

Welcome to the twenty first lesson of the DoD Supply Chain Fundamentals module, SCOR Levels One, Two, Three Metrics.

In this lesson you will learn to distinguish between characteristics of SCOR levels one, two, three metrics.

You will be given an opportunity to test out of this lesson. If you pass the test question, you can decide to continue, or skip to the next lesson.

Which of the following is a characteristic of a SCOR level one metric?

- A Measures a part of the supply chain
- B Serves as further diagnostic tool for level two metrics
- C Establishes the priority or priorities for organization
- D Helps identify the root cause or causes of a performance gap

**Feedback:**

The correct answer is "Establishes the priority or priorities for organization." The other alternatives are characteristics of SCOR levels 2 and 3 metrics.

How do you know your Supply Chain is performing well? Wouldn't that be good to know?

Is your idea of "performing well" the same as your customers' and suppliers'? Are you all measuring the same performance attribute(s)?

This next lesson describes "metrics" for quantifying how well your Supply Chain is performing. Metrics will help focus your efforts on satisfying customer needs.

Metrics provide the information you need before deciding what to do about improving performance.

### Learning Objective

- Distinguish between characteristics of SCOR levels one, two, three metrics.

In an earlier lesson, you learned about **Performance Attributes** and **Metrics**.

Recall that a performance attribute is a grouping of metrics used to express a strategy. An attribute itself cannot be measured; it is used to set strategic direction. Examples include Reliability, Responsiveness, Agility (Flexibility), Cost, and Assets.

Recall that metrics measure the ability of a supply chain to achieve these strategic attributes. It is the "how" of measurement, that is, the method by which we measure something and a standard for measurement.

This lesson goes into greater description of the characteristics for metrics at each SCOR® level one, two, three.

Attributes that Matter:

### Responsiveness (RS)

- How fast are you?

### Agility (AG)

- How flexible are you?
- How adaptable are you?

### Reliability (RL)

- On time?
- Right quantity?

### Cost (CO)

- How much does it cost?
- How much do I need to invest?

### Level 1: Strategic metrics characteristics:

- Measure overall supply chain performance and health of the supply chain. Key Performance Indicators (KPI).
- Set the scope and objectives for a supply chain, project, or organization
- Translate a business problem or strategy into something measurable
- Establish the priority or priorities for organization

Level 1 metrics are **strategic** and the starting point of your improvement project. These strategic metrics help you understand how a supply-chain is measured. Different metrics (e.g., Responsiveness, Reliability, Cost), may lead to different processes to review and improve or monitor. Focus on measuring those metrics that are applicable to your process. Shaving a day more off the supply chain cycle time is probably not the most valuable use of resources for a new technology supply chain.

### Level 2: Diagnostic metrics characteristics:

- Diagnostics for the level 1 metrics
- Measure a part of the supply chain and/or a part of the strategic metric
- Provide direction to where problems originate
- Helps identify the root cause or causes of a performance gap for level one metric

Don't discard non-priority metrics completely as they are often still integral to the survival of the system.

Example:

#### Performance Attribute:

- Supply Chain Costs (metrics code = CO)

#### Definition:

- The costs associated with operating the supply chain, including labor, material, and transportation.

#### Level 1 Strategic metrics:

- Total Supply Chain Management Cost (TSCM/CO.1.1), the sum of the costs associated with the SCOR Level 2 processes to Plan, Source, Deliver, and Return.

#### Associated Level 2 Diagnostic metrics:

- CO.2.1 Cost to Plan, CO.2.2 Cost to Source, CO.2.3 Cost to Make, CO.2.4 Cost to Deliver, CO.2.5 Cost to Return, CO.2.7 Mitigation Cost (Cost To Mitigate Supply Chain)

Calculation of TSCM = Sales – Profits – Cost to Serve (e.g., marketing, selling, administrative)

**Beyond level 1 and 2, all metrics are considered to be level 3.**

- SCOR® does not specify levels for metrics that are not level one or two.
- These metrics serve as further diagnostic tools for level two metrics.

Level 1: Strategic

CO.1.1 Total Supply Chain Management Cost (TSCMC)

Level 2: Diagnostic

CO.2.7 Mitigation Costs (Costs to Mitigate Supply Chain Risk)

Level 3: Diagnostic

CO.3.180 Risk Mitigation Costs (Plan)

CO.3.179 Risk Mitigation Costs (Make)

CO.3.182 Risk Mitigation Costs (Source)

CO.3.178 Risk Mitigation Costs (Deliver)

CO.3.181 Risk Mitigation Costs (Return)

Look toward the customers of your process to understand how they measure your performance.

**Different types of relationships exist between a metric (the "parent") and its diagnostic metrics (the "children"):**

- The parent is the sum of its children (e.g., time and cost)
- The children are multiplied to calculate the parent (e.g., yield)
- The relationship is undefined (but can be statistically observed)

**Diagnostic metrics don't necessarily add up to their parents:**

- **Order Fulfillment Cycle Time is not the sum of Deliver Cycle Time + Make Cycle Time + Source Cycle Time for most supply chains**

**Note:** Trend is often more important than value.

### Key points to remember about :

- SCOR metrics are recommendations, not required metrics. Typical users will not use all SCOR metrics in their supply chain and many will even add metrics specific to their supply chain.

Key points to remember about:

### Level 1 Strategic metrics (Key Performance Indicators)

- Measures overall performance and health of the supply chain
- Sets the scope and objectives for a supply chain, project, or organization
- Translates a business problem or strategy into something measurable
- Establishes the priority or priorities for organization

### Level 2 Diagnostic metrics

- Diagnostics for the level 1 metrics
- Measures a part of the supply chain and/or a part of the strategic metric
- Helps identify the root cause or causes of a performance gap for level one metric

### Level 3 Diagnostic metrics

- These metrics serve as further diagnostic tools for level two metrics.

Which of the following is a characteristic of a SCOR level one metric?

- A Strategic
- B Serves as further diagnostic tool for level two metrics
- C Measures a part of the supply chain
- D Diagnostic

**Feedback:**

The correct answer is, "Strategic." These other alternatives are characteristics of metrics two and three.

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## Post-Test Introduction

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You have completed the learning portion of the SCOR Level One, Two, Three Metrics lesson. Next you will be given three attempts to demonstrate mastery of the learning objective.

If you fail all three attempts, you can still progress to the remaining lessons and graduate; however, you are encouraged to restudy the lesson to increase your understanding of the content.

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Which of the following is a characteristic of a SCOR level two metric?

- A Translates a business problem or strategy into something measurable
- B This metric serves as further diagnostic tool for level three metrics
- C Strategic
- D Diagnostic

**Feedback:**

The correct answer is, "Diagnostic." "Strategic" and "Translates a business problem or strategy into something measurable" are characteristics of level one. "This metric serves as further diagnostic tool for level three metrics" is uncharacteristic of any metric.

Which of the following is a characteristic of a SCOR level three metric?

- A Sets the scope and objectives for a supply chain, project, or organization
- B Diagnostic for the level one metrics
- C Translates a business problem or strategy into something measurable
- D Serves as further diagnostic tool for level two metrics

**Feedback:**

The correct answer is, "Serves as further diagnostic tool for level two metrics." "Diagnostic for the level one metrics" is a characteristic of level two metrics. The others are characteristics of level one metrics.

Which of the following is a characteristic of a SCOR level two metric?

- A Sets the scope and objectives for a supply chain, project, or organization
- B Helps identify the root cause or causes of a performance gap for level one metric
- C Strategic
- D Translates a business problem or strategy into something measurable

**Feedback:**

The correct answer is, "Helps identify the root cause or causes of a performance gap for level one metric." The other alternatives are characteristics of level one metrics. This was your third and final attempt, but you will be allowed to progress to other lessons and graduate. [Review This Lesson](#)

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In this lesson, you learned about characteristics of SCOR levels one, two, three metrics to include the following learning points; a.) level one strategic metrics (KPIs) measure overall performance, b.) level two diagnostic metrics measure a part of the supply chain, c.) level three metric is a further diagnostic for level two metrics.

Can you recall from a previous lesson which of the following are characteristics of SCOR level three process elements?

- A Defines the scope and content of supply chain. ➤
- B Implements company's operations. ➤
- C Includes process performance metrics, and best practices, where applicable. ➤
- D Level 3 processes are generally industry, product, location and/or technology specific. ➤

**Feedback:**

The answer is "Includes process performance metrics, and best practices, where applicable."

You have completed the content for this lesson.

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