The Four Components of Global Supply Chain Visibility

Niko Michas, President & CEO, BridgeNet Solutions, Inc.

Over the years, it has become the norm for companies to go through third party supply chain solutions providers for the technology and tools that make true visibility possible. While this is usually the most cost-effective option for shippers with global logistics networks, it is important to remember that any outside visibility solution is only going to be as cost-effective as your third party is capable of making it if you don't have direct access to their tools and information. To make certain that the ball stays in your court, choose a third party solutions provider that is going to empower you to create and implement your own solutions rather than one that claims they can create and implement solutions for you. The most respectable third party solutions providers should enable you to use their established technologies and expansive industry knowledge to ensure both your company's future and your future in your company.

The best way to achieve the supply chain visibility required to remain competitive in 2010's still struggling economy is to gain an understanding each of the components that make true visibility possible. Understanding the separate components required for visibility will enable you to ask the right questions of any potential third party solutions providers, and also, to monitor the success of your in-house solutions and initiatives.

After working for almost two decades within the logistics industry, it has become

clear to me that there are at least four recognizable components required for achieving supply chain visibility. Those components are listed below, along with detailed descriptions of how to obtain them and make them work for your company.

1. Global Visibility of Each and Every Shipment

The first component of supply chain visibility, global visibility of each and every shipment, can most easily be achieved by using a multimodal web-based tool that is able to pull in electronic shipment level detail for parcel, LTL, FTL, ocean, and air freight for all of the major carriers and freight forwarders, and can be accessed by your various departments and personnel at different security levels via a user name and password. A web-based tool such as this would enable someone like your Vice President of Logistics, for example, to get online at any time anywhere in the world, view the cost of each shipment within your supply chain, and make cost-saving decisions based on real time information.

Does your third party solutions provider have a tool such as this in place? If so, ask them if their tool is capable of allowing users to view different modes that could potentially be less costly, and also, whether the contact information of those personnel within and outside of your organization that can make your cost-saving changes happen will be easily accessible. Follow up with questions regarding ongoing maintenance and updates.

2. Compliance Monitoring

The second component, compliance monitoring, should include what would essentially be considered a live routing guide. This component is something that could also be made available to you via a web-based tool.

What would a live routing guide do for you?

A live routing guide would inform you when shipments are not being sent in accordance with your company's shipping guidelines so that you can identify problems and make corrections right away. It may also be able to keep personnel from overriding your routing guide by prompting them to ship using your preferred carrier or mode, etc., depending upon how widely available the tool is made within your company. (Keep in mind that since this visibility tool is web-based, it shouldn't require any significant IT involvement to implement at any of your global locations.)

3. Benchmarking

The third component, benchmarking, actually encompasses much more than benchmarking; in addition to or alongside benchmarking services, your third party solutions provider should also provide you with comprehensive logistics data analytics, shipping characteristics restructuring capabilities, and profiling capabilities. The reason you want these added benchmarking-related benefits and capabilities is so that you can view or create different scenarios based on best-in-industry practices and determine what cost-saving initiatives are working, and

where and why others might need to be implemented.

The initial benchmarking that determines best practices by comparing your company's shipping data to that of a vast number of other similar companies will most likely need to be performed by your third party partner. This is acceptable, and even preferable, since you don't want to deal with the headaches or enormous costs involved with integrating the technology required to complete these comparisons into your own systems, and aren't likely to have access to the shipping characteristics of thousands of other companies on hand. Once initial benchmarking has taken place, however, you should be able to view and create cost-saving scenarios based on best-in-industry practices just as easily as you are able to view and monitor shipments.

Through benchmarking, you can also obtain the kind of hard data that often provides companies with their most significant leverage during rate negotiations with carriers. Consider how your carriers might be determining things like what your rate incentives should be in 2011. If you had hard data that showed, for example, that your company will be able to lower your carrier's operational costs next year more significantly than it has in the past, how might those incentives improve? Without solid benchmarking results, it is much harder to show carriers you deserve things like better incentives; you need high-level data to back up your claims.

4. Exception Management

Exception and event-related data, real-time reports, and other data elements pertaining to invoicing, method of payment, and special handling can all be analyzed and presented to you in a web-enabled, dashboard format. If your current third party solutions provider already has a tool with these key functions in place, ask them how they would expect such a tool to assist you in the recovery of revenue lost due to overcharges and erroneous billing charges, and how and when you will be able to access reports. Will you be able to create custom reports?

The conversation will inevitably lead to a discussion about auditing and/or self-invoicing options. If you've been monitoring and managing your shipper-caused and carrier-caused exceptions with the same auditing and reporting service for a while now, you may be surprised by some of the new management options that new or improved technology has helped to make available. If your current third party auditor's technology is up with the times, great! If it isn't, if move on.

A large part of being in control of your supply chain is being able to make decisions based on the most accurate and most complete information you can possibly obtain. *You're* the one who knows your company best—it's history, goals, strengths, and weaknesses—and once you have the tools you need to increase visibility of your supply chain, it is you who should be in the best position to create solutions that will cut your company's shipping costs and improve its logistics network's communications and operations. Keeping the four components of global supply chain visibility listed above in mind as you choose your next third party supply chain solutions provider will help you to do just that—and to do it while

maintaining control of your logistics network.

Niko Michas is President and Founder of BridgeNet Solutions, Inc., a Chicago-based firm specializing in helping companies to achieve supply chain cost reductions through data analytics software. For more information, visit www.bridgenetsolutions.com *[1].*

Source URL (retrieved on *04/21/2015 - 3:39pm*):
http://www.impomag.com/articles/2010/03/four-components-global-supply-chain-visibility?qt-digital_editions=0

Links:
[1] http://www.bridgenetsolutions.com