



ARC Retail

Analysis, Recommendation, Change...

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Opinion Piece

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The Supply Chain has become the Supply Web...

The supply chain has become the supply web. Today's business has many relationships with numerous partners and suppliers, who each have their own vested interests.

In that web any breakdown in supply or communication can have ripples of escalating size right across the whole network. What started as a minor inconvenience at one end can become a significant issue when it reaches the other.

Globalisation has made partner and supplier networks bigger, geographically at least. What this may reduce in terms of cost (or increase in quality) it amplifies in terms of logistical problems. In addition, the use of lowest cost manufacturing – wherever the manufacturer may be based – means that relationships in this area can often be promiscuous, with contracts shifting between competitors according to price.

The Internet and its integration into the supply chain has increased the speed with which companies can share systems and data and automate tasks and has increased the closeness of relationships. We've now entered the collaborative age, where systems within partner companies are not just linked but integrated, and processes automated. In addition the advent of e-procurement and marketplaces means greater competition and efficiencies, and the landscape has become even more daunting.

There's great pressure to manage the data, and to get the management of the supply chain right. Efficient Supply Chain Management (SCM) operates like an "invisible hand", introducing the source of supply to the source of demand with the least amount of pain and cost, seamlessly. It is pivotal to, and embedded in, all business transactions. When managed well, the beauty is its apparent invisibility; only when the process goes wrong does the fundamental involvement of the supply chain manager become apparent.

Planning is the first step to achieving an efficient supply chain. The key is to be able to see what's happening, across all dimensions – time, location and product, at the appropriate levels of granularity. Getting data fast, in an appropriate format enables the decision making, driving the plans forward.

Running an efficient and effective supply chain means giving the right people access to quality information allowing them to make informed 'trade-offs' between the costs of execution and the maximisation of sales revenue. Equally, they require status reports concerning the areas where they have responsibilities, so that they can make the necessary changes. These must be both reactive and proactive. This not only gives visibility of what's actually happening within the supply chain proper, but also delivers other benefits. An example is the ability to see where the network is under-performing (and hence deliver support for making changes).

Technology can simplify the process and help companies' control, rather than cope with, their supply chain relationships. Employing easy-to-use, automated and tailored front-end analysis tools, the clarity

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of information delivered can be improved dramatically. Reports can be produced in a couple of minutes, tailored to the user.

The supply chain is only as strong as its weakest link, so if data is limited or inaccurate only a partial picture is obtained and the state of health of the 'network' in its entirety will not be understood. Equally, the supply chain is at the mercy of external forces – market trends, economies etc. – so to avoid problems it's important to keep track of the whole picture.

Supply chain isn't just about suppliers and partners, products and timing. It's not just about scything into your cost base. It's about customers and increasing revenue – it's about managing the demand chain too. Getting the right product to the right place in the right quantity at the right time and at the best cost, this statement is the fundamental building block of CRM and SCM strategy – but to get value it must be reviewed constantly and intelligently.

Only the right technology tailored to the needs of staff and the business can ensure companies will benefit from the supply web, rather than get caught up in its complexities.

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