Be Efficient, Respond To Demand And Remain Relevant

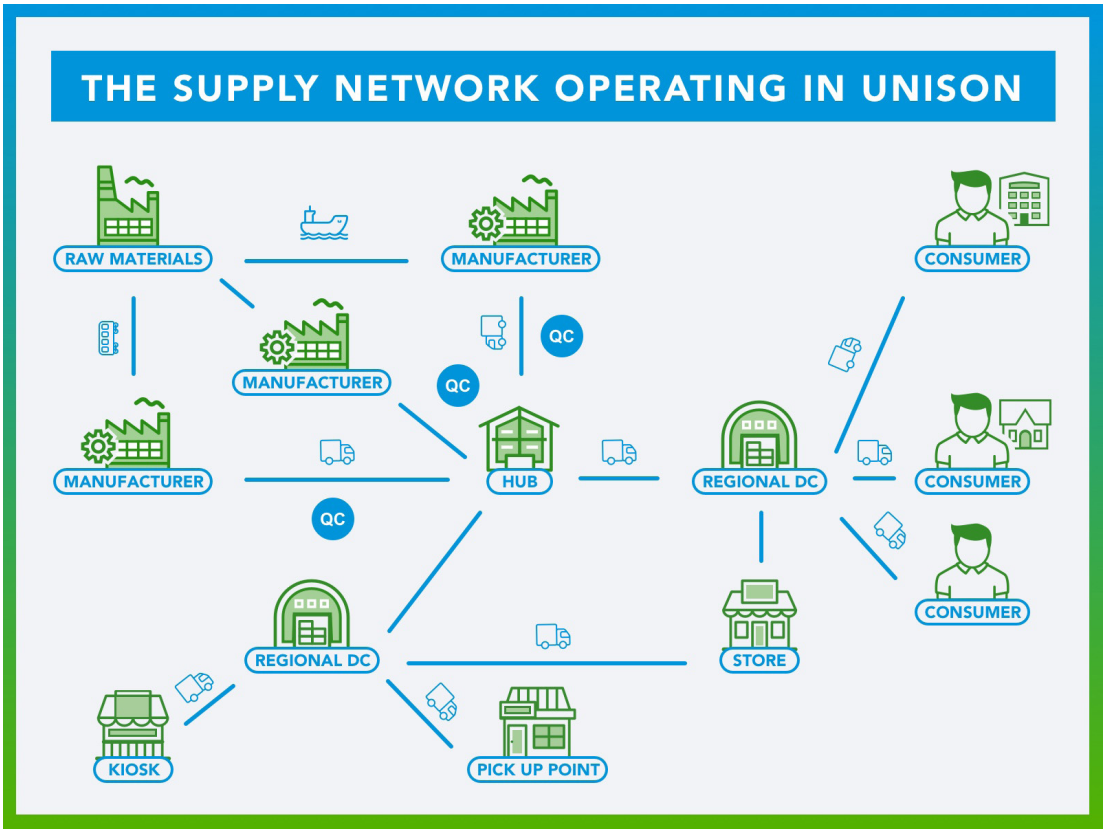
Synchronize Your Supply Chain

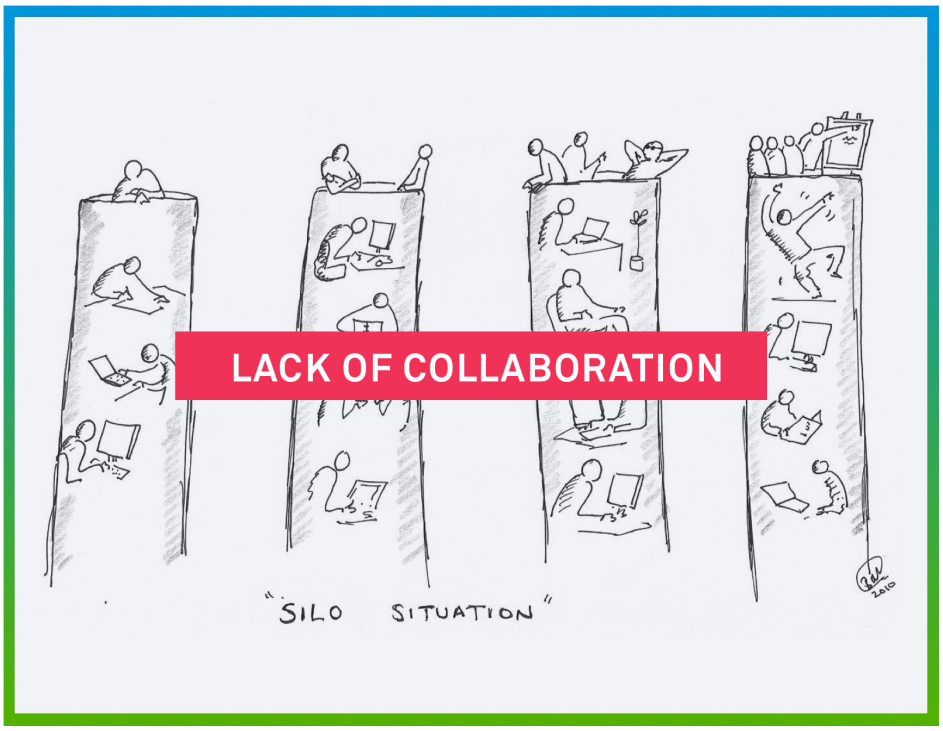
Learn how to overcome the challenges to connecting every part of your supply network.

Introduction

The supply chain landscape is becoming increasingly complex, with an ever-increasing number of moving parts that are difficult to keep track of and integrate. In fact, in a PwC survey of 209 international companies, 95 percent agreed that discrepancies between supply chain entities had risen over the past few years, and 74 percent agreed that the number of entities in the supply chain had increased. The evolving sophistication of supply chains makes it problematic for retailers to meet the demands of modern 24/7 consumers, who expect retail companies to stay on top of trends and provide them with what they want when they want it. Retailers who rely on fragmented supply chain technology and manual processes will find it extremely difficult to maintain oversight and control of today's complex supply chains that will enable them to respond quickly to the demands of contemporary consumers.

The purpose of this whitepaper is to examine **how supply chain synchronization** can improve the ability of retail organizations to better leverage their resources and data assets amidst the landscape of complexity, to enable them to effectively, and proactively satisfy their customers' demands. As a result of synchronization, retailers will enjoy faster speed to market, higher consumer satisfaction, greater sales opportunities, and increased profits.





Defining "Synchronization"

Let's start by defining what supply chain synchronization means. In essence, the term describes supply chain operations that are flexible, seamless, and collaborative. In a synchronized world, all stakeholders have a holistic understanding of what's happening at any point in the supply chain in real time and harmoniously work together to ensure that consumer expectations get met.

A supply chain that achieves optimal synchronization is entirely "demand responsive," preemptively delivering precisely what customers want when they want and where they want. It's a world where getting the right product to the right place at the right time is the norm. Buyers manage their critical path order lifecycle with pinpoint accuracy, based on analyzing historical data merged with real time data to predict consumer demands. Buyers share this data with highly collaborative suppliers in real time, who then organize raw materials and plan production around realistic and quantified lead times.

Last minute production line swaps are not a concern. Logistics providers, highly integrated with their retail partners, have real time visibility of what purchase orders are coming through production, and can organize shipping requirements with precision. All participants work together off the same page, and each knows its contribution to the retailer's objectives and interconnects with all the others.

The Five Barriers To Supply Chain Synchronization

However, all too often real life pans out very differently. Being able to match a forecast plan with actual demand is uncommon, and as a result, retail executives tend to tie up working capital with significant levels of safety stock or spend lots of money expediting shipments to avoid out of stock situations. It's possible to identify five primary barriers to supply chain synchronization that retailers commonly face.

Let's examine each one. Note how one often leads to the next in a 'domino effect.' Once the effect gains momentum, it's impossible to prevent, wasting time and money in an attempt to correct mistakes and adjust for the unexpected.

1. Silos

In many cases, not only is there limited collaboration across today's supply chains but all too often businesses operate internally in silos. One side of the organization works on processes that are misaligned entirely with the other side. Buffers are built into lead times at various stages of the order lifecycle, with little or no regard to how the supply chain is currently running. Mean averages erring on the side of caution are often the norm, and you'll hear comments such as "it always gets done like this" spoken in meeting rooms across companies in all industry sectors.

For example, consider this dilemma common among clothing retailers. The womenswear buyer does not communicate with the menswear buyer, even though they both bring in product from the same locations, for the same launch periods.

2. Lack of Trust

It is often the case that when suppliers receive new orders from buyers, they don't trust the lead times, and will naturally assume that buffers got built in. Although buyers use historical data to gain an appreciation of which suppliers can make 'on time' deliveries versus those that are always late, they usually have very few facts about exactly what causes lead times to fail.

Many are given the wrong information at the time or, quite simply don't have time to go back go over the finer details. Often, the people that do obsess about what went wrong - the supply chain professionals - are not involved in refining this critical stage of the process and instead spend their time working around poor planning with an inherent lack of trust in the data.

This lack of trust breeds contempt, and this inevitably leads to the compromising of visibility in the supply chain.

3. Lack of Visibility

Lack of visibility means suppliers often don't know the "must arrive by, date," even for goods they manufacture themselves. Instead, they have to work to a "make by, date," which has no bearing on how the goods need to travel to their destinations; this often leads to fighting between suppliers and logistics providers over on time order fulfillment.

Furthermore, many retailers don't consider "stock," to be "stock," unless it's arrived at the final destination warehouse, despite their ability to track every SKU through the entire process, and this results in poor customer service. Online businesses merely inform their customers that a product is "out of stock," and the only other information they offer is that they will send them an email when it's back in stock, rather than giving them a precise restock date.

4. Lack of real time data getting shared

Lack of real time data getting shared: Information is at the heart of everything we do. On our TV's, our laptops, and on our mobile devices. As consumers, we can't do without it, and if it isn't instant, and giving us the complete picture, we're apoplectic! So why do many businesses not use real time data to help run their supply chains?

The problem stems from an overreliance on manual processes and legacy systems that make inputting and sharing data a laborious, and time-consuming process, such that it's effectively out of date by the time it gets seen. If you cannot share supply chain information in real time and use it to guide your decision-making, you'll always be reacting to disruptions instead of anticipating them.

5. Inability to avoid disruptions

Many businesses are continually unprepared for these supply chain disruptions, which include trade wars, economic uncertainty (e.g., Brexit), port congestion, natural disasters or aviation strikes. The truth is that many companies accept that disruptions are inevitable and their only recourse is to extend lead times. However, that doesn't have to be the case today, thanks to sophisticated tools that use predictive analytics, powered by the collection of real time data, to anticipate how and when disruptions will impact your supply chain.

The Consequences Of An Unsynchronized Supply Chain

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The barriers to supply chain synchronization listed above can result in significant problems for retail companies. It's a lesson KFC in the U.K. learned from last year—in an exceptionally challenging (and very public) manner, which resulted in the fast food outlet being forced to shut down more than 550 outlets due to a chicken shortage unexpectedly occurring one weekend. KFC blamed their new logistics provider, DHL, for the lack of chickens, and DHL cited "operational issues" as their excuse for the incredibly significant disruption. It was a clear case of a food retailer being unable to collaborate effectively with its logistics provider to plan and deliver what KFC consumers wanted to savor more than anything else and had grown to expect to be the norm: fried chicken! On the bright side, KFC did release a humorous advertisement to offer an apology to their customers (see image below).

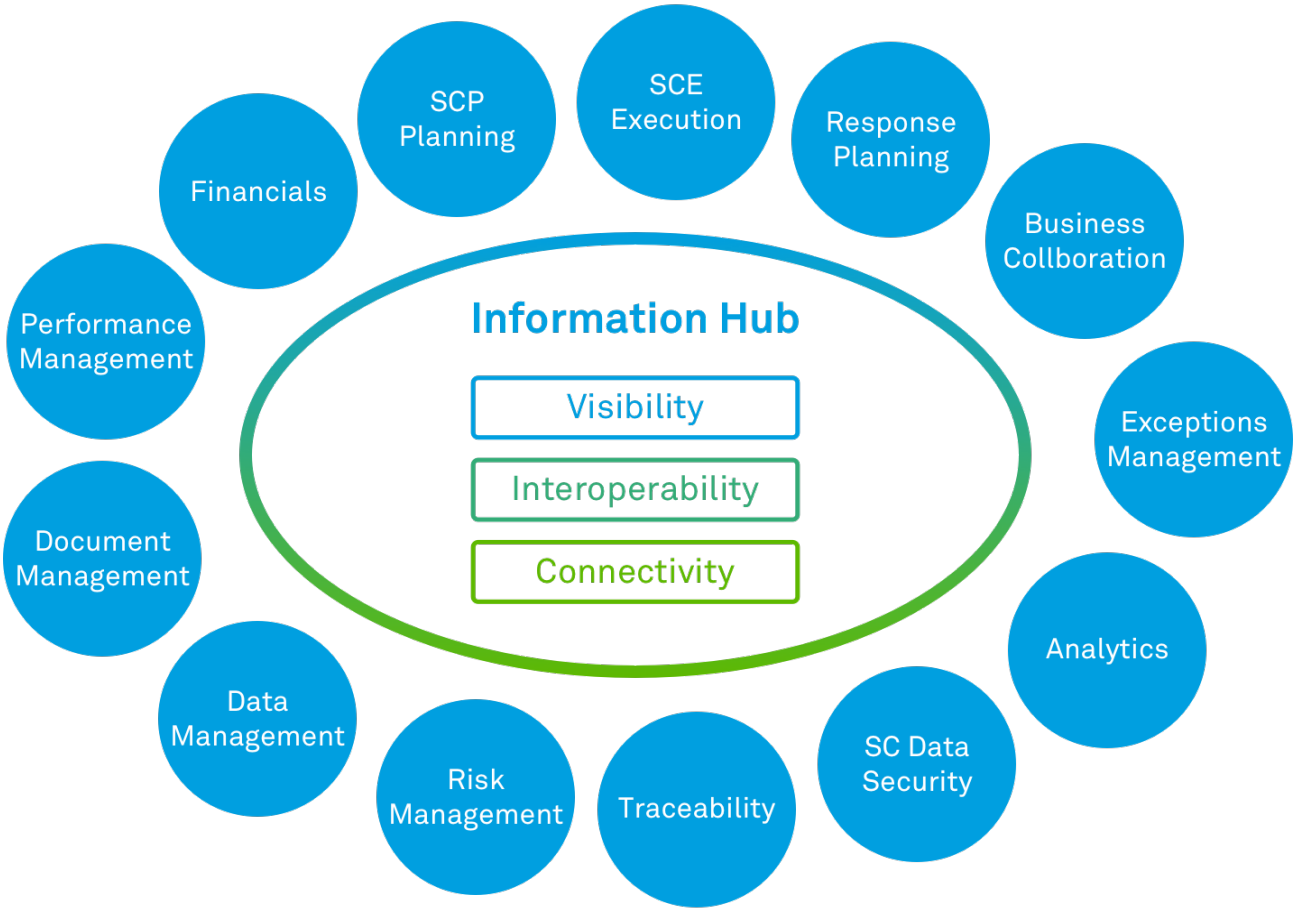
Source: KFC

This example illustrates that barriers to supply chain synchronization lead to a lack of certainty and an inherent distrust of the order lifecycle process. And when that happens, the situation is hugely challenging for retailers:

- Lead times are extended to cope, which ties up additional working capital.
- Inventory levels get increased, which adds cost and inevitably ends up leading to more markdowns in stores.
- Warehouses reach capacity levels and can start to get overrun with obsolete stock.
- Products take longer to get to market, which can compromise sales and dampen down brand marketing.
- Supply chain executives spend their time immersed with issues and disruptions rather than strategically planning and managing risk; the modus operandi becomes reactive, not proactive!

Having looked at the barriers to supply chain synchronization and the damaging consequences which can result, the pressing question to ask is "how can you overcome them?"

Supply Chain: Common Themes in Visibility



- Application Layer
- Visibility work streams
- Solution functionalities

- Data capturing
- Multi-enterprise Style
- Partner Integration

- Rapid Deployments
- CxO Support
- Visbility journey

Source: Gartner

Lucky Number "7"

Start by connecting every part of the supply chain. Create an ecosystem of synchronization across all participants, fostering collaboration to nurture an obsession with meeting consumer's expectations through on time, in full delivery; this begins with establishing a supply chain visibility system that sits at the heart of your supply chain.

Until recently, businesses looking to collaborate and establish visibility have found the search for software solutions an arduous task, often fraught with challenges such as the prohibitive cost of integration and how to cope with legacy systems. However, thanks to the availability of SaaS supply chain platforms that are simple to adopt and use, a business can quickly become more agile while saving money.

Once you have end-to-end supply chain visibility, follow these seven steps to achieve real time synchronization:

1. Facilitate collaboration and engagement:

Enlist the supply chain participants as key stakeholders and make sure everyone is engaged in their role in making this work, both internally and externally. Segment your suppliers, identifying the relationships that yield the most profits and start the process with them first.

2. Maintain complete visibility:

Map end-to-end processes in the supply chain. Ensure every process gets identified and road tested on exact lead times with all considerations and any known buffers, then share with all stakeholders, so everyone understands the expectations.

3. Leverage real time and trusted data:

Integrate data throughout the supply chain, defining who provides the data, how it needs to get captured and where it needs to go so that the system can operate in real time, delivering one version of the truth. Use your supply chain platform to automate the entry and updating of data as much as possible, to improve efficiency.

4. Proceed in incremental stages:

Roll out synchronization in phases, commencing with the least resistance parts of the supply chain. Once you have traction, momentum will be the wind in your sails to expand across the whole supply chain.

5. Monitor, manage, execute:

Ensure your supply chain platform informs everyone in real time on deviation to the plan or where disruption may be looming. Allow all participants to collaborate and take action when and where it is needed.

6. Measure, remodel, reengineer:

Relentlessly measure performance and let your supply chain platform analyze and predict to help plan for future ordering. Allow the system to learn how your supply chain operates and be prepared to re-map or change the process if it's not fit-for-purpose or if the original thinking gets deemed as now impractical - things change and so will your supply chain.

7. Celebrate success:

People respond positively to success. There can never be enough praise given for making progress and improving performance so be prepared to encourage the sharing of progress towards on time and in full order fulfillment - and be sure to make it clear that everyone wins when this gets achieved!

A good supply chain visibility system will improve data quality and timeliness. A great system allows a business to depend on data and use it to effectively plan, execute and re-engineer their supply chain while synchronizing its entire supply network.

Your investment in synchronizing your supply chain will pay off almost immediately. Additionally, leveraging supply chain analytics tools will help you maintain synchronization so you can build a demand responsive supply chain. As a result, your business will experience:

- Increased on time, in full delivery.
- Enhanced sales growth.
- Reduced markdown, resulting in improved margins.
- Faster speed to market.
- Working capital reduction.
- Increased productivity and efficiency.

All combine to have an immediate - and measurable - impact on your company's bottom line, increasing profitability and revenue growth.

Beat Your Competitors

With an influential SaaS supply chain management providers emerging in the marketplace, such as Gravity Supply Chain Solutions, it should be more achievable than ever to synchronize your supply chain. So there's no time like the present to begin your efforts because, chances are, your competitors are still dragging their feet.

Connecting your supply network is just the start. It's the continual planning, monitoring, measuring and re-engineering that will drive the business towards, on time, in full order fulfillment.

About Gravity Supply Chain Solutions

Making a tangible impact on the supply chain industry

Gravity Supply Chain Solutions voted one of the 10 Most Innovative SCM Solution Providers in 2018, is the developer of real time, supply chain management solutions. Gravity Supply Chain supports companies in their journey to digitize their supply chains, by seamlessly connecting their global end-to-end operations, supplier base, logistics networks, and customers on a single platform that provides intelligent data management, automation, and real time visibility. Beyond supporting digitization, Gravity Supply Chains' software is 'cognitive enabled,' allowing companies to utilize AI and ML capabilities to predict and plan for supply chain disruptions, and changes in consumer demand before they even happen, resulting in proactive, rather than reactive, decision-making.

Gravity Supply Chains' technology is powered by Microsoft's state-of-the-art Azure cloud service, allowing customers to benefit from low latency, high security, and sophisticated 'Power-BI' analytics.

Visit www.gravitysupplychain.com to learn more.