Aptean Distribution ERP

# Improve Your Supply Chain through **Collaboration, Agility and Visibility**

As the supply chain process becomes more complex, consumer goods companies are encountering unique challenges in managing the flow of their operations.

Because what it takes to run a successful supply chain is evolving, we recommend that you focus on improving three aspects of your supply chain to keep pace with the changing landscape: **collaboration**, **agility** and **visibility**.

Collaborative organizations in which suppliers, customers, and distributors are all connected, for example, can improve metrics such as inventory days and landed costs by 50% in a highly stratified supply chain.

Supply chain agility has become one of the highest priorities for keeping a competitive advantage. The more moving parts you have, the more visibility you need to track orders and regulate inventory.

To accomplish these goals, consumer goods companies require effective technology that integrates all supply chain business functions in an easy-to-manage, reliable and adaptive manner.

In this resource, we outline the benefits that collaboration, agility and visibility bring to the supply chain, as well as specific steps and technologies you can adopt to achieve supply chain improvements.

# Collaboration

What defines a truly collaborative organization?

To us, it's all about cooperation and communication—and those principles apply to internal practices but also extend to suppliers and customers, as well.

Many experts predicted that collaboration across consumer goods supply chains would take a hit as retailers and wholesalers focused on reducing supply chain costs. But, really, the opposite has proven to be true. The retailers, wholesalers, and manufacturers that have worked together the longest have shown the most significant cost reductions. And now, many consumer goods wholesalers are turning to new technologies to advance their collaboration goals.

Here are some key benefits.

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## Better meet customer demands

Sharing sales information between retail partners is the best way to forecast customer demand accurately. The more demand information shared between retailers and wholesalers, and the longer that this information is shared, the more accurate the demand projections.

Sales information also has to be relayed to manufacturers for them to readjust their production schedules for any noticeable increases or decreases.

Demand resource planning systems can help automate forecasting. These time-phased tools use industry-standard forecasting methods to turn shared information into accurate projections. Point-of-sale data that is integrated with historical product sales and trends increases information sharing. Technology that gives real-time insight into supplier production schedules increases collaboration between wholesalers and their suppliers to ensure production stays on track.

## Less on-hand inventory

Internal teams across the supply chain must communicate with each other in order to reduce on-hand inventory. When each stage of the supply chain has full insight into inventory levels and reorder points, you're able to streamline buying cycle processes to ensure inventory levels remain optimal.

Long lead times and unpredictable supplier performance can pose a problem for many companies, but sharing information up the supply chain helps mitigate that risk and proactively adjust to evolving supply demands.

Inventory tools that include a flexible rule-based environment can provide automatic alerts on inventory status and reorder levels. These tools take into account lead times, supplier performance, on-hand and on-order status and sales performance.

## Lower supply chain costs

Reducing supply chain costs is all about increasing efficiencies. In the first year or two of a buyer/supplier relationship, the interactions are bogged down with expensive and time-consuming corporate nuances—navigating corporate attitudes, rules, beliefs and processes. The more each company is willing to collaborate, the faster those nuances are worked out and the more efficient the processes become.

The key to lowering costs across the supply chain is integration. The initial hurdles between buyers/suppliers can be mitigated by technology that integrates every aspect of a wholesaler's supply chain—from manufacturing to delivery, and all with updated real-time information.

Full integration enables you to stay on top of the various stages of the supply chain. Dealing with real-time information makes decisions more accurate and supply chains more efficient.

# Increase in product innovation

The consumer goods industry is becoming more competitive. This puts considerable stress on companies to create innovative products and processes to maintain a competitive advantage.

You can revitalize product innovation through collaboration. Retailer feedback is one area of collaboration that provides value to wholesalers. Understanding what consumers are saying about your brands can help brand owners stay on top of changing marketplace trends.

Product and process innovation can also develop as a result of the collaboration between brand owners and manufacturers. A long-term, communicative relationship often results in manufacturers developing new ways to lower product costs or offering insight into ways products can be improved. A trusting relationship with manufacturers often means more experimentation, which leads to advances in product and process innovation.

Having **an integrated product lifecycle management (PLM) system** enables you to monitor product development throughout the entire life of a product. Integrated PLM gives brand owners the ability to track and share all product changes, documentation, schematics and other attachments with all stakeholders in an organization for improved communication and collaboration.

Ensuring the PLM system is integrated completely into the rest of the supply chain leads to seamless product launches and uncomplicated product updates.
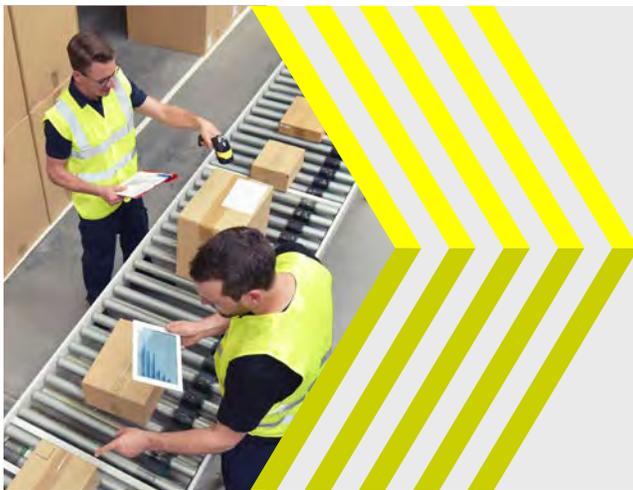
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# Rapid problem resolution

92% of supply chain professionals surveyed agreed that **rapid problem resolution is a benefit of collaboration**. Having open and direct communication, along with a trusting relationship, allows buyers and suppliers to work together quickly to fix problems.

Without trust and respect, companies often try to assign blame for errors rather than trying to resolve the trouble at hand. Open communication and trust can only get organizations so far, though, and they also need to have the proper tools to determine and correct problems.

Having access to automatically updated and shared information means that all participants in the supply chain can look up and downstream to explore where problems develop. After tracing the problem, proper technologies will allow you to make necessary adjustments within the integrated supply chain system to fix the issue.

# Agility

Hitachi Consulting and AMR Research identify four characteristics of supply chain agility:

1. **Speed** – Recognizing the pace at which a company can sense and respond.

2. **Ease** – Measuring how agile a company is when things do not go as expected and how easy it is for companies to sense and respond to change.

3. **Predictability** – Reliability and consistency can be more important than absolute speed. Companies that employ a standard procedure that consistently catches and fixes issues within a given timeframe are more valuable trading partners than companies that may respond more quickly on some issues but don't see every problem and lack a consistent timeframe.

4. **Quality** – A supply chain that senses and responds quickly, smoothly and predictably must also have quality service in orders, production and delivery to be considered agile. These components serve to enhance competitive advantage and superior positioning in the market.

Achieving swift and cost-efficient adaptability while maintaining product and customer service quality isn't easy. In a recent study by Steelwedge, 89% of respondents stated that supply chain agility was essential to their business success, but only 27% felt they are good at responding to shifts in the market. This creates a 62% agility gap between importance and performance.

While integrated information systems may be challenging to implement, industry leaders and scholars agree that they have become the single most crucial factor of supply chain agility. Information systems constitute a vital part of the supply chain process, from customer orders through supply, production, distribution and delivery.

Here are some key benefits.

## Ensuring quality customer service

Understanding customer expectations enables consumer goods enterprises to respond more effectively to shifting market demands and maintain sustainable business partnerships. Certain factors measure how quality customer service will impact supply chain agility.

With time-sensitive customer demand increasing the pace of workflow, information systems in the supply chain must yield accurate information about purchase orders and the different elements of supply, manufacturing, and distribution that affect delivery. A supply chain must be reliable and agile, with full integration from manufacturing to delivery, to achieve accurate information across operations.

Having technology that can automate event management and alerts enables consumer goods companies to respond instantly to any supply chain interruptions and monitor, track and analyze their complete operations. Technology that automatically shares data across the global supply chain ensures that all team members are updated continuously with transparent product progression and status information.

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# Fast response time

Timing is everything when it comes to supply chain agility. Speed in communicating information across the production cycle helps to achieve shorter research and development periods and initial cycles. Supply chains are attempting to shift from forecast-driven to demand-driven operations for manufacturing and inventory in the current landscape. Real-time demand, typically forecasted due to lack of direct feedback from the market, can now be accessed through integrated information systems. Supply chain agility encourages fast market responses through sharing and transferring real-time information among suppliers and customers.

Fully-integrated enterprise resource planning (ERP) systems facilitate the monitoring, tracking and analysis of your supply chain components in real-time. This integrated software enables you to instantaneously pull information across the company, including production, warehouse, delivery and sales.

# Cost-efficient volume flexibility

Real-time demand data availability will improve workflow and production volume flexibility—contributing to greater agility in company outputs. Steps taken to reduce product complexity and demand forecast errors would significantly contribute to managing volume. Minimizing product variance, lowering pipeline inventory, replacing mass production with make-to-order capability and creating a system that quickly senses and responds to change, for instance, would complement these actions.

An in-depth business intelligence tool enables easy access, analysis and sharing of performance metrics with users across your organization. Supply chain technology that offers up-to-date information that is readily accessible and data that is easy to share across functions will allow for greater foresight into product and volume flexibility. Also, **electronic data interchange (EDI) facilitates communication** between companies and retail partners to streamline forecasting and integrate emerging data to keep information management systems current.

# Visibility

In the past, supply chain visibility was defined as the trackability of products throughout their lifecycle—from the manufacturer to the end customer. Today, visibility also includes the speed at which an organization can obtain relevant data and information to make fully informed recommendations and decisions. Having complete visibility into operations improves product delivery performance, forecasting accuracy, and inventory reductions.

Many tools that help increase visibility only show a small part of a larger puzzle and cannot collect information across multiple technologies. To truly improve supply chain visibility, it takes a combination of the right, fully-integrated technology and dedicated organizational resources and capabilities.

Here are some key benefits.

# Faster problem recognition

Even the best-run consumer goods supply chains suffer disruptions.

A critical difference is that best-in-class companies recognize supply chain disruptions before they turn into problems. An interruption can occur anywhere along the supply chain, from raw material suppliers to manufacturing plants to retailers.

Workflow-based alerts and event management automation provide quick insight into the tasks' status to track the completion or failure of milestones across the supply chain. For example, rule-based alerts enable companies to create workflows that send alerts to notify individual users or teams of events, problems or opportunities in the process.

Commonly used alerts include missed ship dates, quality issues during production, cost overruns, and other performance-based problems. Workflow based-alerts and event management automation can help companies stay on time and on budget.

An ERP that automatically shares data across the global supply chain (i.e. a supplier or customer portal) ensures that all team members are regularly updated with product progression and status information.

# Better insight into supply chain metrics

To record precisely how well your supply chain is operating, you must have visibility into every measure of its performance. Without full insight, it is impossible to tell how well you are serving your customers, working with suppliers, and handling internal business operations (speed, accuracy, inventory levels, financial metrics and more). Organizations with the best supply chain visibility don't measure business through operational silos. Instead, they take a cross-functional approach, providing an integrated view that allows them to judge performance in total.

A fully integrated supply chain software suite enables companies to use one system to monitor, track and analyze supply chain metrics. Having a fully integrated solution means the system can seamlessly pull information across your enterprise, including production, warehouse, delivery and sales. A best-in-class approach should also include an in-depth business intelligence tool that enables easy access, analysis and sharing of performance metrics with users across the enterprise.

# More informed decision-making.

Speedy access to information means that team members can stay on top of evolving customer trends and evolving customer trends. Supplying your team with the right data at the right time enables them to consider all possible factors before making a decision. When something goes awry during the production process or trends start to emerge from customer data, this information must be in the right people's hands to implement business changes.

The key to informed decision-making is having real-time data available. Supply chain technology that offers up-to-date information that is readily accessible and easy to manipulate into relevant statistics ensures that companies can make the best possible decisions. It's also vital that the data is easy to share across functions. If team members from all operations do not have visibility into the pertinent information, the group as a whole can't make the best-informed decisions.

# More accurate forecasting

Consumer goods companies must make accurate projections. Forecasts that are off-base have a trickle-down effect across the entire supply chain. Automated communication between the company and retail partners enables more robust, more accurate production forecasts. Having a quick and easy way for retailers to pass along data relevant to the business gives the company the necessary visibility to forecast demand more accurately.

EDI enables you to communicate with your partners continuously. This communication between customers and suppliers helps streamline forecasting information. Having integrated EDI means a system can seamlessly collect the data from retailers and make it easy to understand for analysis and forecasting purposes.

# Shorter lead times and less on-hand inventory

The growing complexity of supply chains means that companies face longer lead times and more pipeline inventory. However, before a company can reduce lead times and inventory, it must have visibility into those metrics.

Having full insight across the entire supply chain is the key to achieving these reductions. If each team along the supply chain knows what is happening at any given moment in the other parts of the supply chain, they can make better adjustments. Knowing immediately when sales slowdown for a specific product means that companies can trickle that information downstream to impact and adjust production so that inventory levels don't become bloated.

Inventory tools that provide automatic alerts on inventory status and reorder levels let companies know right away when to reorder. Technology that gives insight into supplier production efforts enables team members to have visibility into production activities so that lead times can be better managed.

# Streamline Your Supply Chain with Aptean

Smart business and robust technology go hand-in-hand with improving supply chain management. To implement the short- and long-term strategic goals of your consumer goods company, the right software must be in place to position yourself for success. A fully-integrated ERP solution will enable that success—will help you meet the collaboration, agility and visibility goals you've set for your business. Aptean can help you get there.
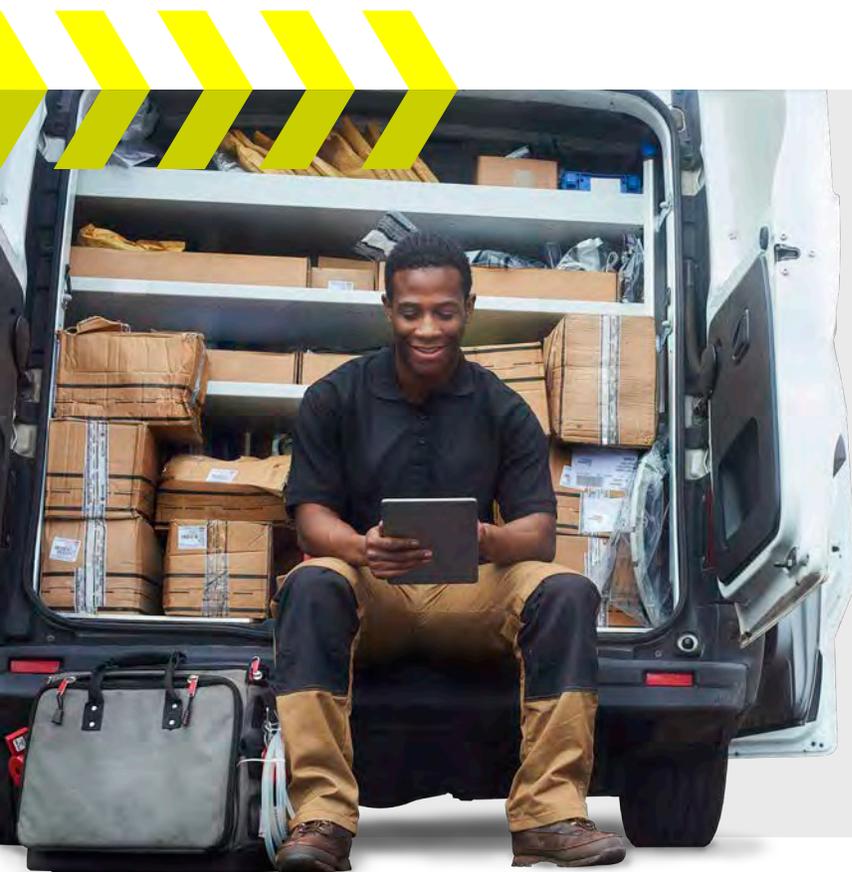
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