

Supply Chain Opportunities for Your Business



Across the globe, the COVID-19 novel coronavirus pandemic fundamentally altered the way companies in every industry and of every size do business. Many organizations found themselves forced to adopt entirely new paradigms for operations.

This was particularly true in procurement, where supply chain disruptions required quick thinking, heavy leveraging of emerging technologies and collaborative techniques, and a willingness to add tactical redundancies in order to protect competitive advantage and, in some cases, business continuity itself.

Today, as the global economy begins the arduous process of navigating the “new normal” that lies beyond COVID-19, companies are looking for intelligent ways to transition from the combat footing they adopted during the height of the crisis into one that is truly strategic.

The goal? To target supply chain opportunities that will allow them to develop and implement more sustainable, profitable, and resilient supply chain strategies that leverage procurement’s capabilities and support their companies’ ambitions.

Transforming Supply Chain Challenges into Supply Chain Opportunities

In a 2020 survey published on LinkedIn, more than a quarter (25.9%) of respondents said COVID-19 had a “significantly detrimental” effect on demand, while nearly more than half (53.1%) said the pandemic had “some detrimental effect” on their logistics systems.

The coronavirus pandemic negatively affected more than 70% of respondents on the supply side, with 58.4% saying the pandemic had “some detrimental effect” and 14.6% reporting “significant detrimental effect.”

To compensate for the impact of the coronavirus pandemic, companies swiftly adopted widespread and likely permanent changes in order to insulate themselves against risk, meet stakeholder expectations, and protect profits and competitive advantage.

Some of these changes included an increased emphasis on maintaining healthy working capital, a new focus on supply chain performance, and incorporation of greater collaboration and communication to optimize remote working paradigms.

But while companies are altering the ways in which they do business to meet changing market conditions and protect their business continuity, several key aspects of doing business have *not* changed, including customer expectations regarding price, service levels, and quality.

To survive the transition to the new normal and build on their current success, companies need to focus on optimizing their value chain, prioritizing frugality leavened with agility, and optimize their supply chains without compromising their competitive footing.

So while mitigating supply chain disruptions is more important than ever, companies also need to enhance their capabilities, ideally through the use of digital transformation technologies.

In a post-pandemic world defined by unprecedented disruptors, it's the organizations who prioritize proactivity, agility, and supply chain resilience who will be best suited to roll with the proverbial punches.

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Building Agility and Resilience via Supply Chain Management

The pandemic is not the only major disruptor to rock global supply chains in recent history.

Climate-related disasters such as the Amazon Rainforest fires and major political events such as Brexit also made it clear just how important it is for companies to harness the strategic value of their procurement functions through process optimization, improved collaboration and communication, and, of course, much more effective supply chain management (SCM).

In transitioning from the needs-driven strategies adopted to survive to supply chains strategies designed to help their companies thrive, supply chain professionals will gain the greatest value from identifying and exploiting opportunities that allow their organizations to respond quickly, completely, and with an eye toward continuous, iterative improvement within their systems.

Let's take a closer look at some critical areas in procurement your team can optimize to streamline and strengthen your supply chain.

1. Take Advantage of Emerging Technologies

The world is currently undergoing its fourth industrial revolution, and what some might call "Supply Chain 4.0" is a crucial component of "Industry 4.0." In the new normal, supply chains will generate value not only through improved performance, but through strategic differentiation.

Companies who incorporate digital transformation tools such as automation, artificial intelligence (including machine learning), and advanced analytics into their procurement systems and supply chains will be much more ably equipped to

set themselves apart from—and perhaps even above—the competition.

Organizations ready to leverage Supply Chain 4.0:

- Begin with needs analysis (including risk analysis) to identify their current capabilities, opportunities for growth and improvement, and the changes necessary for their organization to achieve its goals for supply chain management and optimization.
- Understand the realities and capabilities inherent to effectively managed remote teams. They may be collaborating across time zones or even continents, but with the right equipment, leadership, and training, remote teams can react with greater alacrity to changing circumstances than their traditional counterparts. In addition, not all “remote staff” have to be human beings. The Internet of Things has made it possible to use remote, Internet-connected devices to streamline logistics and warehousing workflows and provide invaluable information in real time for analysis and improved decision-making.

For example, tags and beacons can help your team track goods and materials in real time so you can deal with potential delays and disruptions more quickly. Sensors can monitor inventory levels for automatic replenishment without the need for human intervention. Other sensors, connecting to third-party logistics systems, might provide context-relevant data on shipments (e.g., temperature, orientation, humidity, etc.) so teams can act quickly to salvage perishable goods held up in customs or examine business-critical materials via remote to ensure they’re of acceptable quality and quantity.

- Implement a comprehensive procurement software solution such as Planergy, which includes dedicated supply chain management and supplier relationship management tools. With help from robotic process automation (RPA), centralized data management, and powerful data analysis tools, it’s much easier to:
 - Optimize workflows for maximum efficiency.
 - Provide an eCommerce-style guided buying environment for internal buyers, and support for vendor portals and punch-out catalogs for suppliers, providing greater data visibility and process improvements for all parties.
 - Identify both opportunities for growth and areas in need of

improvement via real-time reporting.

- Monitor and adjust supplier lists based on vendor compliance and performance using key performance indicators (KPIs) and other metrics to set benchmarks.
- Incorporate agility into procurement. Agile procurement is key to success in the new normal, where speed, flexibility, sustainability, and continuous improvement come together to help organizations exceed stakeholder and customer expectations while still providing maximum returns with minimal resources consumed. With demand volatility in serious flux and expected to remain that way, agile organizations will be far better equipped to find context-relevant solutions in rapidly changing conditions.
- Achieve end-to-end supply chain visibility. Without full visibility, it's difficult if not impossible to monitor and improve supply chain processes, communicate and collaborate effectively with suppliers to secure essential raw materials, goods, and services, or respond in a timely fashion to both anticipated and unforeseen supply chain disruptors.
- Use technology to shift procurement to a strategic role. With full visibility into spend data, robust internal controls designed to eliminate rogue spend, fraud, and waste, and real-time collaboration and data management, companies can turn their procurement data into actionable insights and better strategic decisions much more effectively. This value spreads across the organization through more accurate forecasting and budgets, reduced waste, and process standardization that improves efficiency and communication.

Analyzing procurement data in concert with information pulled from a diverse set of sources such as market intelligence, industry news, and even social media allows companies to take advantage of emerging trends and monitor potential threats—and make smarter sourcing decisions accordingly.

Procurement can also provide strategic value through a new approach to supplier relationship management. Automation can free team members to take a more involved role in cultivating and improving strong supplier relationships, which in turn can provide opportunities for strategic partnerships. Today's key supplier may be tomorrow's partner in a new product line based on renewable materials, for example, or become a

trusted single-source provider of formally internal processes.

2. Prioritize Supply Chain Efficacy over Supply Chain Efficiency

It used to be that pricing was king in supply chain management, and efficiency was the crown prince. But as so many businesses learned the hard way during the coronavirus pandemic, efficiency relies heavily on fixed parameters to deliver results.

In contrast, supply chain effectiveness incorporates efficiency as a core consideration, but adds the necessary flexibility, collaboration, and responsiveness required to deliver value from your supply chain and overall procurement processes in uncertain, rapidly-changing environments.

Supply chain effectiveness prioritizes human interaction and ingenuity in meeting challenges and leveraging opportunities. It takes the long view, building value through greater performance, lower risk, higher resilience, and strategic management of working capital.

3. Pursue Supply Chain Resilience

As with agility, incorporating resilience into your supply chain is as much an ideological change as it is a procedural one. It often requires cultural changes as well as process modifications. It requires a willingness to tackle complex challenges using data management tools.

And also like agility, it heavily emphasizes interpersonal communication and collaboration.

Strong relationships and transparent information exchange make achieving category mastery much simpler for your team—and timely responses to potential opportunities and disruptions much more likely than they would be in an organization without such visibility and shared purpose.

Focusing on supply chain resilience makes the best kind of sense for businesses who want to compete in the new normal, because flexibility and responsiveness are two of the best defenses against the disruptors that threaten business continuity in the modern global economy.

An Agile and Resilient Supply Chain Connects You to a Brighter Future

With procurement taking an increasingly strategic role in supporting and achieving organizational goals for profitability, performance, and competitive strength, taking full advantage of all available supply chain opportunities is simply good business.

Identify your company's specific capabilities and needs, invest in the right technological tools and practices your teams need to get the job done, and incorporate both agility and resilience into your supply chain strategy today for savings, value, and performance that will help your company thrive in the business landscape of tomorrow.

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