Ask the Experts:

How to Kill the Chaos in Your Supply Chain

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INTRODUCTION

As we enter the 2020s, an inevitable shift toward digital transformation is underway in the supply chain. You probably think this has been taking place for some time, but the reality is that manufacturers have really only "digitized" information, getting data transferred from paper to Excel spreadsheets.

Many departments such as Engineering, Quality, Purchasing, etc. — continue to work in silos, on disparate systems. They have yet to establish true transformation — re-engineering processes and leveraging new technology to enhance collaboration and mitigate risks — ultimately driving revenue and improving margins.

However, exciting technologies are coming together to create new possibilities, to better meet customer and supplier needs and to change the ways in which manufacturers operate. Supplier Relationship Management portals streamline communication for new product introductions, ensuring pertinent data doesn't fall through the cracks.

Advanced analytics, in particular, is enabling manufacturers to leverage massive data lakes of operational information. In doing so, manufacturers know what's happening in real-time and even more accurately predict future outcomes.

Improvements are being seen in processes and productivity, too, with change management at the helm. But don't take our word for it. We recently asked experts in Purchasing, Business Analytics and IT at three manufacturers to share how their companies are using digital transformation to kill the chaos in their supply chains.

Keep reading to understand more about the roadblocks they're facing and how they're working to overcome them.

MEET OUR EXPERTS:

PURCHASING

BUSINESS ANALYTICS

IT

➤ *What drives manufacturers to initiate digital transformation in their supply chains?*

PURCHASING

To gain a competitive edge, you must always try to find efficiencies to improve processes. It's important to keep up with technology in your product and in your business, too.

BUSINESS ANALYTICS

Efficiency. If you do things the old way, on paper, it's easy to lose track of everything you're responsible for. Paper can be thrown away, it can burn up, it can disappear. But if you keep track of everything digitally, you can easily see what you've already done and what you still need to do from any location.

IT

The automotive industry, in particular, is far behind other manufacturing industries in the drive toward digital transformation. But really, the whole world is driving us in that direction. Our customers are driving us in that direction. And when we hire new employees, they are definitely driving us in that direction.

They are young, and the first questions they ask are, "Do I get a home office? Do I get my own company mobile? What other user interfaces will I get to work with?"

They don't want to print out any paper. They are unwilling to do things the old way. If you hire new employees and give them an old, outdated user interface, they will say, "I'm not going to work with this."

We – the automotive industry – need to digitally transform so we are more efficient, more useful, more in line with the expectations of today.

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➤ *What advice would you offer to someone who wants to digitally transform their supply chain?*

PURCHASING

Know what you want from a new solution. What are your must-haves? What are your ideals and what can't you do without? After you create that list, vet your options and remember that big and shiny isn't necessarily the best.

For instance, we implemented a digital solution that provides real-time, up-to-date data on our global supply chain. The company we chose to interface our 57-enterprise resource planning (ERP) tools and master data warehouse wasn't the largest or the shiniest, but it was nimble and flexible – and that appealed to us. There are many benefits to working with smaller technology providers because this one truly became one of our partners. So, don't be afraid to invest in a smaller company.

BUSINESS ANALYTICS

Understand the business process and then go through process mapping to find out where you have gaps. You should ask, "Where are we okay and where do we need help?" Once you identify your gaps, narrow down your search for a digital solution that can fix those problems.

IT

Based on experience, I can tell you that digital transformation requires proper change management. You can't have Industry 4.0 if your culture is a 0.4. So, a pre-requisite to digital transformation is to transform your corporate culture, which requires a completely new way of thinking. And you can start the process by bringing management and staff together and showing them, in a simple way, what Industry 4.0 means to them.

Eighty percent of your employees are going to be afraid of digital transformation because they are afraid it will eliminate their jobs. The supply chain workforce will not become obsolete, so show them, for instance, how robots can better manage certain tasks and do them more efficiently. This, in turn, enables employees to focus on higher-level duties – and makes their job easier.

➤ *How do you ensure your supply chain runs smoothly once you've implemented digital transformation technology?*

➤ *What challenges can you expect?*

➤ *What are some unexpected challenges that might crop up?*

PURCHASING

Although we've implemented digital technology, keeping the supply chain running smoothly is a work in progress. It helps to have management on board, as we did, because that inherently drives the process. Also, try to have a long-range vision in mind so you know what you're working toward. For instance, we knew we wanted technology to simplify and streamline our reporting process, so that end scorecard was the carrot that we needed to get to.

More than anything, the biggest challenge you can expect is resistance to change. While some people see the benefits of technology immediately, others like the familiar. It's hard to lead change. To decrease this resistance, expect to do a lot of internal work, such as holding WebEx meetings to introduce new technology and explain its benefits. Tell your employees what you're doing, why you are using new technology and how it benefits the supply chain. Let your workforce know new technology is coming and make sure the people you need to have engaged in the process are, indeed, engaged.

Lastly, know that you can't make digital transformation happen in the background. Your team needs to be focused on rolling out new technology. I worked from home for six weeks, and all I did was supplier coding, alignment and sending out lists globally.

BUSINESS ANALYTICS

You need an internal paradigm shift. Effective change management is the only way to make digital transformation a reality. And sometimes, you need directives for people to adopt new technology.

When your manager mandates that you use new technology, at first you might think it's a nuisance because it's unfamiliar. You might go through some growing pains, but in the end, you'll see it as a huge benefit because it streamlines processes, increases efficiencies and makes your job easier.

IT

If you want your employees to use new technology, you have to show value. If they don't realize the value, they'll never leave their old, familiar ways, regardless of how inefficient they are. Show them the benefit new technology provides, such as maintaining all supplier data in one place.

In the beginning, they might dislike using new technology. But the first time they're sitting across from a customer and they are well-informed because they have a complete history of what you discussed last time and the time before that – once they have a 360-degree view of a supplier in a one-page document – they'll realize the time savings and other benefits it brings to the table.

➤ *What are the most remarkable results you've already seen, or hope to achieve, from implementing digital transformation technology in your supply chain?*

PURCHASING

Today, employees rely on supply chain technology so much so that it has become a critical piece of the business – and it wasn't before. They have a different perspective than when we first implemented new technology and appreciate the importance of it. Our employees are starting to take responsibility for it and ownership of it. Although it has taken a long time, the tides have finally turned

BUSINESS ANALYTICS

New technology has enabled us to revolutionize the data collection process, which used to be done through emails, Excel spreadsheets and G drives. The traceability expectation today is so much more different than it used to be.

Before, we would ask, for instance, for all our suppliers' certificates of origin. But we would only track the data we were collecting sporadically, usually when compliance asked for it. My guess is we got a 30 percent response rate. Now, with new technology, we could get a 100 percent response if we so choose, because we know exactly where these certificates are.

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IN SUMMARY

The need to facilitate change in the supply chain through digital transformation isn't going to diminish. If anything, it will continue to grow as exciting new technologies become more prevalent and suppliers, customers and new employees come to expect it.

Digital transformation enables manufacturers to re-imagine their company's capabilities and deliver greater reliability in their supplier and customer data. But it likely won't come easy, unless your company undergoes a paradigm shift and you get top-level and company-wide buy-in.

If you do encounter resistance, don't give up. Push the envelope, because once your company starts to see results and realizes the benefits of accurate, real-time data, supply chain technology will become a critical piece of the business. Supply chain technologies are already becoming essential building blocks in creating a robust supply chain.

To learn more about LiveSource and how we can help you take hidden risks out of your supply chain so you know what's coming, visit www.livesource.com.

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