

Supply Chain Agility and How To Achieve It



Data shows that companies that practice supply chain agility have higher customer service rankings than their competition. Some brands hold inventory levels that on average rotate 23 days faster than less agile competitors.

How did these organizations achieve these metrics? Using strategic supply chain agility models along with integrative software that ties core business functions together.

What is Supply Chain Agility?

Supply chain agility refers to an organization's ability to smoothly respond to market changes.

These changes are vast and intertwined, involving everything from changes in customer preferences, to economic and market volatility, and competitor disruption, to name a few.

Supply chain agility isn't adjusting the day-to-day operations and workflows to meet internal KPIs.

But, improving manufacturing supply chain agility will prompt changing internal processes. Most of the time, it means adopting new technology, data management, and service agreements with vendors.

The goal is to maintain a responsive, fluid, and informed supply chain that can easily navigate any changes that may come their way - whether positive or negative.

Successful supply chain agility relies on:

- Understanding that external factors shape your supply chain Logistics regardless of how steady things are at this moment
- Exploring value chain components that are most affected by industry disruption
- Integrating more proactive technology and process to address pain points in the value chain
- Ongoing monitoring and analysis of new processes, production cost savings, and cross-functional collaboration and continuing to adjust processes when needed.

What Does an Agile Supply Chain Look Like?

Supply chains vary from one organization to the next. There is no one-size-fits-all approach for companies to follow, but instead, and guiding vision for how your business can operate.

Within that Vision though, there are certain key characteristics. Businesses practicing these characteristics find themselves in the category compared to late adopters and those who don't take the characteristics seriously.

Proactive Decision-Making

Professionals can easily respond to any industry aggravations or disruptions, both those that are already in progress and those they see on the horizon.

Decisions are made based on real-time objective data modern forms rapid but insightful operational channels clearly communicated and contextualized for

everyone in the company, not just the executive suite.

Inherent Flexibility

Supply chains are much more adapted to the market, vendor, and customer demands. And they are also flexible and how these changes inform their internal business needs or new strategic priorities.

Organizations have the models and tools in place to coordinate processed weeks quickly and then follow the down chain repercussions of those changes in real-time. As data is collected at each step, next phase reports are generated to accommodate tomorrow's adaptive needs.

Cost-Effective Operations

The main objective of an agile supply chain isn't cost-savings, but it is certainly a welcome side effect. Organizations with more flexible and fluid processes can cut their losses quicker during inventory or sales disruptions.

These organizations are also far better at predicting any shortages or interruptions in the supply chain itself. And, they have greater visibility over their current process and product waste including excessive safety stock.

Profitable Workflows

By combining reduced waste, faster decision-making, and continuous data review along with better cross-departmental communication, you create a production environment that is leaner, faster, and smarter.

This is an innate approach to boosting profit.

While this can be easier said than done, implementing a more agile supply chain is pivotal for companies today that are looking to stay in business in the future.

The Five Dimensions of an Agile Supply Chain

Manufacturing environment, there are five key areas to focus on when it comes to

minimizing uncertainty and owning a competitive supply chain.

Stage 1: Awareness/Alertness

Alert organizations can forecast industry changes, upcoming disruptions, competitor threats, and growth opportunities.

The more aware and alert your organization is to these realities, the quicker you can respond to changes in product demand, supplier trends, materials procurement, customer feedback, market pricing, and many other issues.

Stage 2: Accessibility

Organizations can't make changes without access to tools and information. After an alert business spots a pattern or a trend, they have access to the specific industry data in relevant historical logs that all the decision-makers can conveniently share and analyze together.

Stage 3: Decisiveness

If your organization is decisive, quickly and clearly translates any industry shift in the accompanying information into action.

Your organization has leaders with the tools and the ability to execute quickly implement changes to business processes and communicate how and why of the change with the downstream.

The most decisive companies are those that have unified or simplified change-of-command to reduce the number of touchpoints required to make a quick judgment call.

Step 4: Swiftiness

Swift organizations Implement their action plans fast. There are few impediments when introducing any process changes to relevant value chain functions as well as limited communication silos or technologies to reconfigure.

The faster changes are made, the more cost-effective the entire supply chain becomes and that's the more profitable your business.

This aspect also proves the reality of your agile cycle up until this point all of the work has been data-driven and in preparation for implementation.

Stage 5: Flexibility and Adaptability

Agile organizations have the power and the buy-in to modify the ongoing processes when a new opportunity presents itself. It can be done without disrupting the entire business.

Those proficient in adaptability and flexibility understand that action plans are bound to change, even when they are initiated under a smooth data back cycle that fits a value chain need at the time.

These organizations are not rigid seeking to adjust day-to-day operations based on fallacies of what worked in the past

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How to Improve Supply Chain Agility

Below are some strategies you can use to improve your organization's logistics functions.

Examine and Adjust Expectations

There's no need to reinvent the wheel. Creating successful supply chain agility doesn't start in isolation within your company nor does it put blinders on to create shiny KPIs just for the sake of new KPIs.

For a business to have a truly agile supply chain, it's all about how you respond to changes that occur within the broadest water industry landscape.

It improves your organization's ability to see what's happening in the marketplace, why it's happening, and what you can realistically do about it.

Because the outlook is so broad, some companies struggle to handle the

manageable facilitation of a truly agile system and workflow.

Leaders expect everything and anything to change from labor and inventory practices to third-party logistics providers (3PLs) and product development relationships.

While it's true some of these processes will adopt with the investment in supply chain agility, these changes are never permanent and never without objective data backing up the improvement.

Leverage Point-of-Sale Driven Data

Over the past few years, many manufacturers have pushed to use software for demand planning. Gathering insights from aggregate historical data, many companies have focused on making improvements to inventory ordering and shipping schedules based on their previous cycles.

This assumes similar patterns in the future. Yes it's true this is an essential part of a supply chain agility, but it's not the only thing to focus on.

Companies can see equal and sometimes greater success by balancing their demand-driven planning capabilities as well.

More specifically, the demand information comes from the real-time point of sale system allows production and fulfillment responses to become more granular and translated instantly.

As a result, there is a fluid sourcing and procurement function in addition to smart are planned versus actual inventory levels.

By adopting demand-driven decision-making across key functions, companies can move away from anticipating pure unknowns and closer to the real dimensions of supply chain agility.

Synchronize Production and Scheduling Data

A recent industry report found that consumer retail and apparel companies average an outgoing stockout rate of around 8%. In some Industries, the figures are even higher.

Nearly one and two small and medium-sized retailers still manage production planning and scheduling with separate data systems and sometimes relying solely on spreadsheets.

This approach is an inefficient and uncommunicative system that prevents these two connected functions from being truly optimized.

Aligning production planning and scheduling data systems with your demand-driven sales figures makes it easy to create a more efficient, effective, and robust supply chain network.

Integrating these databases immediately improves your response times to variable demand cycles, while also reducing out of stock issues and improving overall inventory controls

Train on Key Technology

Courtesy of technology, the line between unskilled labor and knowledge workers blurs in the manufacturing, wholesale, and warehousing world.

Production workers have to be more technologically fluent than ever, familiar with tasks from machine coding and programming to AI robotics.

Industry surveys continually indicate that the top pain point in implementing an agile supply chain isn't a lack of funds, direction, or strategic science, but the skilled talent that is required to use a job technology itself.

This reflects the wider skills gap that is the problem for the manufacturing industry and puts the responsibility on industry leaders to rethink relevant on-the-job-training

Prioritize Automation

Automated inventory alerts such as ones that are integrated into your enterprise resource planning (ERP) system make a variety of business functions easier.

For instance, automated inventory alerts can generate reorder quantities based on historical data as well as current demand-driven figures.

This facilitates accurate forecasting and procurement strategies for your

upcoming production timeline, helps to accommodate longer lead times, and helps to organize a better delivery schedule tailored to seasonal cycles and geographic demand.

The more extensive your supply chain networks and product lines are, the more you'll benefit from automated reports and alerts especially those that are tailored to end-to-end inventory management.

Use Industry Bots

For you to have a modern supply chain, you involve more technologies than ever before. From using a guided picking and packing wearables to blockchain designed customer order ledgers and machines that are connected to the Internet of Things (IoT), manufacturers have dynamic and complex infrastructure to integrate into their business environment.

New technologies are as valuable to supply chain agility as robotic process automation or RPA. RPAs can contribute significantly to your inventory picking and shipping operations to improve order fulfillment.

On the broader scale, RPAs can be sealed to communicate simultaneously across systems to make automatic updates and trigger down downstream alerts and transactions.

This doesn't eliminate human jobs but instead allows employees to move from menial data entry and communication tasks to other value-added work such as mediating exceptions or customer service issues that require human intervention.

Look at Your Geographic Warehousing

Cyclical sales calendars and seasonal changes are instabilities for many manufacturers of consumer goods. When they are improperly managed, each significant amount of the operating budget without generating equitable returns.

Taking a closer look at your warehousing and distribution network is a central place to see supply chain improvements.

Performing these analyses can reveal serious flux in seasonal cycles and regional demand which directly informed more cost-effective storage and shipping

operations.

In some situations, it can even show outsourcing opportunities that are far more profitable for your current scale, while reducing stock-outs and improving order fulfillment timelines.

Consider Your 3PLs

3PLs handle some of the notoriously cumbersome aspects of supply chain management like autonomous dispatching services.

With their own fleets, their own warehouses, their own forwarders and consolidators, and more, these 3PL partners can give you a cost-effective alternative to shouldering every function of the supply chain on your own.

Today's 3PLs use several of the latest technologies in the industry and invest in these resources to give themselves a competitive advantage.

Think about the largest logistics pain points your organization is currently dealing with. It's more than likely that there are 3PLs dedicated to that function to manufacturers in your vertical or specific product niche that may save you time and money.

For instance, Amazon offers Fulfillment by Amazon (FBA) where you ship your products to their warehouse, and they handle processing orders for you.

No matter how lean your company's supply chain may be, being agile is all about the company's ability to grow and adapt to changing conditions, while maintaining profitability.

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