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The Retail CFO: HOW TO TRANSFORM YOUR SUPPLY CHAIN IN THE OMNI-CHANNEL WORLD



Omni-channel has quickly become the engine of growth in consumer goods and retail sector, but only a few companies are confident about their ability to execute against it and maintain margins. Supply Chain being the largest driver of cost, it has a critical role to play in delivering profitability.

As world moves rapidly towards digital technology, the tools and structures of retail organizations has changed dramatically.

Main Challenges

There are various reasons why companies struggle to make Omni channel profitable.

In their rush to develop e-commerce capabilities, companies have often shut on systems and processes without fully considering integration with traditional store fulfillment. Hence, supply chains are inefficient and there is a lack of visibility across different channels.

The Key Obstacles of Maximizing the Benefits of Omni Channel Supply Chain Strategy

- Lack of dedicated resources and capabilities
- Level of investment required to succeed
- Challenge of supply chain complexity
- Limitations of siloed organizational structures
- Lack of senior leadership support

The supply chain faces significant pressure. Traditional Supply Chain was seen as a cost center built for one purpose – to deliver goods to stores. But, in an Omni-channel world, supply chain has become the consumer-facing front office and a key determinant of choice of shopper's experience. Get fulfillment right across the full range of channels, and consumers will be satisfied; get it wrong and they will look elsewhere.

Strong leadership can only manage the transition to Omni-channel because the change is so far-reaching.

Companies find it difficult to visualize the importance of Omni-channel for their business. As they make the transition to an Omni-channel world, they need to step back and establish some clear “design principles” about their Omni-channel strategy. It involves looking five years down the line to consider how the environment and consumer behavior might change, and ensuring that the strategy can evolve accordingly.

Strategies for Optimizing Omni-Channel Supply Chain Strategy

Let us take a look at a few ways, which could lead to better optimization of omni-channel supply chain strategy.

- Have omni-channel embedded in the overall company strategy.
- Implement a responsive, combined Omni and traditional supply chain infrastructure
- Install IT systems and capabilities that enable seamless visibility and fulfillment to end consumers
- A consumer-centric end-to-end approach to Omni-channel is vital.

IN AN OMNI-CHANNEL WORLD, SUPPLY CHAIN HAS BECOME THE CONSUMER-FACING FRONT OFFICE AND A KEY DETERMINANT OF CHOICE OF SHOPPER'S EXPERIENCE.

- Strong leadership is required to sail through this transition – a thing which is lacking in several companies.
- A segmented supply chain and inventory model helps to strike the balance between agility and efficiency.
- Compete for the requirements of tomorrow, not today.
- A careful analysis of the assortment by channel is critical to success.
- Close collaboration between manufacturers and retailers is critical.
- Exploit big data to make a step change in forecasting and demand sensing outcomes.
- Integrate IT to provide a single view of the customer and to provide seamless fulfillment.

Conclusion

The global supply chain revolution is in its early stages. The new supply chain will grow beyond Omni channel and will penetrate into other industries and markets and will incorporate supply chains of products, information, and finance.

In such a scenario, CFOs of retail brands are emerging as the key strategic partners to the organization. The CFO brings a deeply practical, objective and analytical perspective which is needed to evaluate important decisions and potential investments to protect the current asset base and maintain profitable growth.

These decisions and related investments need to be prioritized and the right criteria applied to create rigorous business cases with compelling metrics so there is less risk of failure and greater likelihood of achieving viable ROI from the applicable investments.