A general Approach to the Case Gathering Phase
Josep Riverola IESE

Our research is directed to general managers and aims at showing them some lessons that can be observed from best practices in SCM in Europe. We would also like to position these best practices in the context of the average European enterprise, whatever this means.

To organize the collection of cases, we have tried to create a simple structure. It is inspired on a classification proposed by Simchi-Levy & alt in their book(1). We have adapted it, in order to simplify its structure. We call it the Supply Chain Maturity Model, in analogy to the (by now rather famous) Software Maturity Model developed at Carnegie-Mellon University.

We identify four stages in this Supply Chain Maturity Model. Stages are organized in increasing order of sophistication. Observed companies seem to progress along this ladder. Also it seems that most companies have to proceed in sequence. It seems to be very difficult to jump into a level unless the previous levels, from the bottom, have been adequately taken care of.

The stages could be described as follows:

1) In Stage 1, the company puts basic order into its operations. The phase is focused on the inside of the company. The emphasis is on streamlining procedures and on cost reduction, perhaps supplemented by some time reduction. Optimizing is here understood as “doing a function in a non obviously improvable way”. Information tecnology is mainly concentrated on keeping track of the basic data of the business. From this point of view, ERP systems could be the answer to the company needs.

2) In this phase, the company looks at its SCM as a way to increase its competitiveness. Although normally reduced in scope to a single company, or at most two way interactions, the company begins to see its SC as a way to improve the service. IT progresses, to be a tool for integrating functions and better decision making. DSS start appearing, trying to support better decisions.
3) In this phase the company starts to recognize the increase in value that can be accrued by exchanging information with suppliers and customers. Typically, the emphasis is shifted to improving the operations of neighboring companies, by providing information and perhaps advise. Often the company puts in place some sort of continuous improvement process, mainly focused in the own company operations. IT is seen as a way to provide more value to the customer, and it is used as an added bonus. Companies like Federal Express use IT in this way.

4) In this stage the company looks at the SCM as a joint process of problem solving. This, according to some authors leads to a Knowledge Management approach (as described in our book¹). IT becomes a vehicle for continuous improvement across companies, mainly by working together in the crucial problems facing the SCM.

Among the medium size European companies that we know, most of them seem to be positioned in the first echelon of the model. Perhaps many SMEs could be positioned in an additional echelon 0, where they lack even the basic operating discipline. However we do not see those companies as best practices. Remember, we are not trying to get a cross section of companies in Europe, but we want to identify innovators.

Accordingly, any odd companies that are doing well and not obeying our “laws” provide a rich food for thought that we would like to uncover. For instance, are there any companies known to you, that have jump over some of the above stages?. What have they been doing?. Why the success?. Is it serendipity?

This model deals with managerial sophistication, not with technological sophistication. Another picture could be drawn for technological evolution. For this again we draw inspiration from a published source. In this case a report from Manugistics(2). We are not completely satisfied with this scheme yet, and invite comments. A preliminary version is as follows.

---

¹ (3) Unfortunately in Spanish. But we can provide a translation of the main ideas for those of you interested on that.
success” that states that successful companies follow the diagonal in this SC-Technology matrix. Do you have any evidence that can be used to confirm (or disprove) this “hypothesis”?

An additional result of our preliminary observations is a broad characterization of the state of mind of some of the agents populating the SCM-Technology world. The following list shows the main agents and their assumed state

<table>
<thead>
<tr>
<th>Agressive Technology suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunistic experts in supporting sciences</td>
</tr>
<tr>
<td>Perplexity among General Managers</td>
</tr>
<tr>
<td>Wait and see Operation Managers</td>
</tr>
<tr>
<td>Superficial mass media</td>
</tr>
<tr>
<td>Greedy investors</td>
</tr>
</tbody>
</table>

1) Technology suppliers are overemphasizing the benefits of technology. They are the (only?) ones that understand the inner guts of technology. However they are not experts in their application to SC. They lack the domain knowledge required. Therefore they make promises based on their (sometimes naïve) assumed technology potential, not on the ability of technology to contribute to the bottom line (or to the competitiveness of the company).

2) Experts in supporting sciences (among others, operations management professors!) see the field ripe for inserting their own brand of expertise. They try to bridge the gap between techno-people and managers by providing interfaces to problem solving. They try to sell, say genetic algorithms and intelligent agents, as the solution to the problem.

3) General managers seem to be puzzled about the real possibilities of using the incumbent technologies. Most of them seem to be overly cautious about jumping into the technology boat. It just may happen that some enterprises are not using sensible technologies, because of the difficulty of anticipating their effect and cost!.

4) Operations managers seem to be waiting. Most of the time the introduction of the technology has not been their decision. Someone, usually the IT top executive, or even the Chief Financial Officer, has made the purchasing decision. And this decision usually implies a correct way of solving Operations Problems. Since this has happened many times in the past, “lets see what happens” they think.

5) Finally, media publish the virtues of technology without understanding the problems of their use. This confuses even more the situation.

6) Investors are trying to rip the benefits of the “new” economy, and lately they have become increasingly dubitative about the real future of all this.

Is this an adequate description of the situation in your geographical area?. In any case, we would like the cases to reflect the conditions that led the company to implement a certain way of operating the SCM. Was it because of a visionary CEO?. Were Operations people easily convinced?. What kind of existing knowledge in the company provided the jumping board for the operation?.

Cases requested.

Along the previous lines, we would lack to collect evidence from companies, describe where they are positioned and what kind of technology they are using (or contemplating). Also we would like to have an idea of the degree of success. All in general qualitative terms. See the attached minicase for an example of what we mean.

Interesting issues in case writing could be as follows:
1) Describe examples of European companies that have progressed rapidly along the maturity model. How was it done? What kind of competitive advantage has this given to them? How was technology used in this progress?.

2) Describe examples of companies that do not comply with the technology-maturity success rule. How did they do it?

3) How is the General Management dealing with the pressures/opportunities in the environment. How does the company deal with the issue of evaluating the potential of new approaches? Is it necessary to be and expert technologist to progress along the ladder?

4) What is said and what is done. We would like to identify companies that have really done things like: Supplier development (not supplier squeezing), Product/Service design for SCM (not design and the SC), Cross usage of Operations Information Systems, Good virtual group work (instead of sending mails to each other), and so on.

5) Give examples of technology suppliers that have really understood SCM needs. Do we have any success stories? Many companies (an estimate of 30 in Spain alone) are developing market-places. Some are investing from 5-10 million dollars in the venture. Do you have any good examples of companies that could be successful in this area? Are most of them doomed? Are the investors stopping the flow of money?

6) The linkage among enterprises known as the “extended enterprise” is generating constant information flows among the parties involved. However the information might not be fully used to generate knowledge. Companies might be missing a golden opportunity to enhance their competitiveness and extract added advantage of their daily routines. The concept of virtual “keiretsus” as virtual clusters of enterprises that share knowledge for a common problem solving is emerging. Can companies, through their supply chain strategy, generate knowledge sharing? Do companies fully use their potential to find common solutions?

7) And an small but interesting topic. Are leading companies going back to in-house software development for “strategic software”. This seems to be the case in the transportation sector.

But, of course, there are many more. We are open to all possibilities.

**Modus Operandi.**

We are sending everybody a list of the Network participants, colleagues that have accepted writing cases, and their coordinates. We encourage corresponding among members, and we would help as much possible on this.

After reviewing this document and the attached case, we are asking you to

1) Scream if you do not like the approach. Tell us how would you change it. Credit will be given to all contributions in the book resulting from the project. If you want, you can write a short essay on an alternative approach. We will send it to everybody for comments.

2) Think about cases (5?) in your area that illustrate some of the above points (or some exciting new ones)

3) Tell us (Felipe Fuster: ffuster@iese.edu) a brief summary of each case. We want to make sure that cases are not too similar.

4) Start writing.

**References**


(2) Manugistics *Supply Chain Compass*, 1997


---

2 We could use Russell’s (Russell & Norvig “Artificial Intelligence” Prentice Hall 1995) definition: “knowledge is information plus reasoning”