

How a Major Manufacturer Improved Delivery Performance by 82% and Avoided $100M in Annual Cost

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Working daily with their top 50 suppliers on improvement plans, the manufacturer started using TraceLink Supply Chain Work Management (now POET) as their single source of shared truth for capturing issues impacting their business.

A major manufacturer embarked on a critical operational excellence initiative to manage the quality and operational performance of its suppliers, with the aim of ensuring reliable delivery of goods and services from highly capable suppliers—without interruption.

Strategic objectives included achieving world-class supply performance with:

- Greater than 99% on-time, in-full (OTIF) delivery of components and materials from suppliers
- Less than 200 defects per million from suppliers
- Reduction in total cost of goods sold

Key outcomes for achievement included gaining:

- Better visibility into supplier performance

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- Greater agility in decision making with suppliers
- Better end-to-end resilience
- Improved overall supply chain performance

Challenges faced

The supplier development team embarked on a transformation journey that emphasized a collaborative approach; standardization and digitalization of key processes with suppliers; utilization of accurate and factual data to provide visibility into supplier performance; and support for continuous process improvement.

Key challenges that became a focus for improvement included:

- Limited visibility of issue resolution status across teams, poor communications, and no streamlined workflow
- Getting the right people involved sooner
- Achieving a clear understanding of key contributors and ownership internally and at the supplier
- Acquiring clear and factual data for decision making and measuring improvement
- Improving processes for identifying and addressing **supply chain issue root causes** across the integrated team
- Reducing endless email chains, spreadsheet management, and meeting noise that was unproductive and inhibited structured collaboration.

When evaluating potential digitalization solutions, it was critically important to the supplier development team to ensure that the solution deployment cycle and the onboarding of supply chain partners was quick and easy. In addition, the team operated with the belief that when other parts of the supply chain benefit from solution usage, their organization would receive even more value in return in the form of real-time supply chain data and more coordinated work management.

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TraceLink Supply Chain Work Management (now POET) fulfills all of these requirements, connecting internal teams with a broad network of external suppliers on the OPUS platform to transform the way these parties collaborate with each other. Incident Management, a core process of Supply Chain Work Management (now POET), is purpose-built for facilitating smoother issue resolution across global supply chain networks by systematizing key workflows and enhancing communication and collaboration.

Digitalizing supply chain work management (now POET)

The manufacturer started with onboarding its top 50 suppliers with the most incidents, because the manufacturer believed these suppliers posed the greatest impact to their business.

Incidents managed using Supply Chain Work Management (now POET) include:

- Damaged product
- Product quality issues
- Contaminants or foreign substances in products
- Temperature excursions during transportation
- Overages, shortages

- Late orders
- Incorrectly packaged product
- Use of unauthorized third parties
- Missing or incorrect paperwork
- Not on-time and/or in-full

Users of Supply Chain Work Management (now POET) spanned many functions, including Procurement, Supplier Development, Manufacturing Operations, Quality,

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Logistics & Distribution, and Supply Chain.

Working daily with their top 50 suppliers on improvement plans, the manufacturer started using Supply Chain Work Management (now POET) as their single source of shared truth for capturing issues impacting their business. Incident Management enabled the manufacturer to classify the issue category; pinpoint the components, products, and sites that were impacted; assess the business impact and risk; and capture immediate corrective action so that they could ensure continuity of business. As the issue resolution process progressed, Incident Management enabled them to capture the root cause and initiate long-term preventative action.

In addition, the manufacturer could quickly visualize if the issue was a recurring one with the partner; link the recurring issues to identify any patterns; and provide transparent visibility that could help the cross-functional team improve the process with the supplier and prevent future recurrence.

Continuous process improvement

While incrementally onboarding suppliers, the company continued to learn, refine, and improve their processes collaboratively to create win-win scenarios with their suppliers. The roles and responsibilities of the team members in Procurement, Supplier Development, Manufacturing, Supply Chain, Quality, and Operations were solidified and made clear to the multi-party supply chain team.

Processes were standardized to make them repeatable; to help team members identify and mitigate risks; and to capture factual data through the course of resolving issues. A history of the activity was automatically maintained.

As a result, the manufacturer now had standardized views across the multi-party supply chain team to manage issues, deviations, and changes. Visibility was increased across the internal team and the multienterprise supply chain teams. Communication was also improved.

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Regular cross-functional review meetings were held to work through prioritized escalations and eliminate issues. The organization now had robust processes for identifying and addressing root causes across the integrated team.

Metrics capture, analysis, and measurable results

Metrics were captured and analyzed using the strong body of factual incident data in Supply Chain Work Management (now POET) across supply chain partners, components, issue types, business impacts, root causes, impacted products, and impacted sites. Supply chain issue data was pulled into reports and scorecards every two weeks.

The manufacturer was now able to go through the data in Supply Chain Work Management (now POET) and extract insights from it—analyzing the number of issues and issue categories they were seeing with suppliers. Awareness of the risk profile across the supply base was achieved. They were now able to trend performance and dedicate resources and efforts to the most problematic areas.

The efforts started showing results—measurable results—with improved quality and delivery performance and on-time and in full delivery to their sites. Quality investigations and issue resolution were now happening much more quickly. Previously, issues were taking up to 100 days to close. A 65% reduction in issue resolution time was achieved across the network of suppliers. A new goal is now in place for one day for initial response and 14 days for final incident response, including root cause.

Building trust and scaling the supply chain work management (now POET) network

These types of tangible improvements created trust in the process, both internally and with supply chain partners. This helped with adherence to the process and adoption of the Incident Management Process to maintain the real benefits they were now experiencing.

Ultimately, more than 2,000 suppliers have been onboarded to Supply Chain Work

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Management (now POET) for incident management and change request processes, including raw material and component suppliers, contract manufacturers and packagers, indirect suppliers, and third-party logistics providers. Multi-disciplinary teams now include membership from Procurement, Supplier Development, Manufacturing Operations, External Manufacturing, Quality, Logistics, and Supply Chain Planning.

The teams have been able to:

- Proactively reduce quality defects and delivery risks for new products and new suppliers.
- Upskill their cross-functional internal and supply chain partner teams.
- Actively manage the supply base and apply world-class Six Sigma problem solving skills.
- Permanently resolve supplier quality and delivery issues and provide visibility into performance.

The manufacturer is now working with many of their supply chain partners as true partners—collaborating on new product development and sourcing while seeing proactive behavior from suppliers in reporting manufacturing issues and working together on resolving issues.

Dramatic improvements in issues, disruptions, delivery performance, and costs

Adoption of Supply Chain Work Management (now POET) to digitalize the work management processes with supply chain partners enabled the manufacturer to gain control over its issue reporting and resolution process.

By adding structure, digitalizing the incident management process, and enabling better visibility both internally and with supply chain partners, they achieved a 65% reduction in resolution time and a 35% reduction in incidents.

As they advanced their capture of incident types, business impacts, and root causes—and started performing the bi-monthly reporting and scorecard reviews of

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the digitalized incident data—they had the data needed to apply Six Sigma DMAIC methodologies to make permanent improvements, reduce repeat deviations by 50%, and reduce defects per million by 96%.

By investing into the digitalization of supply chain issues, upskilling their cross-functional internal and supply chain partner teams, and consistently leveraging the data for continuous Six Sigma process improvement, they were able to achieve 97% reduction in manufacturing disruptions and 82% improvement in delivery performance.

Ultimately, the manufacturer was able to realize over $100 million in annual cost avoidance through process improvements and standardized workflows and, by reducing incident resolution time, the number of repeat deviations and overall incidents.

Learn more: Download our supply chain Work management (now POET) handbook today.

Learn more in our Supply Chain Work Management (now POET) Resource Center.

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