



Collaborative Supply Chain Analysis

Overview:

In the last 25 years supply chains have become increasingly complex and more difficult to manage, this is particularly apparent for Small and Medium sized enterprises who don't have the financial resources to manage all aspects of their own supply chain and are reliant on things just happening.

Not only has supply chain complexity increased but the dependence on the supply chain is much more acute. Today many goods are sourced from overseas rather than 'in-country' thus making many SME's reliant on the supply chain and in the hands of third parties to manage this supply chain.

Lastly in our ever changing world the flexibility demanded by the final client often determines a huge volatility in demand which make the supply chain erratic and difficult to manage.

Strategic Analytics Team

Strategic Analytics Team has the enhanced bandwidth and industry experience to analyse supply chains for SME's and to suggest ways in which you can add value to that supply chain. One of the quickest wins in our experience is through supply chain collaboration, this adds value or reduces costs for the supply chain providing in most cases advantages straight on the bottom line.

Supply Chain Collaborations

There is often a huge barrier placed in the way of any collaboration, particularly with perceived competitors, however in today's increasingly demanding world it is imperative that Companies open their minds and eyes to the potential opportunities in this area. One way in which to mitigate this risk is for a degree of supply chain collaboration to take place.



Methodology:

Strategic Analytics Team will not impart the collaborative supply chain theory to a client and then walk away leaving them scratching their heads trying to figure out the next move. We provide experienced industry individuals who will look at SME's supply chain and logistics operations to assess what degree of collaboration can take place.

Potential Areas of Collaboration:

Transport

This medium is an expensive element of all supply chains and the degree to which collaboration can be achieved depends on the delivery profile, types of goods, clients etc. Efficient collaboration works best in those areas that are remote and / or where vehicle utilisation is low or where volumes are highly intermittent but where the client still demands a Grade A Service.

Case Example

In a remote parts of the USA, two fiercely competing organisations delivered their products to these remote areas independently. The cost to these organisations was extremely high due to the location coupled with the fact that utilisation levels were poor. There was an extreme reluctance between these two organisations to share their supply chains. Eventually through dialogue and negotiation, it was agreed that for these remote areas that transport would be shared, instantly providing a cost benefit that could be delivered straight to the bottom line for both companies. The benefits then can potentially multiply, once other companies see this transport sharing, they want a part of it. Company A and then B can then receive further benefits from other companies sharing their supply chain.

Warehousing

Warehouses by nature are large capital items that are usually highly inflexible. Today's warehouses were designed at some point in the past and took time to build, by the time they are constructed they are potentially no longer fit for purpose.

- Too large / too small
- Incorrect layout
- Wrong type of racking
- Wrong location
- Volume changes
- Product changes

Due to the capital outlay or the long term lease signed with a landlord it is very difficult to correct any issues that may arise.

Through collaboration, a risk mitigation can take place.



Volume Decline

Due to the reduction in the product life cycle today's 'hot' item is tomorrow's dust gatherer and a warehouse built on project volumes may no longer require this amount of space. Strategic Analytics Team works with clients to assess how a third party can share the space. Many manufacturers do not regard themselves as 3pl logistics experts, however the leasing of space on a shared user basis or a semi dedicated basis is not as daunting as it seems.

If a warehouse is running at 50% utilisation a potential client adding for example an additional 25% of volume will be highly attractive. In addition, the contract length of this storage could be attractive to both parties.

- **Seller:** A short term arrangement could be attractive to get over a current warehouse space issue.
- **Buyer:** A company could dip their toe in the water without having to be tied down to a long term warehouse deal, or take additional space to cope with peaks in demand.
- **Buyer:** Some companies don't want to take the leap of faith and outsource all their supply chain activities to 3pls as they lose control of their logistics activities at a vital point of their development. An opportunity to piggyback on someone else's supply chain without long term commitment allows this development to take place relatively unrestricted.

People

People are an intrinsic part of the supply chain at every level and are more important than ICT, trucks and warehouses, without them the supply chain simply does not function. In today's modern environment a number of highly skilled activities are required in order to make our supply chains function. These roles are not cheap and many SME's cannot afford a full time person on their pay roll to fulfil the task. There is always a consultancy option, however, this is always a perceived high cost alternative particularly when it happens with regularity.

Strategic Analytics Team can help identify these roles and solutions in order to be able provide a cost effective solutions.

The roles that are vital to the supply chain but carry considerable cost

- Oil and Gas
 - Lifting Specialist
 - Journey Management Specialist
- FMCG:
 - Third party stock auditor
- Transport:
 - Journey Management / ICT overview
 - Routing and Scheduling Auditor



ICT

ICT is now vital to today's modern Supply Chain, however, many SME's can simply not afford the levels of ICT required. When ICT is sold to supplement the Supply Chain, the one thing to be taken into consideration is that the person advising the buyer is a salesman. In addition, there is an industry wide shortage in operators who can implement ICT projects into real live operations, many of these 'experts' are employed by the software provider so the outcome is not always to the advantage of the buyer.

The following aspects need to be considered:

- What level of WMS / Inventory Control system does your business require?
 - Automated replenishment / Put away
 - Locations
 - Date control
 - Batch control
 - RFID capability
 - Barcode acceptance
- TMS:
 - Maintenance and asset control
 - Routing and scheduling
 - Journey Management

SAT will look at a Company's ICT requirements with an objective overview and advise what is fit for purpose. For example, if a Company has a limited amount of line items and limited complexity with date and batch control, what is wrong with using an excel spreadsheet to control stock?

We also have industry experts that will provide the operators view, and have run implementation projects.

For further information, please contact us

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