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IS YOUR SUPPLY CHAIN “DIGITIZED”? Tips on How to “Do It!”



Digitization is all around us. Business leaders are talking about “Digitization”, and “The Amazon Effect”, Disruption and Adaption – what is it and how do I get there?

To get these answers, I sat down with David Malenfant, Director for Texas Christian University’s (TCU) Center for Supply Chain Innovation at the Neeley School of Business. Dave is a Supply Chain Thought Leader who has acquired over 25 years of experience driving change and performance improvement across the global supply chain.

It Just Happens!

One question that comes up in every supply chain conversation is defining the digital supply chain. In Dave’s words, *“the digital supply chain is a device-to-device connection that limits or eliminates human touch!”*

One CSCO executive enthusiastically describes it as *“it just happens!”*

A simple example, Uber is a digital supply chain. The only time a human is involved is the moment the driver picks you up to take you to your destination. All other activities: demand, supply, logistics, payment, customer rating, are digitized - device-to-device automation.

More automation in the supply chain results in better accuracy in the processes of planning, forecasting, procurement, and consumption of materials and services.

At a holistic level, the value of digitization is to support the coupling of the demand chain to the supply chain. Digitization is the driver of “the perfect transaction, every time!”. The “perfect transaction” is where the demand chain – your customer’s demand signal, i.e., sales order – triggers the right supply chain activities to buy, make, and ship. Such that the product ordered is delivered on-time, for the quantity requested, at the agreed upon price.

In dealing with the “Amazon Effect,” your supply chain needs to run in real-time and use technology to provide customers with the services they expect. This is relevant for omnichannel sales and omnichannel logistics.

In the discussion of the digital supply chain, the more automation, the better the performance, lower costs, better customer satisfaction and greater confidence in the metrics.

Where do you start?

“Start with what you do best!” is Dave’s advice. The dilemma for many companies is where to start? Historically, the place to start is with the low-hanging fruit. This approach has proven its challenges, long implementation timeframes, lack of ownership, and the ramifications of fixing broken business processes.

Your scorecard should tell you what processes you are “good-at.” For example, if on-time delivery is where you are your

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— Dave Malenfant

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best, then how will digitization improve your scorecard. The place to start for deliveries might be digital signatures on delivery. Proof-of-Delivery (POD) is a function that generates many customer issues. Having a digital POD easily accessible can improve your delivery scorecard, reduce complaints, and increase on-time payments.

Scorecarding is a digital best practice, measuring the ‘facts’ or ‘truth’ about your business processes. Ensure that you capture the right metrics - the value of data generated by digitization is worth the investment and keeps you on the path of continuous improvement.

Frame or Re-Frame Your Digital Supply Chain?

What if you don't know where to start? Wait-and-see is not a winning strategy! Too many excuses are made about Amazon, Walmart, or whoever the competition is not able to win with their current strategy – it defies industry norms. If I was Fresh Market, Sysco, or anyone in the food service industry, I would revisit my digital supply chain. Now that Amazon is in the food service business, wait-and-see is a bad decision!

One industry leader continues to staff their customer service center as a differentiator insisting that their customers expect this level of service. Unfortunately, this is a cost driver in the supply chain and adds little value to their product and services.

Their margins are shrinking, and their leadership role is dwindling.

The real reason? They were afraid to change. It would affect jobs; the way people view their jobs and roles. Newsflash – jobs and roles have always changed. How many people are in your typing pool today? You may need to re-frame your questions and objectives for what you expect from digitization.

If you are not certain where to start, Dave's recommendation is to, *"assess digitization by focusing on people, processes, and technology"*. This classic assessment model identifies opportunities, organizational resistance, gaps, metrics, risks, and tools. With this justification in hand, the roadmap to supply chain digitization is a matter of value, focus, and priority.

Where are you in your digital supply chain journey. Do you need help digitizing and automating what you do best? Or do you need thought leadership on how to map your path to a digital supply chain?

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