Supply Chain
Finance and Metrics:
Linking Operations to Financial Outcomes

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Supply Chain Value Proposition

Grow Revenue through High Service Levels
➢ Improve product and service availability
➢ Sell more volume or gain ‘share of wallet’
➢ Strengthen relationships with more profitable customers
➢ Improve product/service innovation
➢ Align services with cost-to-serve
➢ Shorten overall cycle times

Optimize Total Cost
➢ Reduce sourcing, production, logistics, warehousing, and customer support costs
➢ Leverage economies of scale and technology to reduce transaction and unit cost
➢ Manage system performance and mitigate risk
➢ Identify profitable customers and products using cost allocation tools

Reduce Capital Requirements
➢ Minimize total inventory (RM, WIP, FG)
➢ Reduce A/R collection times and bad debt
➢ Shorten cash-to-cash cycle
➢ Improve fixed asset utilization

RESULTS IN IMPROVED EARNINGS, RETURNS AND CASH FLOW
Linking Operations to Financial Value

Shareholder Value Metrics

“Five Whys”

Machine jammed
Preventive maintenance not performed
Materials in storeroom
Materials not ordered

ROA
Asset Turnover
Cost Control

Revenue growth

Inventory levels
PP&E utilization
Waste / Rework
Bottlenecks

Equipment downtime