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# Supply-chain operations reference model (SCOR): the first cross-industry framework for integrated supply-chain management

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## Abstract

The supply-chain operations reference model (SCOR) is the first cross-industry framework for evaluating and improving enterprise-wide supply-chain performance and management. The culmination of intensive work by 70 world-class manufacturers, SCOR provides standard process definitions, terminology and metrics. It will enable companies to benchmark themselves against others, and influence future applications development efforts to ensure fit with manufacturers' needs. The emerging process reference model concept is the logical extension of business process re-engineering and other process improvement efforts. SCOR, which is structured in four levels, is based on a plan, source, make, deliver framework.

## Introduction: the importance of supply-chain integration

Managing supply-chain operations is critical to any company's ability to compete effectively. The supply chain has traditionally been managed as a series of simple, compartmentalized business functions. It was driven by manufacturers who managed and controlled the pace at which products were developed, manufactured and distributed. In recent years, however, customers have forced increasing demands on manufacturers for options/styles/features, quick order fulfilment and fast delivery. With the long-time competitive differentiator of manufacturing quality approaching parity across the board, meeting these customer demands has emerged as the next critical opportunity for competitive advantage.

Maintaining competitive advantage likewise forces constant redirection and enhancement of product features, quality, cost, options and services. Supply-chain effectiveness has therefore joined product quality and time-to-market as a key competitive differentiator. Success for many companies now depends on their ability to balance a stream of product and process changes with meeting customer demands for delivery and flexibility. Optimally managing supply-chain operations has therefore become critical to companies' ability to compete effectively in the global marketplace.

Data from Pittiglio Rabin Todd & McGrath's (PRTM's) 1996 integrated supply-chain benchmarking study shows that the performance gap between best-in-class and average companies is widening, and that companies unable to leverage effectively the outcome of an efficiently run supply chain are rapidly falling behind. Concurrent with the increased importance of the supply chain to a company's competitiveness has been a shift from traditional function-based (vertical) management to process-based (horizontal) management. As a result, the tight integration of management processes is increasingly important, and complex operations processes must be clearly defined and effectively implemented.

## Release of SCOR

To assist companies in increasing the effectiveness of their supply chain, and to support