



SUPPLY CHAIN MANAGEMENT PEER GROUP MEETING

Speaking 'CFO': Financial Metrics for Supply Chain

November 11, 2010

The goal of the meeting was to learn practices for connecting supply-chain professionals with the rules, practices, and expectations of corporate finance. [Click here to access this meeting's presentations](#) (member companies only).

Key takeaways culled from attendee comments:

- √ **"Deliver the headline first, then the details."** Supply chain professionals deal with a lot of details every day. Managing those details makes all the difference. The C-Suite must have a much more big-picture perspective. And so, it's important to "deliver the headline" first, then the full story if necessary and desired. Be concise when pitching the value of supply chain upstream.
- √ **"Know the whole business."** To be engaged in the process we need to know more than our disciplines. We need to really understand the interdependent relationships of all the business's functional areas.
- √ **"Focus on what matters to those who matter."** Everyone matters, of course, but the point is to deliver clearly what is relevant to your audience. And in this instance, your audience is corporate finance. Go back and make sure you are addressing the key metrics for this audience. *[Editor's note: These metrics are listed in the [meeting presentations](#).]*
- √ **"Establish a Supplier Council and invite finance to the table."** This will not only build relationships but help financial types to better understand supply chain operations.
- √ **"Benchmark company financial results against competitors, and share with the supply chain group."** A great way to increase finance's understanding of supply chain operations is to increase supply chain's understanding of finance. In this way, you proactively change what you can control and watch the results.
- √ **"In talking to finance, emphasize the 'iron triangle' of supply chain."** Inventory, customer service, and capacity. When you have opportunity to communicate supply chain to the C-suite, focus on increasing their understanding the relationships between these three. Most people don't know that if choose levels for two necessarily affects the third.