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The +$100M SCM Problem We've Been Misunderstanding

Your supply chain systems are state-of-the-art. Your inventory management tools can locate a SKU out of thousands in your warehouse within microseconds; your TMS reports on thousands of data fields, and your ERP systems can process 100,000 orders an hour. So why did your last supply chain crisis take you 14 weeks to find out about, let alone mitigate? Because all of your state of the art technologies are stitched together with slow, error-prone, and manual orchestration processes to get a semblance of the context and collaboration needed to do anything about it. The truth about digitizing SCM as it has been approached thus far is that it overlooks orchestration, leaving teams with no choice other than to continue orchestrating wastefully.

Ask your teams if the following sounds familiar: every morning, a supply planner logs into SAP to try to spot potential gaps. To do so, they scroll through all the SKUs in the product portfolio and visually check hundreds of cells in tables for potential inventory mismatches. If they find one, they then need to check if there are any incoming shipments to replenish that product, requiring them to access a different set of ERP screens and projection spreadsheets. Assuming there's an incoming shipment, the supply planner will need to fill out a expedite deployment spreadsheet to request that a material planner on the ground try and get that shipment prioritized. This request needs to then be forwarded via email to a logistics manager and a warehouse manager, to ensure the shipment is received and unloaded. In the meantime, the supply planner might also call the factory after checking a different database for the production schedule. In hopes of mitigating this one potential stockout, the supply planner has spent all day juggling calls, emails, and spreadsheets between the plant manager, the replenishment planner, the logistics manager, and the warehouse team. All this, and the planner doesn't know how many other SKUs have potential stockout risks, or even which is the most important.



Imagine going about your day-to-day life and responsibilities in a world without luxuries like washing machines, internal plumbing, or cars. This is how your supply chain teams are spending all their time. A supply chain professional — whether in manufacturing, supply planning, or logistics — spends half their day chasing information, and the other half chasing people to make decisions on that information. No matter their title, they're effectively manual "data expeditors" — the 21st century version of paper pushers, who are constantly running around putting out tactical fires instead of working on any strategic initiatives that could materially improve the business.

The beauty of household technologies like washers and cars is that they've allowed us to be less involved with menial tasks, and have given us the power of choice: where to invest our time and energy. But like a supply chain version of maslow's hierarchy of needs, higher value efforts can only be undertaken when your teams aren't spending all their time with the operational equivalent of hunting for food. Companies continue to spend heavily on ERP implementations, planning systems, and BI tools, completely ignoring the IT investment in orchestration needed to bring it all together. So it's all still happening by hand. Companies must invest in technologies that help them to both discover operational gaps, and drive joint workflows across functions and partners to mitigate those gaps. Otherwise, teams will continue to run from fire to fire, hunting for information and working around the clock to try in vain to move that information to where it needs to go in time to resolve the problem.

Without upgrading the painful manual efforts you're currently dumping into supply chain orchestration (SCO), your company will never be able to reap the benefits you were hoping your SCM investments would offer: being able to balance low costs and less waste, with faster execution and increased customer satisfaction. It's time for the industry to approach supply chain orchestration with the same rigor with which they approach manufacturing yield, inventory management, forecasting and planning. Orchestration is the vastly under appreciated piece of the SCM puzzle, and leaving it the manual mess it is today completely offsets all of the digital investments you made across your supply chain operations.

