



SUPPLY CHAIN GAP ANALYSIS



Purpose

The purpose of a supply chain gap analysis is to measure the differences between the current situation and the desired situation. It compares “what is” with “what ought to be”. When gaps are identified, you can work to close them.

Participant(s)

Supply chain management and key employees.

Application

A gap analysis is used when a company wants to clarify to what degree it meets its goals, using specific performance objectives.

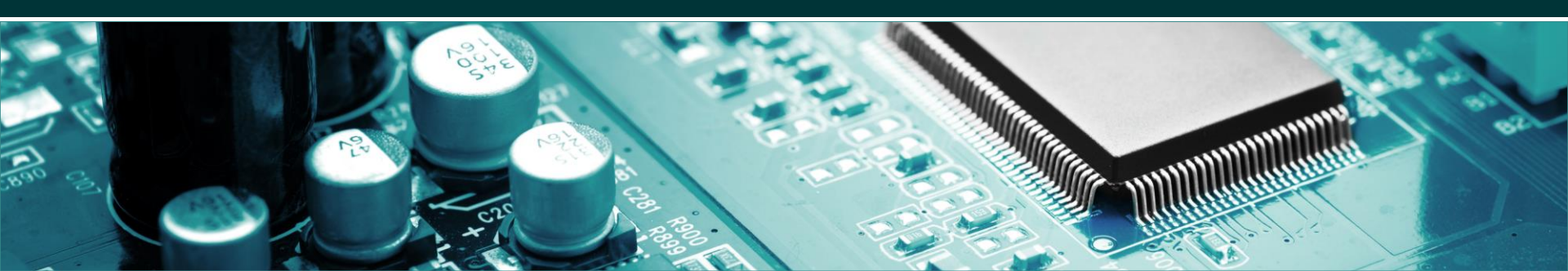


Method

The current situation, or AS-IS, describes the company's key objectives and performance in relation to the current supply chain strategy. Following this, the factors for the future situation are identified. By evaluating the objectives against the actual performance, gaps can be identified. A gap analysis can be made for a company as a whole, to give an overview, but it may also apply at department level.

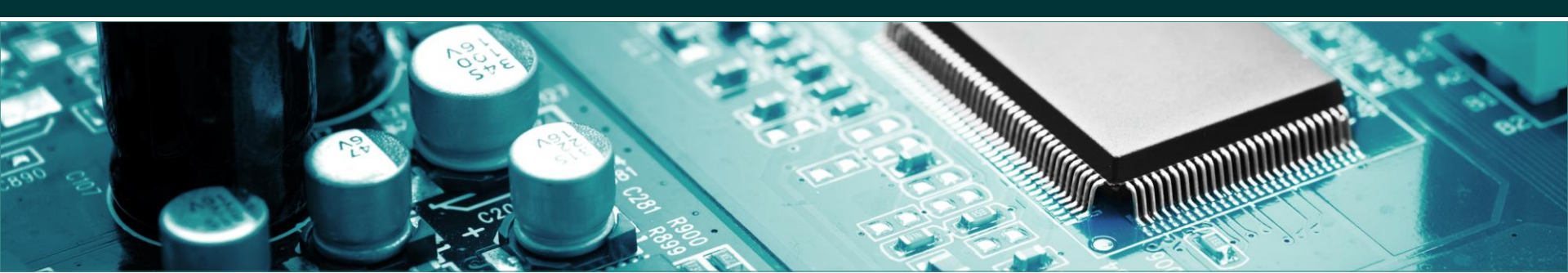
To perform a gap analysis, the following must be available:

- Performance targets for the company supply chain
- Data used for the calculation of supply chain key figures
- Agreed timeframe
- Goals for the future situation / performance



Example of a gap analysis

Range of measurement	Target	Realized	Gap
Delivery time	12 days	20 days	8 days
Lead-time	2 days	7 days	5 days
Inventory turnover	12 times	6 times	6 times
Quality	99 %	94 %	5 %
Scrap	1 %	4 %	3 %



Benefits

A gap analysis forces the company to be aware of the current situation and performance. It challenges the company on “what” and “where” it wants to be in the future in clear, specific and measurable terms.

Output

The output of a gap analysis can be input to the supply chain strategy. Thus, it allows a discussion of basic causes and closes the identified gaps.