

Tackling Overdue Late Lines

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How Supply Management Professionals, Supervisors and the Supply Base Can Join Forces to Reduce Late Deliveries

When it comes to effective supply management, the importance of supplier metrics cannot be overstated. Usually thought of as a call-to-action for your supply base, those same metrics can also be a change agent for your organization's internal supply management function.

Supplier metrics need not be static, nor must they be long-lived — and neither must the actions taken in response to them. These metrics can be implemented to address short-term needs and should be flexible enough to be evolutionary.

At Halliburton's largest manufacturing center in Duncan, Oklahoma, nearly 800 suppliers provide more than 23,000 products to support diverse production material needs. Two years ago, the center experienced particularly acute issues associated with the late delivery of production material. Instead of proactively managing the situation, the Halliburton internal supply management organization largely reacted to it. While supply management professionals were experienced in terms of their years spent in the organization's employ, rank-and-file supply management professionals were extremely focused on transactional purchasing.

Two needs emerged: to support the center by reducing lateness, and to dramatically ramp up the team's skills. I implemented a new daily activity to address both.

A Proactive (If Initially Uncomfortable) Solution

Each week, I determined the supply management professionals responsible for the 1 percent most-overdue open purchase order lines. Every day that week, those supply management professionals and their supervisors joined me. As a small group, we reviewed the actions taken *that day* to address these most-overdue lines. The process started all over again the next week, with a fresh list of supply management professionals and order lines.



The short-term objectives were simple: close the performance gap by challenging the status quo; work with the suppliers to rectify these overdue order lines; and take necessary action to adjust the delivery date for the late material to meet the center's needs.

In the long term, my goal in implementing these daily meetings was to permanently improve how the supply management professionals managed the supply base. I intended to do that by giving them the skills and confidence necessary to achieve consistent, long-term improvement.

Naturally, the supply management professionals were uncomfortable with the meetings at first. Combined, the heightened focus on their late lines, the new expectation of daily action steps to rectify those late lines and the feeling that a supplier's failure was also a failure on their part made these meetings particularly stressful. Only by staying focused on the objective (meeting the center's needs) and on the supplier (the supply chain element with the most potential to change the status quo) was I able to help the staff overcome their initial fears.

Instead of dwelling on what had already transpired, we discussed leading questions regarding the late lines and formulated possible courses of action to keep supply management professionals focused on what was possible. The group discussion format also enabled the participants to learn from each other. As a result, supervisors and supply management professionals alike improved their mentoring skills — the supervisors' mentoring of the supply management professionals and the supply management professionals' mentoring of the suppliers.

In time, the target group of late lines was expanded. The 1 percent became 2 percent, then 5 percent and, finally, 10 percent. Today, these daily reviews are no longer necessary. Although the center's supply management leadership team still reviews the 5-percent and 10-percent most-overdue purchase order lines on a weekly basis, this is primarily done to stay on top of trends. Sitting down with the supply management professionals every day is no longer necessary because now they proactively act on the same data identified by the leadership team.

Today, the biggest payoff is the supply management professionals' proactive stance in managing late suppliers. Their skill sets for managing supply chain disruptions have dramatically improved. While late lines continue to be a daily issue at Halliburton, the challenges they present are just one-tenth what the center faced in early 2007.



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