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Goals

Setting out the path before setting out

An ounce of planning is worth a pound of execution. There is an often quoted segment from Lewis Carroll's Alice in Wonderland that illustrates this point: "Would you please tell me which way I ought to go from here?" asked Alice. "That depends a good deal on where you want to go to." "I really don't know," replied Alice. "Then it doesn't matter which way you go," said the cat.

We all know that goals are essential for projects or change initiatives. Goals are meant to provide clear direction and certainly can if defined properly. As such, it's worth investing a bit of time up front to make sure our goals achieve that aim.

So where do we go from here?

Let's check our goals against the SMART test (The Practice of Management, Peter Drucker). SMART is an acronym for 'Specific', 'Measurable', 'Achievable', 'Realistic' and 'Time-Related'. A generally defined goal is up for interpretation, difficult to measure and may not provide the focus or direction necessary to set priorities effectively. Let's go through the process of creating a goal together to see how we can use this test.

For the purposes of this exercise, let's assume our organisation has an aggressive expansion strategy and wants to fund this expansion debt free by freeing up capital tied up in other assets. Our team is asked to contribute by reducing inventories.

We have a workshop to define our goal, and the first draft reads "reduce inventories by 20% whilst maintaining service levels". Not a bad start, but let's see how it stacks up against the SMART test. Is it specific? Is it measurable? In part, but perhaps not specific or measurable enough. What types) of inventory do we want to reduce? What unit of measure does the 20% refer to? What is the current service level

measure, and what are we achieving today?

If we were to re-write the goal to answer these questions, it might read something like "deliver a 20% reduction in total finished good inventories at standard cost whilst maintaining our current 95% DIFOT to customers". Now we know what we're after and can establish some performance measures around the goal.

Next we ask ourselves if our goal is time-related? Nope, not a 'when' in site. We'll struggle making this initiative a priority if we can "do it later". With a better understanding of the timing of the business' funding requirements, we re-write our goal to read "deliver a sustainable 20% reduction in total finished good inventories at standard cost on or before 30 June 2008 whilst maintaining our current 95% DIFOT to customers". Now we have a specific, measurable goal that's time-related.

This takes us to our last two criteria – achievable and realistic. Granted these sound suspiciously similar (to the extent that you may wonder if Drucker was simply trying to come up with an acronym that spelled SMART), but it may be helpful to think of 'achievable' as 'possible' and 'realistic' as 'probable'.

For example, I may have a goal to become a 6' 8" professional basketball player on \$10m+ per year (plus endorsements) by next Thursday. Is this achievable or possible? Sadly, no (but being that I like to believe anything is possible, I'm open to suggestions). Is this realistic or probable? Definitely not. Is our 20% inventory reduction goal achievable? If we can influence our stocking policies, most likely yes.

Taking this outside of the example, this is something you'll need to assess given your own circumstances. Is our 20% inventory reduction goal realistic? It depends, and this is where a deep understanding of the problem and real world experience is of great assistance.

To assess whether or not our goal is realistic, it's worth asking ourselves a few questions. For example, will the organisation support the

decisions that will need to be made?

Do we have the right people, processes and systems required to deliver the result? If not, can we get them? When can we get them? Do we have an appropriate executive sponsor who owns the outcome? How will this impact the people in our organisation? Who might be supportive, and who might find it threatening? Do we have adequate resources to get the job done? If not, what would it take to get them? When could we get them?

Where do we expect to meet resistance? Can the resistance be overcome? How long will it take to effect the change? How does this accord with the time-related aspect of our goal? To support this exploration process, you might try a formal risk mapping workshop that identifies:

- what the risks are,
- their likely consequence (from insignificant to catastrophic),
- their likelihood of occurring (from rare to almost certain),
- what controls could be put in place to manage them, and
- an overall risk rating which considers consequence and likelihood (from low to high).

By going through this exercise, you may find that the goal needs to be re-written in order to make it realistic. Perhaps a 20% reduction in inventory isn't realistic because sales are expected to increase by 40%. If this is the case, we might re-write our goal to read "achieve sustainable total finished good inventory turns of 8 or better on or before 30 June 2008 whilst maintaining our current 95% DIFOT to customers" (noting that turns is the ratio of sales to inventory).

Perhaps our inventory reduction goal is unrealistic because we can't change the over-forecasting behaviour of the sales team. Given this, maybe we need a different goal or different timeline to achieve the result. ➔

Goals cont...

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Working through the 'realistic' criteria identifies the tension between the current state and desired state. After completing this process (and it is a process), we can:

- validate our original goal, or
- identify the need to revise our goal.

If the goal needs to be revised, think in terms of Time, Scope and Resources (TSR). These three points are interdependent, and it's a useful mental tool in assessing potential project changes. For example, if the timeframe is shortened, we either need more resources or the scope needs to change. If our resources are constrained, we either need to extend the timeframe or change the scope. If the scope is increased, we either need more resources or more time. And so on.

So perhaps in our example, we conclude that our goal isn't realistic in its current form because we can't influence the behaviour of the sales team on the finished good forecast. However, we believe we can achieve a 20% reduction in raw material inventories by reducing supplier minimums and using our own forecasts to stock and replenish this inventory. As such, we re-write our goal to read "deliver a sustainable 20% reduction in raw material inventories at standard cost on or before 30 June 2008 whilst maintaining our current 95% DIFOT to customers". We believe that by proving the value we can deliver here, we can get executive support to work with the sales team and improve finished good inventory performance.

And finally, we have a goal that meets the SMART test. Of course, this is simply a hypothetical example, but I hope it has served to illustrate the process of goal development and refinement.

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SCLAA partners to introduce CPL Program



industry representatives worked together to develop a relevant and valuable professional development program for the industry.

"The CPL program will be offered in Australia by a number of leading industry associations including the Supply Chain & Logistics Association of Australia."

The CPL program will become the benchmark of excellence for measuring capability and proficiency within the profession of Supply Chain & Logistics Management.

The Logistics Profession

Logistics, as a term now embraces warehousing, freight, transportation and distribution, through to Supply Chain Management. The days when transportation, warehousing, distribution and materials management were seen as separate functions are gone. Today, professionalism of a high standard is required to manage these complex, disparate functions in a seamless and integrated Supply Chain mode with a clear understanding of the need to track the physical goods/services flow, financial flow, and information flow.

Logistics is a profession that is dealing with a freight task that is expected to double over the next decade. The demand for professionals, technical experts and executives will as a consequence continue to rise.

As a new professional certification, the CPL will enable employees in the Logistics industry to develop their capability more effectively, and in doing so assist in defining the Logistics profession. The emphasis on continual improvement of knowledge and skills is timely for an industry that requires skilled personnel to reflect and underpin its importance to our global economy.

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There are thousands of practising and experienced Logistics professionals in Australia. They range from managers of Supply Chain operations to specialised IT experts to clerical and warehouse based support staff.

Since the rise of the Logistics industry in the last few decades, these dedicated and skilled people have not been recognised as have their counterparts in other professions. For example, accountants have the CPA accreditation. Marketing has the CPM and real estate has the CPV. Accreditation means something in a professional setting – it implies a focus on excellence and a commitment to personal development within the profession.

The Certified Professional Logistician (CPL) program is now available to all employees in the industry who value excellence in Supply Chain & Logistics Management.

With the assistance of the Transport and Logistics Centre (TALC), Australia's major T&L industry associations banded together to introduce a nationally consistent CPL program. For over twelve months TALC and