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Trading Inventory for Information:
Supply Chain Visibility
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TODAY'S TECHNOLOGY HAS GIVEN PEOPLE ACCESS TO REAL-TIME DATA WHENEVER AND WHEREVER THEY WANT IT, AND THIS HAS CREATED A HUGE DEMAND FOR A SIMILAR TYPE OF INFORMATION SHARING IN THE TEMPERATURE-CONTROLLED SUPPLY CHAIN. IN FACT, THIS ACCESS TO INFORMATION HAS BECOME SO UBIQUITOUS THAT CUSTOMERS ALWAYS EXPECT IT, INCLUDING WHEN IT COMES TIME TO ORDER, PURCHASE, AND ORGANIZE SHIPMENTS FROM SUPPLIERS IN THE FOOD AND BEVERAGE INDUSTRY.

This need for visibility and transparency has created a great opportunity for logistics companies to implement responsive supply chains that provide customers with up-to-date data about inventory levels, product availability, and shipment progress, empowering customers with both information with which to make decisions, and the control to enact them.

An Increasing Demand for Fresh Products Is Also Driving the Need for More Visibility

Consumers today have a growing expectation that they'll be able to go to any restaurant, grocery store, or market and be able to buy wholesome, fresh, and local foods. Consequently, food service providers, retailers, and wholesale operators need access to information about the availability of products so they can make quick and efficient decisions about what to buy and from where.



But without visibility in the supply chain, there's no connection between producers and suppliers, so suppliers can't improve the process of getting products from the farm to the dinner table, and there's no way to effectively supply the foods being demanded by modern consumers. The problem is compounded when you consider the wide variety of foods that are available today from around the world, the short shelf-lives of certain products, and the quick turn-around times with many SKUs.

To better explain the problem, it may help to consider an example from a personal shipping experience: Ms. Smith in San Diego wants to send her grandfather in Philadelphia something for his birthday, ideally a cake. But Ms. Smith is at an impasse because she doesn't know what cakes are in stock right now, how fresh they are, how long delivery time would be, or whether the cake would arrive safely, on time, and fresh. So Ms. Smith instead buys her grandfather a nice card and bakes him a cake the next time they get together.

If there had been a supply chain in place that prioritized end-to-end visibility, Ms. Smith would have had access to all that information, and she would have purchased her grandfather a delicious cake that would have arrived fresh and on time for his birthday. While the temperature-controlled food and beverage supply chain is much more complex than this simplified example, the same benefits of visibility hold true.

Supply Chains Used to Be Managed Manually Because Things Were Different

Kirk Hoover is now the senior director of business development at the third-party logistics company Americold, but when he began his career in the logistics business back in 1974, things were done differently than they are today. Logistics companies didn't have the luxury of computers, barcode scanners, and instant communication to organize orders, drivers, and shipments. Instead, Hoover moved 160 million pounds of freight per year over 14 states with the most cutting edge technology available at the time—a pen, some paper, and a calculator. Orders were picked, and loads were stacked one at a time, and when a shipment was ready Hoover would get on the phone with a carrier dispatcher to arrange the pickup. From the customer's end, once an order was placed, there was no more communication between the supplier, the shipper, and the customer unless a problem arose.

In terms of inventory management, a customer would similarly only hear from the supplier or distributor on a weekly, monthly, or yearly basis to update records regarding inventory that was over, short, or damaged. During this time, all communication was done by phone, and document exchanges were done by fax or mail only when a customer requested them. It wasn't until the early 2000s that electronic inventory management became commonplace, but even then it didn't give customers access to real-time, updated inventory information.

IT WASN'T UNTIL THE EARLY 2000S THAT ELECTRONIC INVENTORY MANAGEMENT BECAME COMMONPLACE, BUT EVEN THEN IT DIDN'T GIVE CUSTOMERS ACCESS TO REAL-TIME, UPDATED INVENTORY INFORMATION.

While it may seem impossible that logistics companies once operated without all the conveniences of modern technology, it's important to remember that purchasing habits have changed drastically since the days of manual supply chain management. When Hoover was using his pen and calculator to organize orders and shipments, it was at a time when the number of SKUs weren't as abundant, so customers placed standardized bulk orders that were predictable and manageable. Moreover, customers had the space and resources to warehouse their own excess inventory for longer periods of time, so they were able to provide suppliers and logistics companies with more lead time for replenishment cycles.



Traditional Supply Chain Visibility Doesn't Hold Up in Modern Times

Modern purchasing practices are very different from what they were 40 years ago, and today there are more SKUs available from more food producers than ever before. Furthermore, consumers are becoming more diverse, more particular, and more specific in their demands, so restaurants and grocery stores are having to change their buying habits. As a result, food retailers have gone from ordering by the lot to managing inventory by the pallet and by the case, and it's expected they may soon start ordering certain products in eaches. Regular, large bulk orders are a thing of the past, and they've been replaced with smaller mixed orders that are placed more frequently.

As an example, let's examine the plight of the grocery store purchaser today versus 40 years ago regarding a single consumer product. In the 1970s, a consumer could walk into any grocery store for eggs and be faced with a very simple decision: brown eggs or white. Today, on the other hand, there are not only brown eggs and white eggs, but also cage-free, free-range, organic, grass-fed, vegetarian-fed, Omega-3, pasture-raised, and more. Not to mention the sheer number of local and global producers that a store has to choose from.

And if a grocery store wants to remain competitive, it has to stock as many types of eggs as possible to appeal to the largest number of consumers, and that means stocking multiple SKUs from numerous producers that are provided by a variety of suppliers. And that's just the eggs—the same scenario can be extrapolated to every type of consumer product imaginable. Because each consumer has unique and individual demands afforded by the amount of choice available, it's no wonder grocery stores, and food retailers are simultaneously decreasing order sizes and increasing the number of SKUs they order, and the order frequency.



i-3PL

Technology Solutions

Americold's en-view technology suite of solutions systematically captures data from all points of the supply chain that Americold manages. These solutions provide our customers with predictive analytics, enabling them to make proactive decisions – fast through i-3PL.

Modern Technology Can Provide End-to-End Visibility That Facilitates Today's Purchasing Practices

Back in 1999, Americold began developing proprietary supply chain management software called i-3PL that gave customers increased visibility into their supply chain by allowing for information-sharing. Within a few years, the software was updated to include advanced reporting and self-service capabilities that included:

- ONLINE ORDERING CAPABILITIES
- POOLED SHIPMENT INFORMATION
- SUMMARY TURNOVER TIME REPORTING
- ORDER SUMMARY REPORTING
- ORDER RECEIPT REPORTING

Since that time, the software has been honed and adapted to suit the needs and requests of customers. Today, i-3PL is a comprehensive supply chain control system that enables customers to view and manage inventory during many stages of the supply chain. Customers also have access to information regarding inventory that's already been allocated and what's still available. And more importantly, the software can be conveniently accessed by customers via personal computers and mobile devices.

ANOTHER COST-SAVING BENEFIT OF BROADER SUPPLY CHAIN VISIBILITY IS THAT CUSTOMERS CAN IMPLEMENT ACCURATE REPLENISHMENT PLANS IN REAL-TIME USING SELF-SERVICE ORDER PLACEMENT TECHNOLOGY.

Thanks to this technology, Americold is now able to provide customers with access to information that can help them make tough decisions that could have serious positive implications for their bottom lines. For instance, i-3PL lets customers see inventory supplies across a national network of facilities and warehouses, this empowers being able to place orders based on shipment origin and destination throughout the USA, thereby reducing transit time and costs.

Another cost-saving benefit of broader supply chain visibility is that customers can implement accurate replenishment plans in real-time using self-service order placement technology. And this allows customers to take advantage of demand spikes and reduce quantities during slower times, all while improving efficiency. This further translates to waste reduction, updated inventory, fresher products, and higher customer and consumer satisfaction.

Companies that Adopt Information-Sharing Technology Are the Future of Supply Chain Management

The only roadblock that customers are facing when it comes to increased visibility is reluctance on behalf of some third-party logistics companies and suppliers. The problem is they're not always willing to relinquish traditional confidentiality practices that protect individual organizations from jeopardizing possible industry advantages. But this old mentality is an obstruction to progress that must be overcome because information-sharing between producers, suppliers, third-party logistics companies, and customers is the only way to create an efficient, visible, and enabled supply chain that benefits everyone involved.

Maximizing Efficiency and Minimizing Waste



Take, for instance, an example where a supplier, a retailer, and their third-party logistics company have a mutually beneficial data-sharing arrangement. Customers place orders with the retailer who shares ordering data with the supplier. The Supplier uses that data to forecast production, which is then shared early on with the logistics team, which then organizes the most cost-effective labor plan. Because everybody is in constant communication, efficiency is maximized, there's little waste or spoilage, and everybody can pass on advantages down the line to the consumer.

And while this is largely uncharted territory in the food and beverage industry, there are organizations out there laying the framework for this type of cooperative supply chain. Luckily, the technology is already in place to facilitate wide-scale implementation of this model, which in the end would result in a win, win, win situation for all parties!

Modernizing today’s food and beverage supply chain can only happen when producers, suppliers, and third-party logistics companies come together to work toward the common goals of information-sharing and end-to-end visibility. Broader visibility isn't just necessary for customers, but everybody involved in the supply chain, from the moment the food comes out of the ground to the second it hits our dining table. Data sharing is ideal for customers because it gives them more control over their inventory, more information to work with, and the most updated data for making time-sensitive choices.

But more than that, it will also help suppliers and logistics companies to plan better, to allocate resources and labor more efficiently, and to anticipate needs and trends more accurately. And along with decreasing inventory waste and increasing profits and savings, this also means that more wholesome food makes its way to the mouths of consumers, which is of the utmost importance, because no matter where you find yourself in the food and beverage supply chain, everybody benefits from fresher food at affordable prices.



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