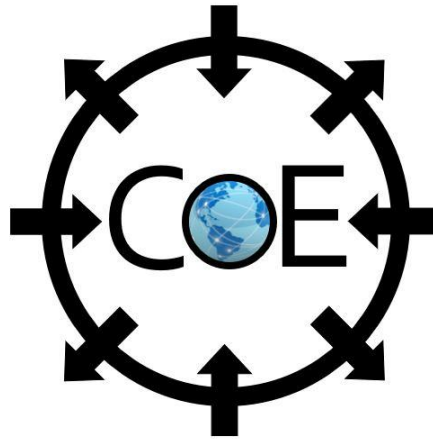


A COE-MODEL AS ENABLER FOR THE BUSINESS AND S&OP STRATEGY EXECUTION



What could help to transfer a Company's Business Strategy within a global, high complex and grown organization into manageable and focused components?

One approach could be the implementation of an organizational overarching but also integrating Center of Excellence Model in close collaboration to the S&OP process.

The general definition of a Center of Excellence (CoE) is a team, a shared facility or an entity that provides leadership, best practices, research, support and/or training for a focus area (Ref1: [CoE](#)).

Related to the Business Strategy execution, a CoE is a coordinating function providing strategic oversight, advice, scrutiny, and challenge across the department's portfolio of products, capabilities, technologies, programs and/or projects. A CoE is the focal point of supporting global strategic initiatives down to department's individual projects. It is driving the implementation as well as improving the organizational capability & capacity to run all programs to implement the needed framework and to enable the business strategy execution (Ref2: [The CoE Pocket Guide](#)).

COE-MODEL

As part of the Business Strategy and S&OP execution, the CoE-Model can be chosen and build up as an additional key pillar within a corporation. With the right set up and empowerment, an integrated CoE-Concept can significantly support to plan, build, and maintain the needed manufacturing footprint. Even if the S&OP cycle is not yet mature enough, the CoE-Model could be an approach to start and/or support the long-term planning processes.



The Centers of Excellence (CoE) approach can be used as a **component to the S&OP process** to design, build and implement the needed network for the Supply Planning Strategy execution.

Definition

- Certain **product group** or major **value stream**
- Responsible for **advancing manufacturing** processes and setting standards
- **Collaborates** with all affected plants in network
- Is composed of a **distributed team** and well-appointed with **decision making** competencies

Responsibility

- Cross functional **Collaboration** within network
- **Major contact** for NPI and M&A
- **Best practice** & knowledge leverage
- Driver for **business process development**
- Cost & **complexity reductions**
- **Standardization** & automation

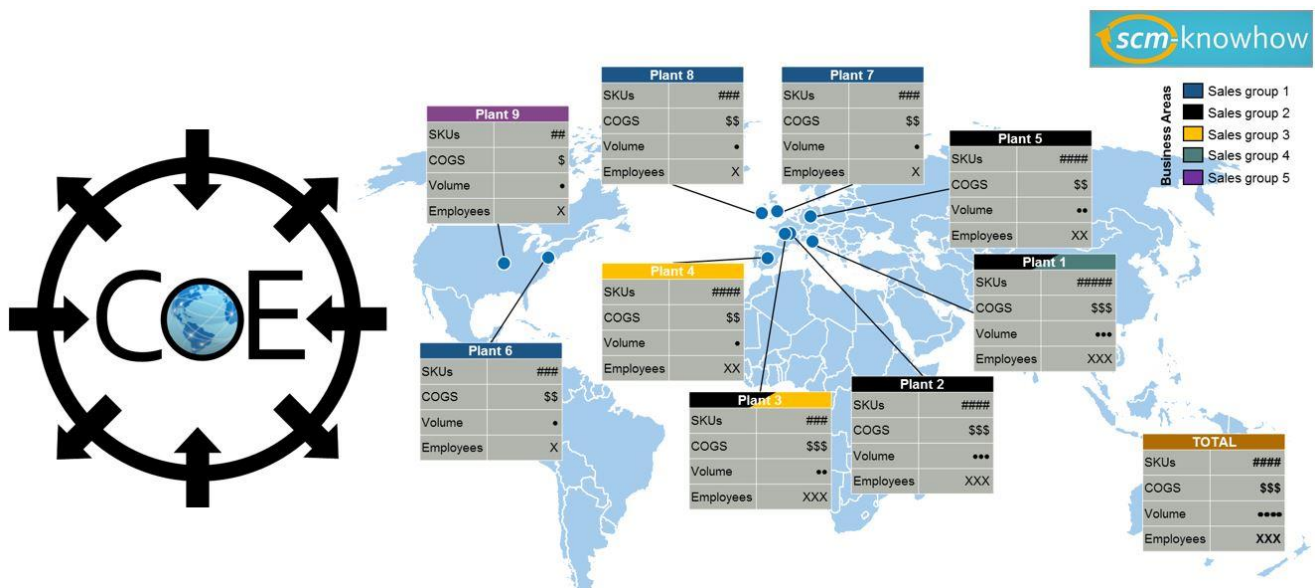
To ensure acceptance and success, the organizational set up should be aligned with the existing operational network inside & outside the company. In addition, a clear scope definition per CoE helps to build up the understanding within the supply chain network.

The CoE-Model allows to combine all needed resources, know-how and people to one team across all internal department boundaries and even external partners. Key for success is the full support and clear communication from the Management Board in the "driving" company within the network. Only with this, the announced CoE-Leader, with a direct reporting line into Sr. Management, can build up a CoE Management Board as a cross-functional team, structured in a global Matrix, to run a successful CoE for the defined scope. There might be several different CoEs in a corporation, depending on the bandwidth of the offered products and services and their needed major value streams, technologies, and core competencies. In addition, the existing business processes need to be reviewed and adjusted as needed to support e.g., the new defined competencies and decision-making processes.



NETWORK & FOOTPRINT ANALYSIS

After kicking off a CoE-Model for the Strategy execution, partnering with the S&OP processes, the starting point for the implementation should be the analysis and evaluation of the existing network and footprint. In grown companies, also with several former M&As, it is often the case that the existing footprint is marked by lots of locations producing similar products or running equivalent technologies, but with low focus on core competencies, volumes, standardization and/or latest technologies. As a result, the network is not as effective and efficient as it could be. Changing this will add much more value and profit to the corporation and its partners. The needed transparency must be gained by a broad and deep network analysis:



The global as-is network drives the CoE and overall footprint strategy development with the goals to support long-term business growth, cost and complexity reduction, business continuity risk mitigation as well as core technology & competence development.

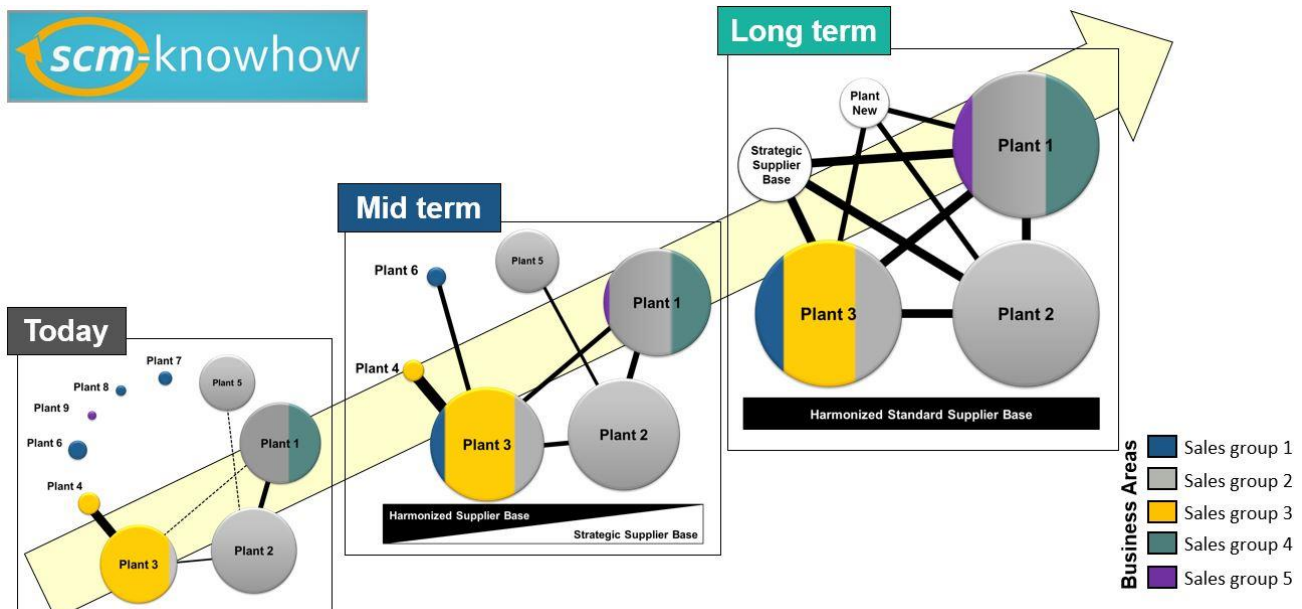
STRATEGIC FRAMEWORK DEVELOPMENT

Afterwards the footprint strategy development starts with the reconciliation, alignment, and communication of an appropriate strategic framework. This is derived from the network analysis combined with "real" core competencies. Hereby a fit of the framework to the existing language and KPI landscape within the corporation might support the communication and roll out. With this strategic template all stakeholders, managers and decision-makers in the company can be aligned driving the global long-term footprint development in the same direction:

LOCATION	INVEST	SPACE	VOLUME	NPI	HC	NOTES
Plant 1 (Core Competence)	↑	↗	↗	↑	↗	<ul style="list-style-type: none"> Increase Capacity for ... Additional SQM based on ...
Plant 2 (Core Competence)	↑	↔	↗	↑	↗	<ul style="list-style-type: none"> Output increase due to ... Headcount in align with ...
Plant 3 (Core Competence)	↑	↑	↑	↑	↑	<ul style="list-style-type: none"> Additional equipment planned for ... Output increase due to ...
New Plant	↑	↑	↑	↑	↑	<ul style="list-style-type: none"> Regulatory Strategy based on ...
...	↓	↘	↘	↓	↘	<ul style="list-style-type: none"> ...
Plant 9	↓	↓	↓	↓	↓	<ul style="list-style-type: none"> NPI and re-investments until end of ...

↑ Increase / New / Yes ↗ Limited ↔ Equal / Neutral ↘ Decrease after 20xx ↓ Decrease / No

This framework is also an integrated part to the business strategy documentation, should be reviewed on a yearly base and updated in case of changes, e.g., due to M&A activities, buy-outs, or plant closures. The maintenance, tracking and controlling of the needed programs is owned by the CoE in close collaboration with all impacted entities within the organization as well as with the affected S&OP process owners. Finally, this results in a long-term footprint development journey, supporting an increase in efficiency, leverage opportunities, driving standardization and reducing complexity and costs:



The final stage will be a strong integrated supply chain network with clear core competencies for the own locations and the strategic supplier base. Hereby the long-term roadmap needs to be synchronized with the other CoEs but could also vary between the different CoEs within the corporation.

TECHNOLOGY MATRIX

▲ Gap ⏻ Started ➡ Available

Today	CNC			Inspection			Automation			New Processes		
Impact Area	P1	P2	P3	P1	P2	P3	P1	P2	P3	P1	P2	P3
Quality	➡			➡	➡	➡	▲					
Customer	▲	▲	▲							▲		
Service	➡						▲	▲	➡			⏻
Cost				⏻	⏻	⏻	▲		➡			

scm-knowhow

After the CoE related strategic framework has been defined and the CoE Management Board was staffed, one of the first action could be a Technology Matrix gap analysis. This analysis must be structured in alignment to the overall Business

Strategy, the defined Business Model, and the Strategic Objectives. For example, if there are formulated Strategic Objectives for Quality, Customer, Service and Cost, the needed Technologies to deliver these results are evaluated and analyzed by location within the network. The different clusters and value streams must be defined and adjusted to the technology portfolio which is needed to supply the corporation's core products and/or services.

Hereby the gap analysis should also take into consideration already future requirements e.g., given by the long-term R&D and NPI Pipeline or already known changes of customer expectations. For each identified gap an appropriate project should be started to identify, design, develop or source and implement the needed technology. The project execution is an integral component to the above explained strategic framework and long-term footprint development.

▲ Gap ⏻ Started ➡ Available

Future	CNC			Inspection			Automation			New Processes		
Impact Area	P1	P2	P3	P1	P2	P3	P1	P2	P3	P1	P2	P3
Quality							20xx: Anodization	➡				
Customer	20xx: Product marking	➡								20xx: New Metal	➡	
Service							20xx: Integration / Industry 4.0	➡	➡			20xx: Cap. Redundancy
Cost				20xx-xx: Inspection / Packaging automation	➡	➡	➡	➡				

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SUMMARY

A CoE-Model to manage a global footprint strategy is a great additional component to the S&OP process but can also be implemented as a stand-alone approach. With the right empowerment it is a strong support for the Business Strategy execution. It can drive standardization, increase of the long-term capacity flexibility, and support the supply chain integration. Further on it is an enabler for cross-functional and cross-organizational collaboration.

REFERENCES

Ref1: CoE: https://en.wikipedia.org/wiki/Center_of_excellence

Ref2: The CoE Pocket Guide: <https://vsip.info/the-centre-of-excellence-pocketbookpdf-pdf-free.html>