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before, meaning that legacy systems go out of date more quickly. At the same time, companies must weigh the benefits and cost of acquiring new systems, especially in an uncertain economy.

Waiting too long to replace old systems can lead to unnecessary costs. As customers and partners place more demands on distribution operations, “they’re not going to wait for you to hold off on investments in technology,” says Fuerst. “Inefficiencies are probably costing you more money than you realize.”

Companies can back themselves into a corner by running in-house systems that have been painstakingly customized over the years. They often find themselves relying too heavily on a handful of individuals with knowledge of the technology. An off-the-shelf system can simplify operations while making better use of state-of-the-art tools, reducing information-technology overhead.

In searching for a WMS vendor, companies should focus on those “with a proven track record,” says Fuerst. “You want a company that’s going to grow along with you.”

How to Excel in Vendor Management

There’s a significant difference between mere vendor compliance and strategic vendor management, according to Jim

Barnes, senior managing partner with enVista.

“Vendor compliance” is the process of riding herd on suppliers to ensure they are living up to their contractual commitments. “Vendor management” takes the concept a step further, according to Barnes. It requires that executives become proactive in their approach to the vendor base, from the time a purchase order is created to final delivery. Visibility throughout the process is an essential tool for ensuring service quality from the start, rather than managers reacting to negative events as they happen.

Companies can reduce or eliminate chargebacks by developing tight partnerships with vendors, says Barnes. But that goal can be difficult to achieve by mid-market retailers. Most “are run by merchants, not by supply-chain or technology people.” Too often, vendor management ends up being an afterthought. Companies are “more worried about what product is going to sell, not how they can trade more effectively with their partners.”

A strategic vendor-management program consists of several key elements: purchase-order creation, management of inbound freight, optimization of data from source to delivery, outbound transportation and issuance of advance shipping notices, so that all relevant parties have visibility of where inventory is at any given time.

Direct control over a particular shipment is less important than having visibility of its progress to the end user, Barnes says. A manufacturer or retailer needs to know up front whether the supplier received the purchase order and agreed to its terms and price. “I want to know what [the supplier’s] intentions are,” he says. “Not when [the product] hits the DC and you only shipped me half. I want to know that in advance.”

Many companies don’t view their suppliers as an extension of their business. Retailers “need to open their eyes to create a different mindset,” says Barnes.

Changes in Retail Increase Focus on Last-Mile Logistics

Jim Wicker, President of JW Logistics, talks about changes in the retail industry that are increasing the focus on last-mile logistics and the challenges this poses for both retailers and their transportation providers.

The recent recession has caused many retailers to rethink their inventory strategies, says Wicker. “Retailers are changing the footprint of their stores and how much inventory they are willing to keep in their stores. They also are looking at more home delivery or direct-to-

