

Supply Chain Council & Automotive Aftermarket Industry Association

Automotive Aftermarket
Supply Chain Benchmarking Initiative

October 14, 2010

Today's Agenda

- Welcome
- Introduction to Supply Chain Council and SCOR
- Automotive Aftermarket Industry Group Program Details
- Benchmarking Activities to Date
- SCORcards and Data Collection
- Call to Action
- Q & A

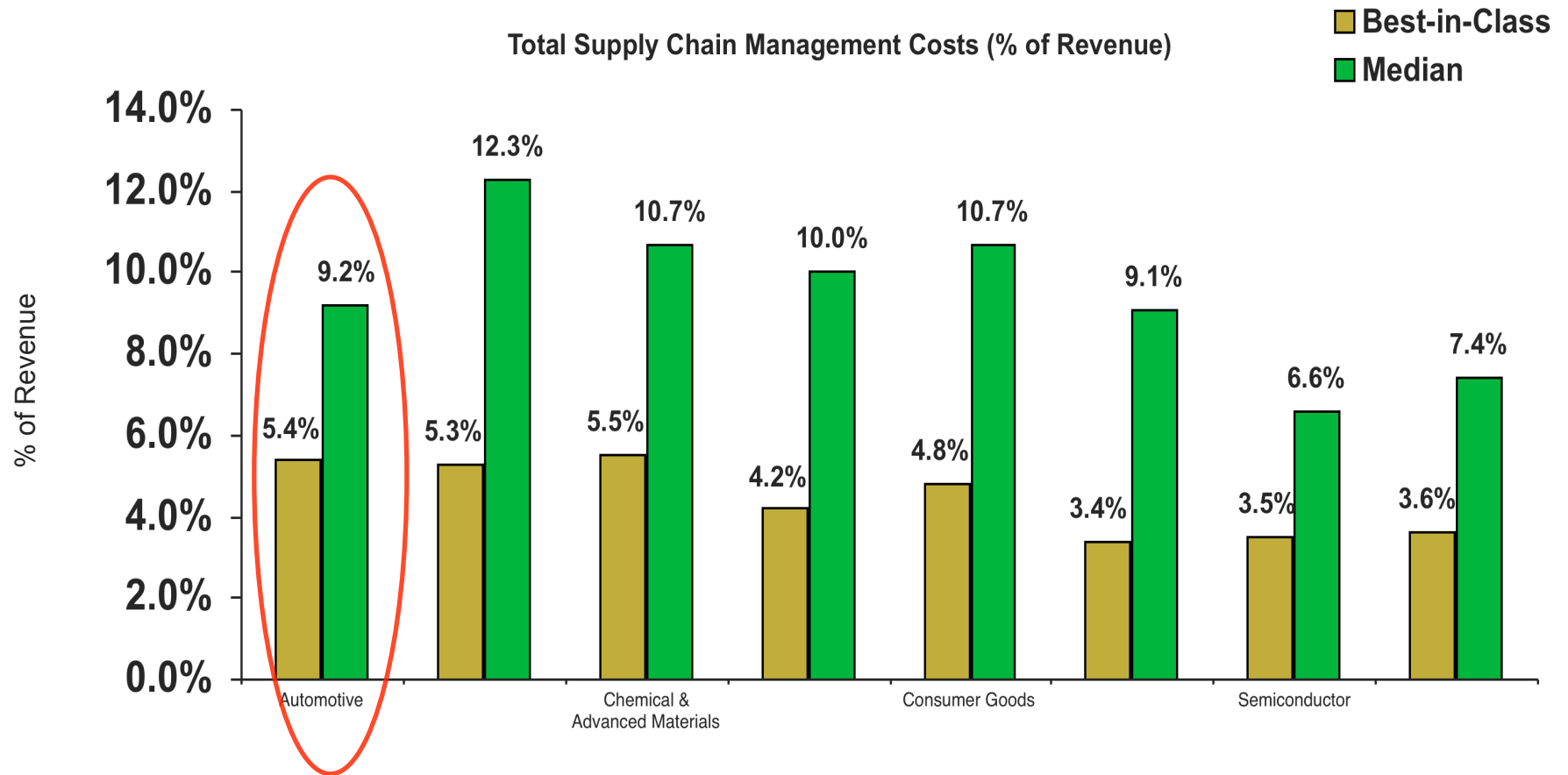
Supply Chain Council: Introduction



SCC: An independent, non-profit global association

- Formed in 1996 to **create and evolve a standard industry process reference model** of the supply chain for the benefit of helping companies rapidly and dramatically improve supply chain operations
- SCC has established the supply chain world's most widely accepted framework – the SCOR® process reference model – for **evaluating and comparing supply chain activities and their performance**
 - It can be used to describe supply chains that are very simple or very complex using a common set of definitions and enabling a common understanding
 - It lets companies quickly determine and compare the performance of supply chain and related operations within their company or against other companies
- SCC **continually advances its tools and educates members** about how companies are capitalizing on those tools
 - With membership open to all interested organizations

Superior Supply Chain Management (SCM) has Long Been a Source of Competitive Advantage



Best-in-class Companies' Outperform Their Median Competitors with a 50% Cost Advantage

Source: PRTM/The Performance Measurement Group



Automotive Aftermarket Industry Group

Program Details



Automotive Aftermarket Industry Group

Why we chose to create Industry Group?

The purpose of the Automotive Aftermarket working group is to bring together practitioners in the automotive aftermarket supply chain to leverage the SCC SCOR model to share and develop supply-chain best practices, performance measures and implementation experiences that will enable members to drive long term improvements in the end to end supply chains of their companies.

Automotive Aftermarket Industry Group

Industry group value drivers

- **Benchmarking**
- **Collaboration**
- **Transformation of Supply Chain Practices**
- **Sharing of Information to Effect Change**

What has happened so far?

- **Automotive Aftermarket Industry Group formed and kicked off April 2010**
- **Initial team meeting held in May 2010**
- **Team has held bi-weekly meetings**
- **Developed Supply Chain Definition June-July 2010**
- **Prioritized Supply Chains July-August 2010**
- **Identified Supply Chain Strategy August-September 2010**
- **Established SCORcards for benchmarking**

BENCHMARKING

SCORmark™ Benchmarking

- Once the SCORcard is defined, and data for most metrics are gathered
- Data are submitted electronically to the SCORmark™ system
- With days or weeks, an electronic report is returned with the results of comparison against selected demographic groups
- The principal function of the Benchmark is to determine the gap between actual performance and performance corresponding to desired strategic positioning.
- The Benchmark is a component of the SCOR Implementation Roadmap

What's the Value of a SCOR Implementation?

- Improvement of operating results of an average of 3% in the initial SCOR implementation phase by means of cost reduction and improvement in customer services
- Increase in profitability (between 2x and 6x) with regards to project investments costs within first 12 months of implementation
- Reduction in IT costs through minimizing system customization and making better use of standard functionality
- Continuous actualization of process change portfolio by continuous conversion of Supply Chain improvements with the objective of increasing annual profits by 1% to 3%

1Poluha (2007) *Application of the SCOR Model in Supply Chain Management* New York, USA

PARTICIPATION REQUIREMENTS

Membership & Participation

- Open to all members of the AAIA and SCC **at no added fee**
- This full industry group will conduct bi-weekly meetings as scheduled by the planning/executive committee.
- Plan to commit approximately 2-4 hours per month to the meetings to gain insight to assist with the benchmarking
- Meetings will be scheduled at least one week in advance.
- Special topic and face to face committee meetings will be held as members feel necessary.
- The industry group will also conduct events in conjunction with scheduled SCC events at a minimum and more often, as the group feels necessary

Benchmarking Requirements

- Data Collection
 - › Beginning October 28 – Regular bi-weekly meeting to discuss metrics and data collection
 - › Complete Confidentiality assured by secure 3rd party
 - › Findings only distributed to participants in aggregate
- Data Collection Effort is not Trivial and is a function of your reporting systems and business complexity

Next Steps

- Receive input from companies wanting to participate
- Training webinar on benchmarking in 2 weeks.
- Send SCORcards and definition to participants
- Data Collection
 - › Beginning October 28 – Regular bi-weekly meeting to discuss metrics and data collection
 - › Send instructions for data input
- SCORcards returned
- Follow-up discussion on best practices to eliminate gaps
- Aggregate Industry Report Developed

Next Steps

- Within 3 Days this recorded webinar will be available for viewing.
- Within 7 days you must submit your intent to volunteers by sending your contact information (name, company name, title, phone and email) to aaia@supply-chain.org
- 14 Days– Training webinar and follow-on web meeting to initiate benchmarking.
- Continuous – Via the working group discussions and other postings

Contacts

Carolyn Lawrence
Strategic Programs Administrator
clawrence@supply-chain.org
(*Project Facilitator*)

Scott Lockett
Vice President, Technology Standards
Scott.Lockett@aftermarket.org
(Project Sponsor)

Open Discussion