Supply Chain Analytics

The three-minute guide

Why it matters now

Globalization and complexity have put supply chains in the spotlight like never before

Supply chains are a rich place to look for competitive advantage, partly because of their complexity, and partly because of the significant role they play in a company's cost structure. And with the power of new analytics, companies can now fine-tune their supply chains in ways that simply weren't possible in the past.

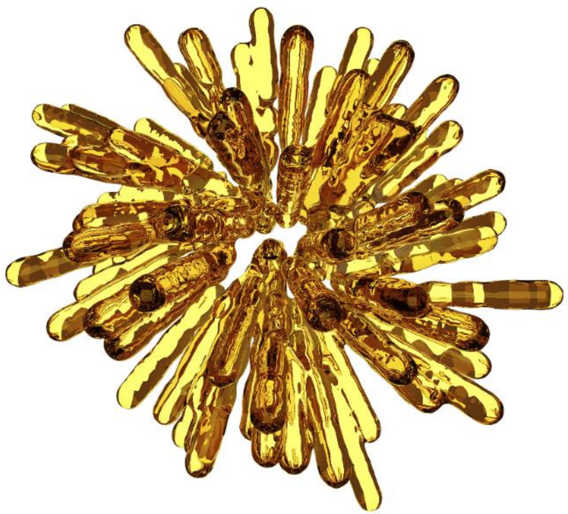
If your supply chain management models are based only on past demand, supply, and business cycles, you could be missing big opportunities to put analytics to work.

Why supply chain analytics?

Transform data into real-time, predictive insights

Commodity volatility, changing demand forecasts, and supplier-specific challenges have affected nearly every organization—including those with the leading managed supply chains in the world. Even top supply chain performers have faced embarrassing stock-outs during periods of unanticipated demand in recent years.

A big reason for this kind of underperformance is the fact that supply chain visibility and analytical models are typically grounded in hindsight. Making decisions based only on what happened in the past no longer provides competitive advantage.



The potential benefits

Insights that make a difference

- Use historical enterprise data to feed predictive models that support more informed decisions
- Identify hidden inefficiencies to capture greater cost savings
- Use risk modeling to conduct "pre-mortems" around significant investments and decisions
- Link supply chain models to customer and pricing analytics to clarify the *whole* profitability picture, not just the parts and pieces

What to do now

Treasure hunts

Leaders in supply chain performance often use "treasure hunts" to mine data for hidden opportunities. But before you start down that path, you may need to do a bit of data silo busting. That means making sure the information required to drive analytics insights is accessible.

Make more connections

Focusing on any single link in the supply chain will not deliver the value you're looking for. High performance requires connecting supply chain forecasting and modeling tools to distribution models, pricing models, and even tax strategies. Only then can you dive deep into specific improvement opportunities such as promotion planning, inventory management, and channel management. The more specific the better.

Set a strategic agenda

Supply chain improvements happen both from the bottom up and the top down.

When you consider near-term value delivered, tackling one specific problem after another is a good way to make progress. But without the foundation of a strategic supply chain agenda—one driven by business goals—those solutions may not add up to the performance improvements you are looking for.

Be sure to spend enough "top-down" time to provide alignment across different investments.

Crunchy questions

- What happens when demand falls? How will you preserve margins?
- How resilient is your supply chain to external shocks?
- What are the most significant risks to your supply chain? What are your plans to mitigate them?
- Where are you most likely to discover profit pools in your supply chain?
- If you encounter a supply shortfall, which scenarios or options can help you drive SKU profitability without incurring stock-outs?

Time’s up

A commitment to supply chain improvement is easy to make—but challenging to execute. Even the most passionate companies can find themselves coming up with a whole range of excuses to delay, defer, and deny.

Those excuses won't help much, however, when a competitor starts undercutting your costs with superior supply chain management. Or when board members want to know why your margins (and your share price) are shrinking.

If you're frustrated that a massive amount of risk-related information is going unused, it's worth giving risk analytics another look.

To learn more about how to get your supply chain analytics effort off to a smart start, please contact:

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