DuPont’s BPM Journey: On the Road to Supply Chain Success using Business Process Management

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Agenda

- Accelerators
- Overview of DuPont
- Issue
- DuPont’s Supply Chain BPM Journey
- Progress to Date
- Key Learnings
DuPont Supply Chain Initiatives Accelerators:

- Business Process Management (BPM) supported with:
  - Industry standard frameworks & models (SCOR®)
  - Standardized Metrics (Key Performance Indicators)
  - External Benchmarking
- Standards and best practices shared with business units
- Creation of business process centers of competency closely integrated with IT
The Vision of DuPont

To be the world’s most dynamic science company, creating sustainable solutions essential to a better, safer, healthier life for people everywhere

We are a market-driven science company
DuPont in 1802

- 40 employees
- 1 site
- 1 country
- 1 product
- 12 customers
- $15,116 in sales (1804)

DuPont in 2011

- 60,000 employees
- > 210 sites
- > 90 countries
- Hundreds of thousands of DuPont products and customers
- $31.5B in sales (2010)
DuPont by Segment -- $31.5B*

>70 Business Units

**DUPONT AGRICULTURE & NUTRITION**
- Pioneer Hi-Bred
- Crop Protection
- Nutrition & Health

**DUPONT PERFORMANCE COATINGS**

**DUPONT ELECTRONICS & COMMUNICATIONS**

**DUPONT PERFORMANCE MATERIALS**
- Performance Polymers
- Packaging & Industrial Polymers

**DUPONT PERFORMANCE CHEMICALS**
- Titanium Technologies
- Chemicals & Fluoro products

**DUPONT SAFETY & PROTECTION**
- Protection Technologies
- Building Innovations
- Sustainable Solutions

* Includes $.2B in “other” sales. Total company sales exclude transfers.
Traditional Supply Chain Approach at DuPont

- >70 distinct complex Supply Chains
- Functionally oriented vs. process oriented
- SCOR® & APICS inconsistently applied
- Each business engages IT independently

Expensive Diverse SC Systems Landscape
Issue: How do we move from current state to standard industry best practice solutions?

Current State:
- Business Process Modeling
- Standards Based Requirements
- IT Systems

Future State:
- Standard Processes
- Standard Systems

Process Driven Systems Strategy and Plan

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What is Business Process Management (BPM)?

- BPM is a management discipline that provides governance for a process-oriented organization with the goal of agility and operational performance.

- BPM uses methods, policies, metrics, management practices, and software tools to manage and continuously improve an organization’s business processes.

BPM is Important to DuPont

- Focuses on process improvement first, *then* design and delivery of IT solutions
- Manages business processes as assets
- Aligns work practices, roles, and technology
- Accelerates adoption of Best Practices
- Enables Process-Oriented Benchmarking
- Formalizes BPM Governance
DuPont’s Supply Chain BPM Journey

- Establish a multiyear plan
- Develop corporate standard processes
- Use proven tools and methodology
- Shift to “Process First” approach
DuPont’s Multiyear Plan

2008 – 2009 Preparation

Creation of SC Centers of Competency in Operations & IT
BPM pilot project

2010 Implement and establish a BPM capability, comprised of global standard process models, data, and tools, used on projects

2011 Apply BPM capability to major corporate processes
Measure process performance
Increase robustness of BPM tools & environment

2012 Optimize and control business processes as assets
Monitor process performance
Leverage BPM E2E
Develop Corporate Standard Processes

- Based on Industry Best Practices
  - Framework Models – SCOR®
  - Definitions
  - Benchmarks
- Vetted with businesses to minimize customization and speed adoption
- Owned and governed by Center of Competency
What is SCOR®?

- The Supply Chain Operations Reference (SCOR®) model is the product of Supply Chain Council (SCC).
- The SCOR® model provides a unique framework that links business process, metrics, best practices and technology features into a unified structure.
SCOR® Hierarchy and Process Framework

- **Standard Processes**
  - Plan, Make, Deliver, Return, etc

- **Standard Metrics**
  - Perfect Order Fulfillment, Order Fulfillment Cycle Time, etc

- **Standard Practices**
  - EDI, Sales & Operations Planning, etc
DuPont uses Proven Tools and Methodology

- Focus on process, organization, data, systems, output, governance
- Process Level Hierarchy drilldown
  - Enterprise level to transaction level
- ARIS® technology
  - ARchitecture of Integrated Information Systems
- Link to Solution Manager for SAP Configuration
ARIS®: Architecture of Integrated Information Systems

- Process Modeling Tool
- Content Repository
- Synchronization with Solution Manager
- Framework / Methodology
Shift to “Process First” Approach

1. Process models **now** key requirement of Front End Loading Project Phase
   - Goal: No IT Work without process model

2. Analyze current BU processes for gaps and divergence from global standard processes
   - Justification needed to deviate from standard

3. IT and Operations SC Centers of Competency working together to deliver solutions

4. Success measures evolve
Paradigm Shift – Success Measures Evolve

Previously:
IT did what the business requested
Success measured by reuse of leveraged code

Goal:
IT delivers an effective solution based on standard processes
Success measured by reuse of standard process

Effective Solution
Our Progress to Date

- Process standardization driven from top management
- Conducted broad communication and education on value of using integrated BPM approach
- Implemented IT infrastructure supporting BPM tools
- Developing global standard supply chain process models
- Established core team of certified BPM practitioners
- Launched major projects with “Process First” mindset
DuPont BPM Successes

- **Business A**
  - Used BPM as part of continuous improvement program to save $3MM/month
  - Defined process steps and work roles for order management process
  - The use of BPM highlighted missing process steps and allowed business to standardize training for customer service reps.

- **Business B**
  - Used BPM to demonstrate how to incorporate the previous month’s family disaggregation in planning restocks and supply rather than using history and statistical forecasting.
  - Improved the speed of design by 2 weeks

- **Business C**
  - Used BPM to demonstrate difference between regional processes
  - By sharing the standard model with regions, collaboration improved and several major SAP APO design flaws were uncovered.
What’s Next?

- Expand BPM
  - More businesses and regions
  - Additional enterprise processes
- Align BPM process analysis with other assessment techniques in use (Lean, Six Sigma)
- Harness the potential of the toolset
  - Synchronization with SAP Solution Manager
  - ARIS® reporting
- Emphasize value creation and bottom line impact
Reflections on DuPont’s Journey

- Building momentum took longer than originally expected
  - Once momentum exists, can quickly outstrip capacity to respond
- Identify key evangelists to expand exposure and education of value of using integrated BPM approach
- Training and reinforcement needed to ensure adherence to established modeling conventions
- On-going maintenance of models requires focused attention and coordination
- Difficult to change to “Process First” orientation
Learning Points

1. Induce a Paradigm Shift
2. Organize for Success
3. Coordinated Change Management
4. Keep Business Objectives in Mind
1. Induce a Paradigm Shift

- Drive a “Process First” orientation
- Accelerate results by using industry standard frameworks
- Deviate from industry standards only when differentiation is profitable
2. Organize for Success

- Create business process centers of competency in Operations and IT
- Staff with well trained and certified BPM practitioners
- Anoint organization that will own the corporate standard processes
3. Coordinated Change Management

- Build momentum for BPM initiative and goals
- Compelling business case to drive to corporate standards & best practices
  - BU’s are more similar than different
  - Allow for differences within the standard
- Identify different audiences & tailor message to different stakeholders
4. Keep Business Objectives in Mind

- Simplify
- Standardize
- Reduce costs
- Improve SC operations
- Benefit to customers

Driving to standards leads to better business insight, which leads to reports you can believe in, which results in better decisions.
Thank you for participating.

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