

4) Approaches for measuring and improving performance

Operational excellence is based on a performance management approach that includes process mapping and improvement, performance measurement using key indicators often grouped into management dashboards, activity based costing, and comparative analysis, better known as benchmarking. Though this performance management approach is not specific to supply chain management, it is still recognized as a necessary condition and best practice. In fact, companies that use key performance indicators report better logistics performance than those that do not (Industry Canada, 2006).

4.2 Use of electronic systems linked to logistics in Canada

In Canada, there has been a relatively low rate of adoption of electronic information systems to manage logistics functions, with use at slightly over 20% by medium-sized and large companies, and a mere 10% by small companies. In the United States, the rate of use is 30% higher than in Canada, regardless of the size of the company (Industry Canada, 2010a). Though use remains low for all sectors, wholesalers boast the highest rate, with 35% adopting electronic logistics management systems. Moreover, retailers and wholesalers are relatively more inclined to use electronic systems to coordinate replenishment activities with their suppliers such as CPFR. This does not prevent manufacturers from increasingly adopting collaborative approaches such as CPFR with their own suppliers.

Last, we know how important it is to integrate electronic information systems to achieve excellence in managing supply chains. Barely half of Canada's major companies have succeeded in integrating electronic supply management systems with their other internal systems as indicated in Figure 5. Naturally, this percentage decreases inversely with the size of the companies. Also, the degree of integration with client and supplier systems is a key indicator of business performance in terms of collaboration and exemplary management of the supply chain. However, relatively few companies have reached this degree of integration with their suppliers. Retailers have achieved the highest adoption rate (close to 40%), which is a result of their efforts in terms of collaborative planning, forecasting and replenishment, or CPFR (Industry Canada, 2010a).

Few surveys have been done to assess the degree to which Canadian companies have adopted logistics practices. One of the most exhaustive such survey was conducted in 2001 in Quebec and was based on a sample of 668 respondents (Roy et al., 2002). The results are presented in Table 3.