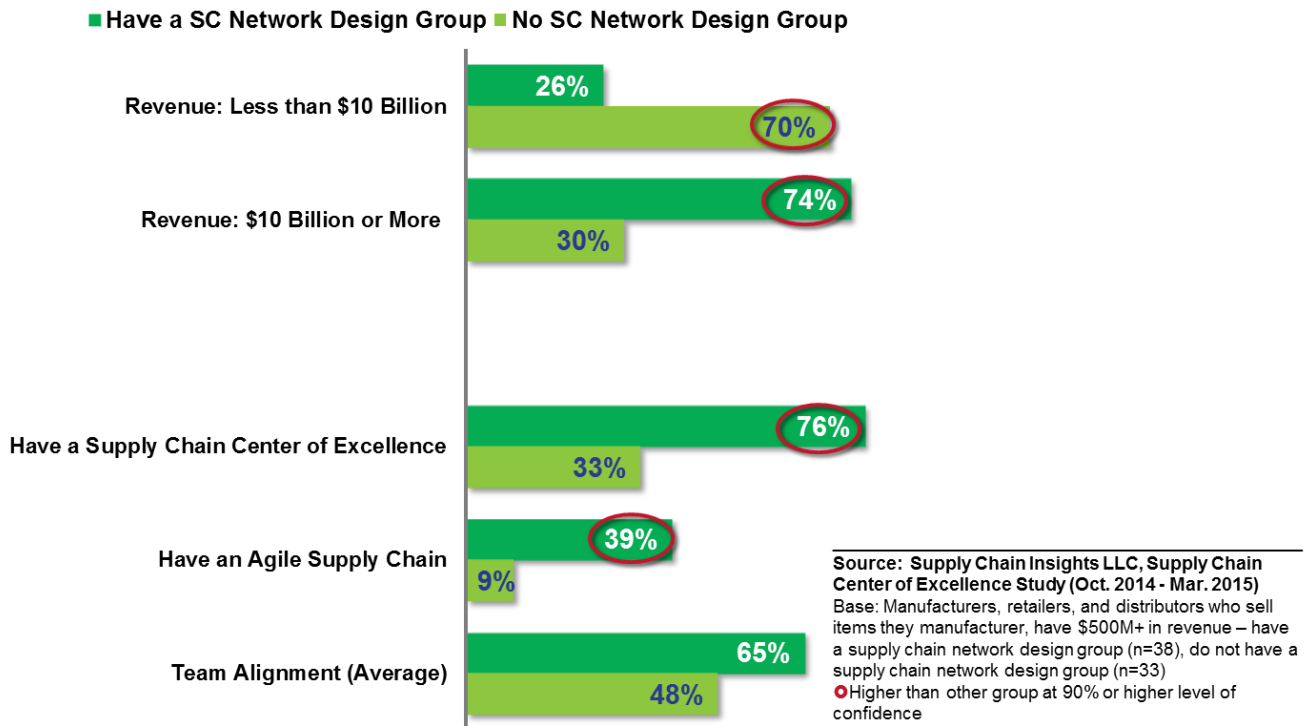
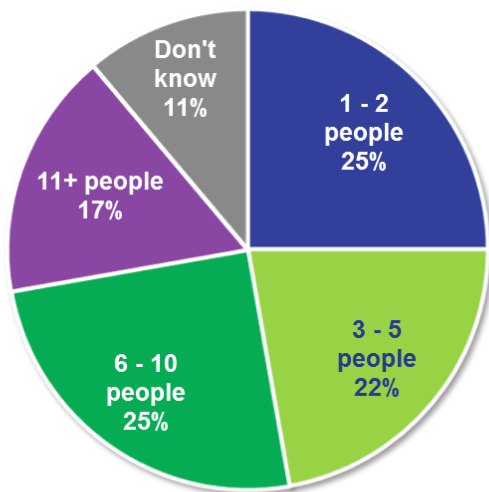


Figure N. Network Design Group Staff and Outsourcing

Supply Chain Network Design Group: Overview

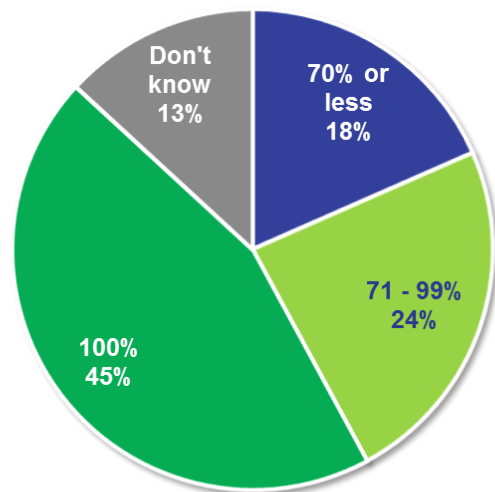
Number of People Working in Supply Chain Network Design

7 people on average



Percent of Supply Chain Network Design Done In-House

84% on average



Source: Supply Chain Insights LLC, Supply Chain Center of Excellence Study (Oct. 2014 - Mar. 2015)
 Base: Manufacturers, retailers, and distributors who sell items they manufacturer, have \$500M+ in revenue, have supply chain network design (n=36-38); Q36 outliers removed
 Q36. How many people at your company are currently working in supply chain network design? Your best estimate is fine. NUMERIC RESPONSE
 Q37. Approximately what percentage of your company's supply chain network design work is done in-house? Your best estimate is fine. NUMERIC RESPONSE

About Supply Chain Insights, LLC

Founded in February, 2012 by Lora Cecere, [Supply Chain Insights LLC](#) is focused on delivering **independent, actionable, and objective advice for supply chain leaders**. If you need to know which practices and technologies make the biggest difference to corporate performance, turn to us. We are a company dedicated to this research. Our goal is to help you understand supply chain trends, evolving technologies and which metrics matter.

About Lora Cecere



Lora Cecere (twitter ID [@lcecere](#)) is the Founder of [Supply Chain Insights LLC](#) and the author of popular enterprise software blog [Supply Chain Shaman](#) currently read by 5,000 supply chain professionals. She also writes as a LinkedIn Influencer and is a contributor for Forbes. She has written three books. The first book, *Bricks Matter*, (co-authored with Charlie Chase) published in 2012. The second book, *The Shaman's Journal* published in September 2014, and the third book, *Supply Chain Metrics Metrics That Matter*, which published in December 2014.

With over twelve years as a research analyst with **AMR Research, Gartner Group, and Altimeter Group**, and now as a Founder of Supply Chain Insights, Lora understands supply chain. She has worked with over 600 companies on their supply chain strategy and speaks at over 50 conferences a year on the evolution of supply chain processes and technologies. Her research is designed for the early adopter seeking first mover advantage.