SPICE MAKER MCCORMICK & CO. BUILDS A WORLD-CLASS SUPPLY CHAIN

Reflections on a 10-year journey that transformed McCormick’s supply chain into a global function and strategic asset

GOALS
- Enable collaboration across functions and facilities to create a seamless, end-to-end supply chain
- Establish a global standard for sales and operations planning (S&OP)
- Empower and develop employees across the organization
- Optimize and continuously improve supply chain operations

APPROACH
- Apply APICS education and the SCOR model to align people, process, organization and technology, and create a global scorecard
- Use SAP Advance Planning and Optimization (SAP APO) application to implement a global S&OP process
- Identify and complete 33 separate supply chain excellence projects spanning multiple divisions and countries
- Incorporate pilot project and rightsizing best practices

RESULTS
- Built a global supply chain organization and leadership team
- Created a supply chain culture of continuous improvement – each initiative building off the best practices already established and embedded
- Supported achievement of business goals
Building a strategic asset from the ground up
In 2002, McCormick & Co., the well-known maker of spices, seasonings and other flavorful products, embarked on a 10-year journey that would completely transform its supply chain. Through ongoing efforts to develop employees, align the organization and continuously improve, McCormick has succeeded in building a globally coordinated and aligned supply chain organization.

At the foundation of McCormick’s supply chain strategy lies APICS training and the SCOR knowledge framework. At the same time, and as part of the process of creating a global standard for sales and operations planning, the supply chain team rolled out SAP Advanced Planning and Optimization (SAP APO).

As part of the 10-year initiative, 33 separate supply chain excellence projects have been identified, funded and completed, spanning multiple divisions and countries. Each project informed the next, creating a layering effect for lessons learned, practical experience and best practices. These are now integral parts of McCormick’s supply chain DNA.

“Our supply chain process has become a strategic lever and competitive advantage,” said Chris Silvester, McCormick’s vice president of North American supply chain planning. “It contributes to our revenue and growth, and it’s so essential to our company that we measure success at the highest level, at shareholder value.”

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APICS and SCOR training foster cross-functional collaboration
McCormick recognizes that an organization is only as strong as the employees behind it, and its people-first culture is reflected in one of the company’s Five Pillars of Success: the Power of People.

With more than 5,000 employees in supply chain all over the world who work across planning, sourcing, manufacturing and delivering, McCormick wanted to provide training that would empower people and effect change. At the same time, training would establish a common language and seamless processes for working across functions and facilities.

“If you’re in supply chain, you know about APICS,” said Denise Layfield, the now-retired McCormick supply chain executive who initially spearheaded the program. “I was involved in a local chapter and was aware of the training options available. I knew APICS and SCOR training were going to be critical components of the transformation.”

McCormick initially conducted APICS training on site at various facilities with the notion that this format offered a great opportunity, not only for learning but also for cross-functional team building. McCormick employees tend to stay with the organization for many years, so the majority of the individuals who completed the training are still with the organization today.

The team at McCormick worked with an APICS instructor to incorporate SCOR into the training (the process generally used before APICS incorporated SCOR into CSCP training). To underscore the importance of adopting best practices, certification became a requirement for certain positions such as planning and scheduling roles.

Today, McCormick employees looking to advance their careers take classes offered by local APICS chapters. In-house training is being reconsidered as McCormick continues to reorganize and expand its workforce in North America and worldwide.

The internal alignment created by the SCOR-based strategy has resulted in a shared vision among employees, one that’s positive and filled with promise as supply chain excellence projects contribute to the success of the organization.
Global scorecard provides standardization

The number of countries, facilities and ongoing acquisitions a dynamic global company like McCormick deals with make standardizing metrics a difficult feat. The SCOR model was leveraged to create a global scorecard that ensures that the same metrics are tracked around the world.

Scorecard implementation began in 2010, usually tying to S&OP or excellence projects. Because these projects often stood on their own and had specific outcomes and metrics based on function or process, there were a number of different strategies and expected results. The global scorecard, while it remains a work in progress, has allowed for one vehicle of measurement.

SCOR-based strategy dovetails with SAP

As part of its supply chain journey, McCormick implemented a global S&OP function using the SAP APO application for forecasting and scheduling. Since SAP incorporates the SCOR model into its software business rules, it dovetailed perfectly with McCormick’s SCOR-based strategy and APICS training.

In fact, McCormick’s adoption of SCOR methodology was initially spurred by Layfield’s involvement in an SAP project when she saw that SAP’s software business rules referenced SCOR. Wanting to learn more, she did an Internet search and signed up for a public SCOR-P training class.

“I was so inspired by the SCOR framework and learning that I requested an introductory SCOR class for McCormick executives,” she said. “This quickly led to our adoption of the SCOR methodology.”

McCormick’s SCOR-based strategy aligns people, process, organization and technology, resulting in better, faster and less costly S&OP and SAP APO transactional system deployment. As subsequent McCormick entities implemented SAP APO over time, they saw improved supply chain performance.

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Slow and steady wins the race

McCormick doesn’t take a “big bang” approach to supply chain effectiveness. “One of the key lessons the team learned is to ensure organizational support and readiness before embarking on a new project.” said Laura Singel Scott, McCormick’s program director for global supply chain planning.

According to the McCormick team it also is important to have a strong sponsor to steward a project and create alignment with goals and objectives. Projects and then processes require ongoing ownership and understanding, so it’s key to have an onboarding plan for new leadership. Don’t underestimate the ongoing effort and resources required to keep a supply chain functioning once it’s implemented. Taking away this support can undo the work that was done and lead to a crisis.

McCormick found tremendous success using project pilots and rightsizing. At its operations in El Salvador, for example, an S&OP pilot project was launched in six months. Shortly after the launch, improvements in metrics were documented that fueled continued project engagement. At this location—and others—McCormick was careful to right size the project for the location. While it followed a universal template, the level of functionality and scale of operations were modified to fit the specific needs of the El Salvador facility.

It’s important to note that not all of McCormick’s projects over the decade-long initiative were easy wins. One project actually had two false starts before being successfully completed on the third attempt.

Looking both back and forward, leveraging the APICS body of knowledge and SCOR model framework empowered McCormick employees to transform their supply chain organization—improving customer service, reducing cost, creating shareholder value and positioning McCormick for continued and future success.
The About APICS Supply Chain Council
APICS SCC is a nonprofit organization that advances supply chains through unbiased research, benchmarking and publications. APICS SCC maintains the Supply Chain Operations Reference (SCOR) model, the supply chain management community’s most widely accepted framework for evaluating and comparing supply chain activities and performance. APICS SCC enables corporations, academic institutions and public sector organizations to address the ever-changing challenges of managing a global supply chain to elevate supply chain performance. APICS SCC is part of APICS, the premier professional association for supply chain and operations management. For more information, visit apicsscc.org.

About APICS
APICS is the leading professional association for supply chain and operations management and the premier provider of research, education and certification programs that elevate supply chain excellence, innovation and resilience. APICS Certified in Production and Inventory Management (CPIM) and APICS Certified Supply Chain Professional (CSCP) designations set the industry standard. With over 37,000 members and more than 250 international partners, APICS is transforming the way people do business, drive growth and reach global customers. For more information, visit apics.org.