Lora Cecere’s interview with Tony Romero of Intel Corporation:

Tony Romero is the General Manager of the Customer Fulfillment, Planning, and Logistics Group (CPLG) for the Intel Corporation. CPLG is responsible for the supply chain business management and logistics functions for Intel products.

He joined Intel in 1990 and has held numerous positions across Intel’s supply chain. He spent his first nine years working in fab manufacturing. In 1999, Tony moved to Assembly and Test and worked within the Industrial Engineering and Planning organizations. In 2006, he took the position leading the overall ATM Supply Planning organization and in 2010, he became the Director of Supply Planning Operations. In 2012 he became the General Manager of CPLG. In this last role, he has led a world-wide organization of 650 employees, owning and executing Intel’s supply strategy in partnership with the company’s other Supply Chain groups.

Tony holds a BS and MS degree in Industrial Engineering from the Stanford University, CA.

I interviewed him in the fall of 2013.

Which metrics matter and why?

The metrics that are important for Intel include:

• Cycle time: We measure the full supply-chain cycle time. This is not only our manufacturing cycle time (manufacturing cycle times are very long), but our full cycle to get products to market. As we continue our development, we face longer cycle times. The 14-nanometer technologies have more manufacturing steps with longer manufacturing time. It takes a long time. It can be four months before you do a wafer from start to shipment, and with the newer technologies, it can be even longer. I measure the cycle time as the time that it takes to get the signals from the customers, which can be three to four months, plus the execution horizon and execution of what we build. Cycle time is a challenge.

• Inventory time. We want to be sure that we are building the right units. We first build the wafer and then assemble the unit and then finally test the assembly. We are constantly testing our processes here. This includes die bank postponement and modifying and testing. We are constantly assessing how good our inventory is at this point in the value network.

• Responsiveness is another important measurement. We question, “Are we delivering the product for the perfect order measures?” This includes the delivery with the right quality. To do this we use our forward-stage locations. For all of our original equipment manufacturers (OEMs), we directly service all of their major items with direct replenishment. To do this, we put in the standard products and service multiple customers for most, but not all, of their items through close monitoring. This allows us to get a downstream signal.
Tell me more about the management of inventory.

In the beginning we saw some of the opportunity in what the customers were pulling and negotiated with all of them to get inventory in this type of program. We have been able to take the information gathered from customers over the past couple of years and redesign the supply chain. To do this, I reorganized parts of the organization to combine several efforts. I now have a team that is managing all of our finished goods inventory through one organization. They manage where it goes. Inventory is an area where I think central control is mandatory.

We take the time to reach out to customers and say, “We think that you have too much of our inventory in your location and we will make sure that your service levels are right, but we want to manage it directly.” As a result, we have seen some strong partnership with a couple of companies who are also interested in evolving the supply chain. I am trying to get the group to see: If we are engaging the sales teams it creates “stickiness.” It lowers their requirements and the demand that they are selling and tightens the relationship with them.

Do you have anyone responsible for the end-to-end supply chain?

We have folks who are engaged with the sales teams and the geographic teams to analyze how we best service our customers. Today, when I hire someone, I want to be more strategic. I want to see more of this evolution of looking at end-to-end and articulate it. We look end-to-end, but can we articulate it into action? We need to get better at it. It is difficult. We are constantly analyzing where we are spending our money and analyzing new customer requirements.

We take a current set of requirements and question ourselves. “How do we think about this more strategically?” Today, we do not articulate it enough, but we are trying.

At the executive level there is tremendous energy and effort. How do we shrink our time to launch new products and take them to market? We have a lot of focus and energy in this space. Our CEO understands this very well. He fully gets the capabilities that we need to have. What he is asking us to focus on is faster and better collaboration with customers. Our goal is to get products to market faster. His guidance to me is, “At no time let the supply chain become a limiting factor. We are evolving, but this is still a challenge.”
About Intel Corporation:

We are the world's largest semiconductor chip maker, based on revenue. We develop advanced integrated digital technology, primarily integrated circuits, for industries such as computing and communications. Integrated circuits are semiconductor chips etched with interconnected electronic switches. We also develop computing platforms, which we define as integrated hardware and software computing technologies that are designed to provide an optimized solution. Our goal is to be the preeminent computing solutions company that powers the worldwide digital economy. We are transforming from a company with a primary focus on the design and manufacture of semiconductor chips for PCs and servers to a computing company that delivers complete solutions in the form of hardware and software platforms and supporting services.

About Supply Chain Insights LLC:

Founded in February, 2012 by Lora Cecere, Supply Chain Insights LLC is focused on delivering independent, actionable, and objective advice for supply chain leaders. If you need to know which practices and technologies make the biggest difference to corporate performance, turn to us. We are a company dedicated to this research. We help you understand supply chain trends, evolving technologies and which metrics matter.