

5 Quick Questions On Supply Chain Management

Sean Rollings, Vice President, Product Marketing at E2open



What are some of the primary ways globalization has impacted supply chain management - in terms of planning and execution?

Globalization has created both the opportunity and challenge of creating and balancing global, regional and local demand. The resulting demand volatility of that complex mix has pushed forecasting accuracy to its effective limits; and, therefore, is forcing greater execution agility to make up for planning's shortcomings. This challenge is exacerbated by the parallel of globalization which is the move by product companies to outsource more and more of their manufacturing and distribution. Brand owners now depend on more partners, typically at a greater physical distance. Add to that distance the information fragmentation among partners' heterogeneous information systems and you realize the challenge of trying to manage demand you can't predict with supply you don't control. And, with visibility clouded by fragmentation, supply chain practitioners and executives have limited confidence in their information for timely decision making. "It's pretty much guesswork", we hear frequently.

So, at [E2open](#) [1], we see a major movement to integrate planning and execution. By thinking on parallel processing across the trading network, rather than serial planning across departments and command planning to partners, more and more brand owners are working with their partners to develop a core competency in collaborative planning & execution.

How does this differ for companies of varying sizes?

This differs for companies from small to large based primarily on influence and power. Are they a leader in innovation, volume or market share? No matter what the size, it's a matter of how much leverage you have to create favorable terms with suppliers and customers. Another way to engender greater favor is to be easy

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to do business with. If you can be a trusted business partner with ease of communication and flexibility of practices and processes, you can create the equivalent of power to create leverage and ensure sustainability of the partnerships.

Manufacturers have a historic amount of data available to them. What advice can you offer in terms of what to look at and how to ensure all this information doesn't bog down decision-making, as opposed to improving it?

Unless you're in retail, I believe there's more value in focusing on fast data over the much-hyped big data. Fast data is the consideration of managing the rapidly changing information input from a plethora of nodes across the extended supply chain network. So while the volume isn't as great as big data, the complexity of connecting nodes and their typically disparate systems is a challenge. Creating a real-time or near-real-time environment of fresh data for a single version of the truth is an investment that will pay off handsomely for all the supply chain stakeholders.

Continuity or contingency planning has become a key element of supply chain planning and management. What are some best practices that you can share in developing and embedding these approaches?

Most risk management modeling today involves offline contingency planning based on statistical likelihood of occurrence data. From a best practices point of view, we're seeing a significant movement away from the relatively static realm of risk management theory towards the "real-world dynamism" of today's integrated supply chain business models.

Specifically, the next phase of risk management operationalizing risk identification and reducing the time it takes to respond intelligently to disruptions across the trading network. By incorporating contingency plans into dynamic operating models with network monitoring, supply chain practitioners can make better decisions within the execution window. Risk management tools will move beyond identifying weak links and ginning up responses to hypothetical problems to providing the information and communication platform needed to assess and manage situations as they occur—mitigating downside when the inevitable hits the fan.

If you could give manufacturers one thing, what would it be?

Visibility. I would give them clear lines of visibility across their extended supply chain network. If your partners and you can see the same information at the same time, you can move decision making into the network, and tap into the collective brainpower of the human element of supply chain, and solve a lot of problems better, and faster.

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[1] <http://www.e2open.com/>