



## Stay ahead with end-to-end supply chain management

**2011 was a difficult year for supply chain professionals, not least due to natural disasters and the impact of floods, volcanic ash and a tsunami. At the same time, globalisation continued, with companies increasingly prioritising new markets and locations for procuring raw materials and setting up new factories and warehouses.**

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### Introduction

With the recession on everyone's mind, cost cutting continues to be a priority, making it necessary for global trading companies to scrutinise their supply chains. As more companies are competing by means of supply chain performance, speed and efficiency have become critical to success. Both can be achieved by gaining end-to-end supply chain visibility and shared business intelligence, which in turn can be accomplished by using comprehensive supply chain management (SCM) solutions.

So far, businesses have mainly been implementing software solutions in order to address certain aspects of the supply chain (eg orders, customs, warehousing, risk or transport management). Slowly but surely they are looking to implement more comprehensive SCM solutions to optimise the entire supply chain, thereby improving performance, increasing visibility and control and, importantly, realising significant savings.

Unsurprisingly, the *Chief Supply Chain Officer Report 2011* quotes 88% of respondents as saying that they consider supply chain improvements important or very important for reducing operating costs. In light of the challenges and lessons learned from the past year, organisations should make better use of their SCM solutions for the planning, monitoring, control and continuous optimisation of all logistics processes in their supply chain.

### Facing competition

Imagine a potential customer who is about to decide between two competing providers. One of the competitors has a fully integrated, end-to-end SCM solution, the other does not.

When asked for a quote, the provider with the SCM solution will be able to give the potential customer specific details, such as exactly how long the order will take to reach them, how much the shipping will cost, what transport modes are available and what import and export requirements the goods are subject to. For most customers, these are the key considerations — how fast can they get the products, what is involved in the process and how much will it cost?

Meanwhile, the competitor without a comprehensive SCM solution would have to spend time and staffing resources to see what transportation options are available, check inventory levels in the warehouse, calculate freight costs and find out about customs and export controls requirements.

Who is the potential customer likely to choose if the products do not differ greatly in nature and quality?

### Automation leads the way

Once the order is secured, the next step is usually the processing of the sales order — namely, deciding upon the most cost-effective transportation, which can be very labour intensive. Organisations that handle hundreds or thousands of sales orders every day could

suffer from backlogs in processing orders and the inability to take on new ones.

A strong execution system eliminates many of these manual tasks. The management team decides on pre-defined rules and the system automatically processes tasks, such as:

- informing first-tier suppliers
- checking inventory levels
- assigning manpower to pick and pack the goods
- deciding on a mode of transport
- arranging consignments to maximise space utilisation
- processing all the accompanying shipping and customs documents and assuring export controls compliance on each transaction, based on international regulations that are updated on a daily basis.

This enables businesses to take on sales orders based on how fast they can pack consignments, which is why optimised workflows within the warehouse are also of vital importance.

The automation of these and other processes allows companies to focus on more important aspects of the business and improve the overall core processes from procurement and distribution to fulfilment. Manpower can now be used for such things as sourcing new suppliers and exploring new routes, alternative transportation service providers, and vendors, all of which can make a significant difference to a company's performance.

## Meeting customers' needs

Because end-to-end SCM solutions go beyond the simple sales process, they are also extremely useful when it comes to managing stakeholder relations. In an increasingly service-oriented environment, it is essential that companies meet all their customers' needs quickly.

One way to do so is by giving them visibility. What stage in the logistics process are the goods at? How many more days until they reach the customer? Sharing this information builds trust, which is integral to retaining customers.

Implementing this practice can generate constructive feedback from the customer and help identify areas for improvement. Likewise, companies should aim to set up a partner/supplier programme, which could reward good performance.

By making performance-related information visible, stakeholders will have the facts to hand, making it easy to resolve disputes, identify problems and sort them out quickly through combined efforts. Partners and suppliers should be constantly challenged to improve their performance through continuous development programmes.

## Conclusion

As cost cutting, globalisation, increased regulatory requirements and natural disasters continue to affect supply chains, it is essential that companies optimise their global supply chains as much as possible to maximise agility. When disaster strikes, comprehensive SCM solutions enable companies to quickly plan and analyse the impact of using new routes or alternative suppliers.

These are exciting times for supply chain professionals as we are seeing fresh innovations in the ways that companies are applying visibility and business intelligence to improve their business processes. Over the next five years we will see a rise in companies adopting such powerful SCM solutions in order to gain a competitive advantage in the market.

Last updated on 17/04/2012

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