

What Do I Really Need to Know About Supply Chain Control Towers?

5 Questions to Help Separate Fact from Fiction

Supply Chain Control Towers are being described by many as "the next big thing" in global manufacturing. And while there's a lot of hype out there—particularly from vendors—a number of important questions remain unanswered:

- What's all the hype about Control Towers?
- Is a Control Tower for me?
- What challenges can I solve with a Control Tower?
- What will a Control Tower actually get me?
- What does it take to build a Control Tower?

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Question

1.

What's all the hype about Control Towers?

It's easy enough to slap a "Control Tower" label on a piece of software, but actually delivering on the promise of end-to-end supply chain visibility and multi-tier process orchestration is a feat most Control Tower marketers fail to achieve. A true Control Tower isn't something you purchase from a software vendor—it's something you build, and it requires a careful combination of the right people, processes, and technologies.

As supply chains have spread across the globe they have become more opaque and difficult to manage. For the most part, supply chain technologies haven't kept up with the changing needs of today's global companies: namely, access to accurate, timely information; the ability to collaborate and make strategic decisions across multiple tiers of partners; and advanced business analytics that help you work smarter and develop more strategic partnerships.

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Question

2.

Is a Control Tower for me?



Rapidly changing global markets of supply and demand create relationships that drive the need to optimize manufacturing and distribution of products across an ecosystem, and to have visibility into all the activities of that ecosystem. A properly implemented Control Tower will provide early warning to supply or demand imbalances, late shipments, and even projected stock outs. Designing your Control Tower around the ability to perform **collaborative execution** will enable your organization to pinpoint exceptions and initiate corrective actions immediately within the same environment.

In simple terms, the greater the number—and speed—of changes in the network, the greater the need for a Control Tower. Those industries with broadly (i.e., geographically) dispersed research, design, sourcing, manufacturing, outsourcing, service, and distribution operations will be the first to implement Control Towers.

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Question

3.

What challenges can I solve with a Control Tower?



At E2open, we have the privilege of serving global companies with some of the fastest moving and most complex supply chains. Drawing on more than a decade of hands-on experience, we are well acquainted with the top strategic and operational challenges facing today's industry-leading manufacturers:

- **How can I manage what I can't see?** Not having visibility across the make, source, and deliver processes for all product offerings is the root cause of many of the most common supply chain challenges. Many organizations with heavy investments in planning-oriented solutions have not progressed beyond the world of phone, fax, and email, making it nearly impossible to synchronize systems and processes to achieve real-time visibility.

- **I can't do this alone!** Does it feel like you have outsourced the job, but still retain the work? While you might have fewer employees, do you suspect that you are paying more for mistakes made by your partners and need additional headcount to supervise them? Obstacles to collaboration hinder the establishment of truly strategic partnerships, which require working across both financial and operational boundaries. In order to develop and nurture these types of relationships, it is imperative to enable real-time information exchange and collaboration—and to share value among all parties involved in the trading network.

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- **My supply chain processes don't extend across multiple tiers!** With few exceptions, today's global trading networks extend across two, three, four, and more tiers of suppliers, sub-component suppliers, raw materials providers, contract manufacturers, and logistics providers. Without real-time insight across these next-tier partners, disruptions in the extended supply chain are often identified too late to make money-saving course corrections. Processes like buy-sell, cost management, and drop-ship require the synchronization of data and physical goods flow across multiple supply chain entities. An execution platform is needed to facilitate these transactions.

A Control Tower, with a real-time comprehensive view of what's happening in the extended trading network, offers a flexible, scalable solution to these challenges—plus the foundation for innumerable strategic programs to fit the specific needs of your business.

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Question

4.

What will a Control Tower actually get me?



Generally speaking, the stated "goals" of a Control Tower program can be grouped into two major categories:

- **End-to-end supply chain visibility:** A Control Tower is able to discern real-time key performance indicators (KPIs) populated by data from across the entire extended supply chain. From inventory positions to late shipments to impending part shortages at critical component suppliers, the Control Tower provides real-time insight into the performance and vulnerabilities of the extended supply chain. Unlike manual methods, these real-time information feeds produce zero latency.

- **Exception-based management and problem resolution:** Once access to timely, end-to-end information is established, the focus shifts to identifying and resolving potential problems. This is where a collaborative execution platform becomes critical—enabling brand owners to leverage the collective brainpower of their trading partner communities to efficiently manage end-to-end supply chain processes and to respond intelligently to continuous changes to supply, demand, products, and partners.

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Let's break these top-level goals into more specific benefits that can be expected from a well-designed Control Tower program:

The ability to view key demand, order, inventory, and supply status information across the extended supply chain—in real time.

A well-designed Control Tower will provide a real-time, end-to-end picture of both demand and supply—including finished goods and component inventory levels at various points; customer and supplier shipments; existing, open, and in-transit orders; supplier commits; shipment and transit delays; and forecasted demand based on the latest promotions being offered by retailers. Zero latency means that the best decisions can be made on the best available information.

The ability to leverage this information to identify shortage and excess inventory issues automatically through exceptions and alerts.

Once timely, end-to-end visibility is established, the focus shifts to problem identification (and later, resolution). The best on-demand technologies provide real-time information within an exception-based framework, alerting team members and suppliers to those issues requiring immediate resolution—such as impending shortages of particular SKUs due to a spike in customer demand at specific retailer locations. Alerts are triggered via predefined business metrics, tolerances, and thresholds, ensuring that the most important issues are highlighted and resolved quickly.

Collaborative processes and workflows that enable supply chain managers to address issues as they surface.

Knowing that a supply chain disruption has occurred is one thing, but the ability to respond quickly and intelligently is what really separates the best-in-class supply chain from its counterparts. A Control Tower should provide a collaborative platform (most likely in the cloud)—plus automated processes and workflows—to enable cross-functional team members to work proactively with external suppliers to resolve the most pressing issues.

The most sophisticated Control Towers will provide real-time dashboard visibility for multiple partners—as well as cutting edge analytics to assess the operational and financial impact of changes, and "what if" decision support to preempt issues or resolve problems rapidly. The Control Tower offers both unit and financial views of opportunities and tradeoffs, making it possible to select alternate resolutions with the ability to collaboratively execute those chosen paths with partners across the network.

Question

5.

What does it take to build a Control Tower?

A Control Tower is best suited for companies that want to integrate the activities of their supply and demand organizations into one cohesive value chain. The design and implementation of a Control Tower is complex and requires careful change management. That being said, it can also be the catalyst for developing a more integrated, strategic, and customer-focused supply chain. Let's take a closer look at what it takes to get started:

- **Cross-functional business processes and program governance:** Everyone knows that supply chain management is a multi-functional discipline. Yet few organizations take advantage of cross-functional teams when it comes to resolving critical supply chain problems. For Control Tower programs to be successful, full-time representation from the planning, order management, order fulfillment, and logistics functions—as well as members from key trading partners—is imperative. Furthermore, this dedicated team needs the authority and proper escalation procedures necessary to make final decisions and ensure expediency.

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- **KPIs and dashboard:** A dashboard with meaningful KPIs allows the Control Tower staff to monitor the "heart beat" of the supply chain, providing a view into key facilities around the world to track inventory levels, output targets, planned and in-transit shipments, and critical orders. When it comes to defining KPIs, quality over quantity is the modus operandi. Your goal is to produce meaningful, manageable data—not to track every detail of every operation.

- **Supply chain execution and problem resolution capabilities:** Execution is key! A perfect plan is useless if it cannot be properly executed within a defined period of time. For this reason, a problem resolution screen is typically positioned at the center of the Control Tower—bringing together relevant data to understand business context and make intelligent decisions. Once a decision is made (e.g., a re-route or transportation mode change at the next milestone), workflows should be executed to take the appropriate corrective actions.

- **Real-time data enabled by trading partner connectivity:** This is an area that is often overlooked but cannot be stressed enough! Given the fragmented nature of today's global supply chains, automated data aggregation and decision making require a truly multi-enterprise solution. A solid integration backbone that accommodates various information systems and data formats is a foundational aspect of any effective Control Tower program.

What are you waiting for?

Still not convinced that a Control Tower is right for your organization? Or, interested in finding out how to get started? Either way, we encourage you to take the first step towards defining a more intelligent, profitable supply chain by scheduling a call with one of our Control Tower experts.

Contact us today

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