

Supply Chain Management As A Competitive Weapon

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Until recently, supply chain management has been largely viewed as a necessary evil and the focus has been strictly on cost reductions. Today however, many are coming to the realization that supply chain management can be much more strategic, affording a company the opportunity to out-perform competitors.

With supply chains becoming more elongated as they become more global, the pace of demand changes increasing and product lifecycles shrinking, the responsiveness of your supply and fulfillment networks to change is becoming a more substantial determinant of company success. As such, companies must view their supply networks as a competitive weapon that can not only deliver low costs but impact top-line growth through superior responsiveness and best-in-class customer service.

A missed opportunity

Companies frequently fail to take advantage of the opportunity supply chain excellence offers. Too often companies have much too tactical a view of their supply chain and much too narrow a focus in terms of its goals and priorities. Companies must look at what their supply chain can achieve beyond cost reductions. Given today's complex business environment and customer-centric paradigm, supply chain strategy is business strategy.

Today, the customer is king and the only constant is change. Companies compete on the basis of who has the right product, in the right place, at the right time. There is no greater influencer to this than the supply chain. And while the end objective is clear, so are the obstacles to achieving it.

Meeting the goals of right product, place and time is no easy proposition when managing a globally distributed supply chain that can be comprised of multiple geographically dispersed sites and/or partners using disparate information systems. Couple that complexity with the volatility of increasingly unpredictable demand and shortening product lifecycles, and you have an environment of chaos.

Those companies that can create a supply chain network that can effectively adapt to these realities will outperform their competitors. Adopting a strategic approach to establishing supply chain flexibility and responsiveness will allow a company to embrace these market challenges as a means to gain competitive advantage.

It's all about responsiveness

Industry experts agree that a company's responsiveness is vital to its success in today's complex and volatile business environment. Leading industry analysts

from AMR Research, Aberdeen Group, Technology Forecasters Inc. and Ventana Research have all recently advocated the merits of Response Management — the ability to quickly and effectively respond to change.

For many companies, the days of building a production plan and then executing to it as-is, are well gone. The point of power has shifted from the manufacturer to the customer, and demand responsiveness is increasingly becoming a key determinant of company success. This customer-centric mindset acknowledges that companies can no longer effectively “plan” their customers’ needs; rather they must focus on responding to them. As such, Response Management has emerged as a business imperative.

Through Response Management solutions, companies can empower key decision makers across their supply chain and fulfillment networks with multi-enterprise visibility, supported by people-centered collaboration and real-time “what-if” scenario analysis — the necessary capabilities for establishing a strategic and effective approach to responsiveness. An ability to quickly sense and respond to change will help gain market advantages over those companies that do not have the proper processes and tools in place to react. Slow reaction times mean missed sales and increased market share risk.

The supply chain as a top-line driver

Far too few companies are leveraging their supply chains to drive top-line growth. In today’s market, both top and bottom-line metrics are greatly influenced by an organization’s supply chain responsiveness.

Responding more quickly to change increases customer satisfaction and drives revenue growth, while responding more efficiently and effectively to those same changes can drive breakthroughs in operating performance that drive bottom-line metrics. Companies that have recognized the correlation between corporate objectives and supply chain priorities are witnessing significant business benefits.

From a top-line perspective, customer service in the context of demand responsiveness helps retain customers and win new bids. Likewise, from a bottom-line perspective, an effective Response Management process can increase factory throughput, shorten lead-times, and reduce inventory risks and costs among other things.

A strong competency in Response Management can become a key competitive differentiator in this hyper-competitive, consumer-driven market. Companies must be empowered to quickly respond to vigorous and volatile demands, while managing costs and profitability. Given this reality, supply chains can no longer be viewed as just part of the corporate infrastructure, but rather, part of the corporate strategy. Executives rightly need to evangelize supply chain excellence as a strategic priority to gaining competitive advantage.

Kinaxis delivers an on-demand Response Management service to drive operations performance in today’s complex manufacturing world. Kinaxis Response Management solutions are now serving a broad range of customers

and industries, including aerospace, automotive, ship-to-retail, electronics/high tech, industrial, and medical devices markets. For more information, [click here](#).