

Creating the responsive supply chain



Estd. 1990

Main Title Goes Here....

- Product ‘push’ versus demand ‘pull’
- The Japanese philosophy
- **The foundations of agility**
- **A route-map to responsiveness**

The foundations of agility

- Ability to respond rapidly to demand & supply changes
 - Network-wide concept
 - Requires collaboration & shared information
- Discussion:
- Is agility possible without collaboration across firms? (Pen Down your Answers)

Why Agility Matters Today

- Volatile demand
- Shorter product life cycles
- Customer-driven markets
- Competitive pressure

Discussion:

- Which Pakistani industry faces the highest demand volatility? Why?

1 Synchronise activities through shared information

- One set of numbers
- Shared demand, inventory & capacity data
- Reduces bullwhip effect

Discussion:

- What prevents Pakistani firms from sharing real-time data? (Very Important Point)

2 Work Smarter, Not Harder

- Remove non-value-adding activities
- Process re-engineering
- Parallel processing

Discussion:

- Give examples of non-value-adding activities in local supply chains. (As per your visit)

3 Partner with Suppliers

- Close collaboration
- Joint problem-solving teams
- ERP/SAP integration

Discussion:

- Why do firms hesitate to collaborate closely with suppliers?

4 Reduce Complexity

- Excessive SKUs (Stock Keeping Units)
- Fragmented demand
- Frequent product changes

Discussion:

- Does product variety always increase sales?

5 Postponement Strategy

- Delay final product configuration, packaging, or distribution
- Products remain **generic** as long as possible

Types:

- Form postponement (late assembly/configuration)
- Place postponement (centralised inventory)

Benefits:

- Lower inventory risk
- Higher flexibility and availability

6 Manage Processes, Not Functions

- Functional silos slow decision-making
- Agile firms focus on **end-to-end processes**:
 - Customer-facing
 - Cross-functional
- Use interdisciplinary process teams
- Faster response due to fewer hand-offs and flatter decision structures

7 Performance Metrics for Agility

- Time-based metrics
- Perfect order fulfilment
- Time-to-market

Discussion:

- Which KPIs discourage agility in Pakistani firms?

Pakistani Case – FMCG

- Companies: Nestlé, Unilever, Engro
- POS-based replenishment
- SKU rationalisation

Discussion:

- How can local retailers support FMCG agility?

Mini Assessment Case (Pakistan)

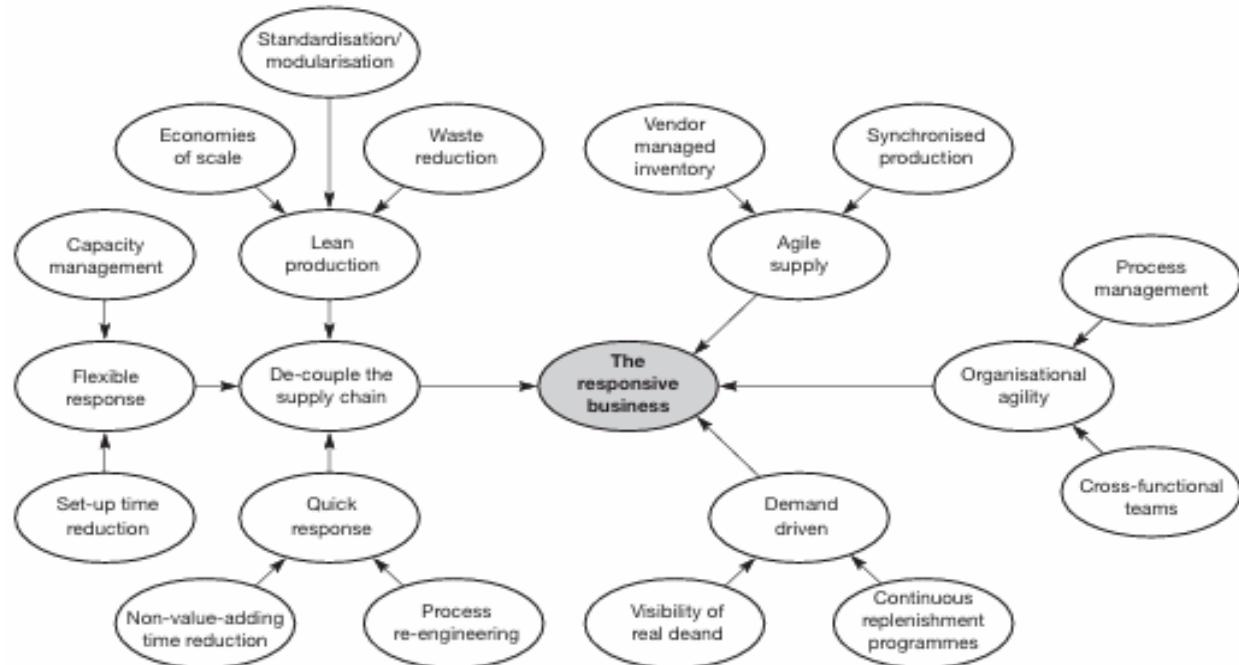
- A Karachi-based FMCG firm supplies 500 retail outlets.
- Average demand = 10,000 units/week.
- Current lead time = 3 weeks.

Tasks:

1. Calculate pipeline inventory.
2. Suggest two agility strategies.
3. Identify one performance metric to improve responsiveness.

A routemap to responsiveness

Figure 5.14 Routemap to the responsive business



Modern businesses must be **market-driven**, not internally driven. Competitive advantage comes from **responsiveness across the entire supply chain**, not cost efficiency alone.

Key Elements of a Responsive Business:

- **Organisational Agility:**
Cross-functional, process-oriented teams replacing functional silos.
- **Agile Supply:**
Close supplier collaboration, synchronized production, and shared information.
- **Demand-Driven Focus:**
Real customer demand visibility and continuous information flow.
- **Lean Foundation:**
Waste reduction, standardization, economies of scale, and capacity management.
- **Decoupling & Postponement:**
Lean upstream (forecast-driven) + Agile downstream (order-driven) operations.
- **Outcome:**
Firms that integrate these elements respond faster to customer needs and consistently outperform competitors.