Supply Chain Design and Planning - From Risk to Reward

The Hackett Group®

coupa

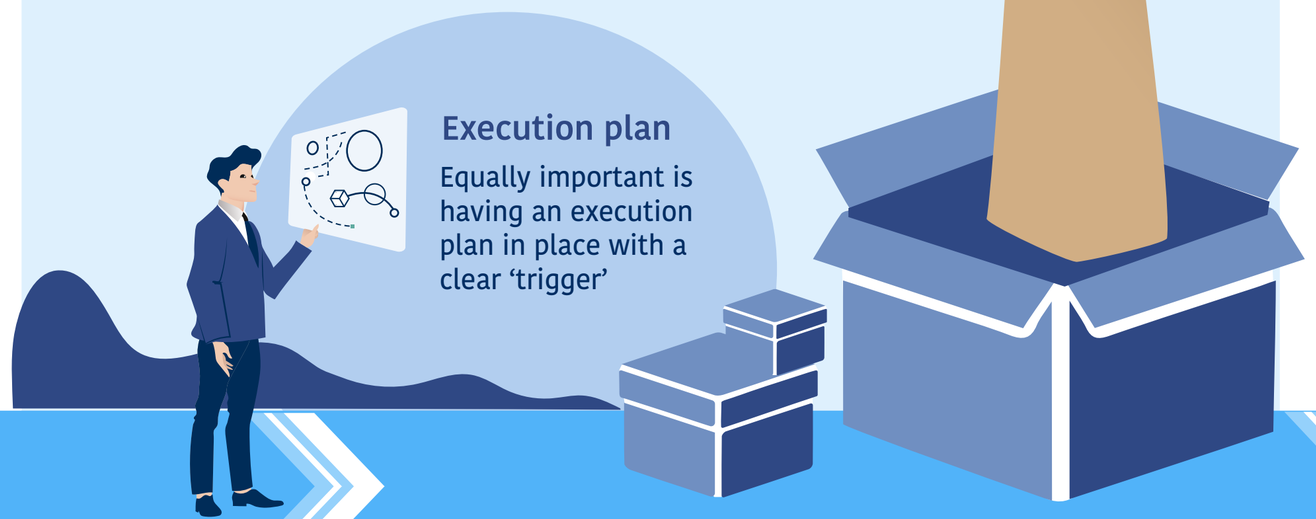
1. Supply Chain Disruption

COVID has forced companies to deal head-on with supply chain disruption,

and many are now looking to emphasize the level of network risk in addition to cost and service when conducting network evaluations. However, the definition of risk isn't one size fits all

Companies must emphasize outside of the box thinking when considering optionality as solutions aren't often obvious. Examples of this include:

- adapting approaches from other industries
- changing the depth of supplier/customer relationships
- thinking differently about deploying inventory



Execution plan

Equally important is having an execution plan in place with a clear 'trigger'

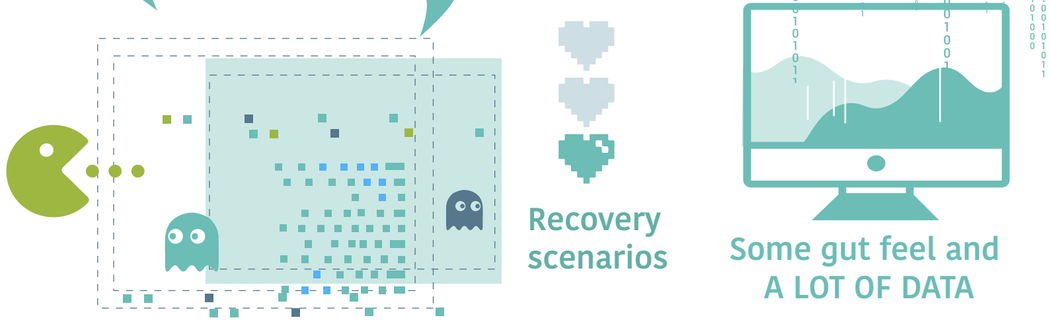
2. DATA and Technology

The tools we have are amazing and user friendly

But we have to be careful not to become tool dependant

Data-driven models and decision making

Look into costs, service level, speed to market, working capital, risk...



Using "wargaming" is becoming a much more common way of simulating supply chain disruptions, but adoption isn't immediately given; it relies on specialized tools and skill sets

3. Risk Management

Risk doesn't come without some investment

One size fits all doesn't work anymore

Define the problem

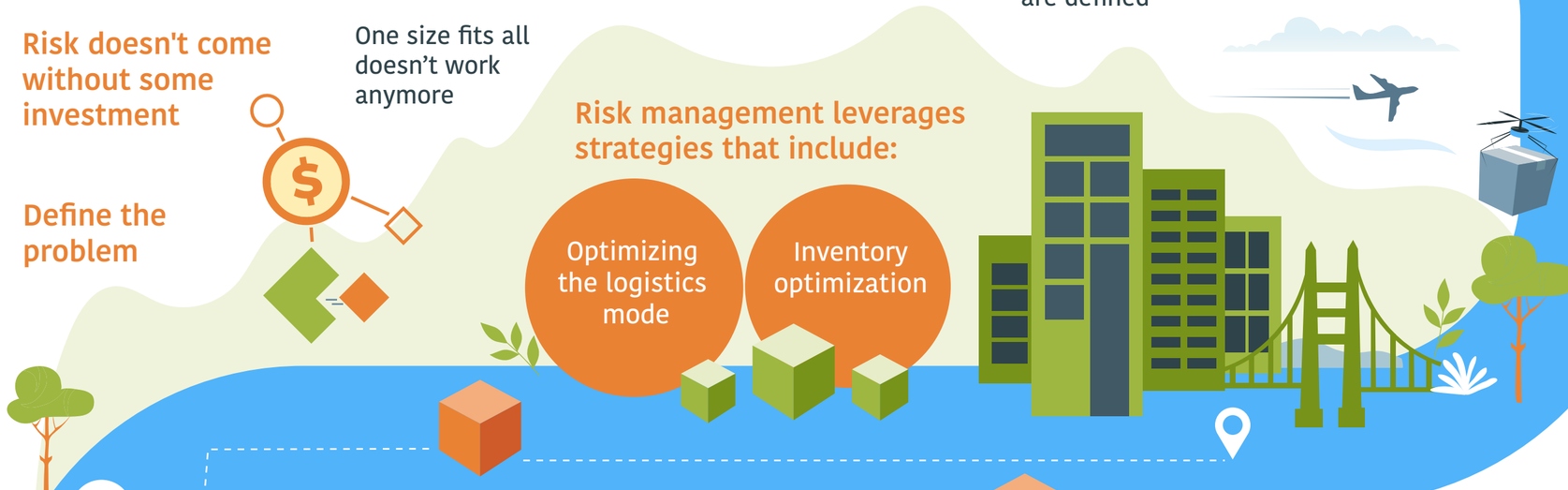
How can we support our small suppliers to mitigate risk?

One of the best practices to employ is making sure all of the requirements are defined

Risk management leverages strategies that include:

Optimizing the logistics mode

Inventory optimization



Citizen data scientist

A lot of these people already exist in the organization. You just need to identify a skill set, attitude, and provide training

4. Optionality

Segmenting inventory

Build your plan B

Very often plan B is instituted too late

Centralized locations

Supply chains are quite fragile

Disruption shows how fragile our supply chain is and where those fragilities are located

Things may often go wrong. Be ready!

Historically, supply chains were built on very lean inventories

Post-COVID, companies have realized they must optimize inventory rather than simply minimize it

5. People. Processes. Technology.

Global centers of excellence

Around 80% of supply chain inefficiencies are locked in design