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Supply Chain Visibility: The Biggest Roadblock is Thinking Too Small

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By Bill Read

Facing economic uncertainty, increased globalization, and greater product complexity, companies are turning to advanced supply chain visibility software platforms to help identify both weaknesses and areas of opportunity in their supply chains.

I've had a long career in consulting and advising businesses across a number of industries. Most of that work involved trying to find solutions up and down the supply chain for these businesses—the supplier network, through the manufacturing plants and distribution logistics, and finally, to the customer. I currently advise senior executives and their teams around the world to design solutions that can help with their supply chain strategy, which in turn helps enable both their growth and P&L success.

While working with these businesses, I saw that there were gaps in the supply chain in numerous spots, where there really wasn't a true understanding of what was going on, or where the activity was taking place, or where waste occurred, and that's because the technology simply didn't exist. They didn't have the ability to see all the different spots along the way for each product in whatever form it exists.

Supply Chain Visibility: What It Is and Why You Need It

Supply chain visibility is an incredible capability that a business needs to have in order to understand the status of its products as they move from supply through a transformation in a plant to shipping to a customer. Supply chain visibility is about understanding what the location and condition of the product is, such as temperature, humidity, etc. It's having that multidimensional capability—being able to access that kind of information, in real time, anywhere in the supply chain around the globe. And, to reinforce a critical point. Visibility must be at the product-level – the package or pallet or product container – tracking visibility only at the level of a truck or plane or ship provides insufficient insight on whether your specific product is a problem.

It's been proven that one of the key elements of a company's success is their overall supply chain capability and the maturity of their supply chain processes and assets. That all evolves through time, and as Gartner research proved, there are five stages in supply chain maturity that goes from reacting to events, to anticipating areas that can be improved, and then on to the integration, collaboration, and orchestration stages across the extended enterprise. That same point on maturity applies to the whole visibility capability that a business has.

As a company increases its visibility, it can be in parallel with enabling its supply chain maturity to grow. As a result, there will be greater development of their overall supply chain capability. In addition, there will be better cost management as they're looking over their operation and working with their trading partners and helping those operations financially as well. Keep in mind that there's a direct relationship between increased visibility and increased success by a business. As you look at these operations today, supply chain visibility is at 15 to 20% of what it could be—getting 50 to 70 to 80% is a journey that is worth going down. There's a lot of value to be created.

If you're thinking about adopting supply chain visibility, I would recommend that you first think about your operation and how you're interacting with your suppliers, and how you're creating your products and services to meet the needs of your customer base. As you're doing that, and as you look at your operation today, it's important to realize that there is tremendous opportunity that hasn't been possible to take advantage of before.

If you look at some of the dark spots in your supply chain, you probably only have about 15 to 20% visibility; you can get that up to that 70 or 80% with supply chain visibility software capturing data from the edge in manufacturing plants or in-transit from suppliers or to customers. With greater visibility, you can really shape your P&L going forward. The end result is going to be a much a better return to your business as well as for your customers; their operations are going to be much more effective and your share of their business is likely going to grow.

Creating Supply Chain Visibility Buy-In Within Your Organization

The best way to get some traction is to start with a simple whiteboard session, where you identify visibility gaps up and down the supply chain, whether it's connecting with customers or with other partners along the supply chain where there's waste. Get your team aligned on these gaps and analyze the data on the edge in these areas, and then develop a plan for attacking those gaps. Take out some of that waste and get it proven within several weeks to a few months. With that data, you'll have some real credibility to lay out the full journey and get it implemented across your global operation within 18-24 months.

The biggest roadblock is that people think too small; they tend to look after their own area of responsibility and they just want to solve the problem there. The challenge is getting people across the enterprise to understand the full capability of the visibility software in the cloud accessing data from edge.

It requires senior leadership to communicate where they are in terms of supply chain visibility today, and why they need to move to a much greater capability across their entire supply chain with their partners. It's critical that everyone is on board with this; it may take a little while to get there, but the return will be tremendous.

It's important that everyone across your operation understands the value that can be created with greater supply chain visibility. Then you can develop a change program by working with you team internally, with partners, and with a tool set of applications as you implement this across your organizations, with your suppliers, and with your customers. Since this can be a complex process, it's important to have real clarity about what the timeframe is, what the components are, what the expectations are, what everyone's role is in the process, and how they will benefit from it.

Getting Started

Most likely you already have some sort of supply chain infrastructure already in place, with some capabilities that are good, and some that are quite dated. I recommend finding an option that is technology agnostic in terms of these traditional capabilities. A company like Cloudleaf can go in and survey your current operation, identify those areas that they can start to feed into, and identify what new capabilities you need.

I'm very excited about the potential impact of increased supply chain visibility in the marketplace. I predict this impact can be "the next trillion dollars of opportunity," I really believe it and that the solution Cloudleaf provides is a game changer. If the right leaders adopt this capability, it can have a huge impact on both their business and their customers.

If you're serious about realizing the vision of a 100% visible supply chain, I suggest you talk to the folks at Cloudleaf to learn more about how you can transform your supply chain into a data-driven strategic asset.

About the Author

Bill Read brings deep expertise in supply chain, key products manufacturing and retail industries from leadership roles at Accenture and Capgemini. He also leads Cloudleaf's Board of Advisors.

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