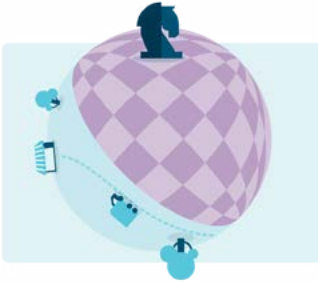


How to transform your supply chain and keep a competitive edge

Supply chain management was once a relative backwater, but in recent years it has moved decisively center stage. A well-managed supply chain operation is, increasingly, a critical factor, even the critical factor, in a business's success.

The transformation process is primarily about aligning the supply chain with your overarching business goals for maximum efficiency. And in practice it's not so much about materials flows as changing responsibilities within the organization, and that requires a step-by-step, strategic approach.



Transforming a supply chain operation and bringing it up to date generally involves not just the introduction of powerful new technology, but a fundamental review of processes and the organization.

What do you want to achieve?

There is no single 'right' approach, but what is common to almost every successful transformation is that it seeks to align the supply chain with the company's overall goals. For many businesses, finding the right supply chain system plays an essential part in identifying the steps they need to take to optimize their supply chain so that it better serves their business needs. If you are thinking of sourcing supply chain technology, especially a supply chain management system that encompasses demand planning and analytics, take some time to assess the available options.

So what do you want to achieve? It could be more streamlined processes, better availability, lower inventory levels, less spoilage, less manual work, better forecasting of campaigns and promotions, better ramp downs and, ultimately, higher sales and higher profits. But it helps to identify one or two KPIs that are the most important and, by which, success can be measured. Those KPIs tend to reflect a company's overarching business strategy.

Why now?

Firstly, you could be saving money, and quickly. In any move to optimize supply chain operations, there are almost always a number of 'low hanging fruits' – issues that are rel-

atively straightforward to fix and can, if resolved, produce measurable results, fast. You can save money and give a transformation project real momentum by identifying quick wins.

Secondly, whether or not you optimize your supply chain, there's every chance your competitors have or will. The big retailers, and in particular the giants of e-tail, are revolutionizing supply chain and standards of fulfillment. Consumer expectations are constantly being driven higher. The purchases they make are increasingly affected by availability, price, assortment and speed of delivery. If you can improve any or all of these, it can help you keep or gain a competitive edge.

How to approach it

In order to transform its supply chain, a business should have a clear commercial vision. Whether it's a niche retailer, a discounter, all about quality, service or availability, whether it aims for depth or breadth of assortment, sets trends or responds to them, it should decide on its goals and orientate its supply chain operations around them.

By asking questions about strategic positioning, such as where the retailer's competitive edge is and how that is formed, it leads to a second set of goal-related questions about sourcing; 'What do we want to provide our customers?' 'Do we need stock to last the whole season or longer?' 'Do we go for low cost - long lead time, local and short lead but at higher cost?' or a mix, etc. These questions lead to any number of category management, buying, merchandising and campaign-related supply decisions.

Then comes the transformation to pull the whole Supply Chain into alignment with those goals. Ultimately it's the decision making or planning responsibilities that are being transformed.

When implementing a supply chain solution, people tend to look for better control, better transparency, and a greater ability to influence the actual supply chain. There needs to be well defined planning processes to get the full benefits of the transformation. If those aren't in place they need to be created and implemented.

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For more information about supply chain transformation, read the complete guide here.

