



E-BOOK

Embrace Supply Chain Distribution Complexity and Win

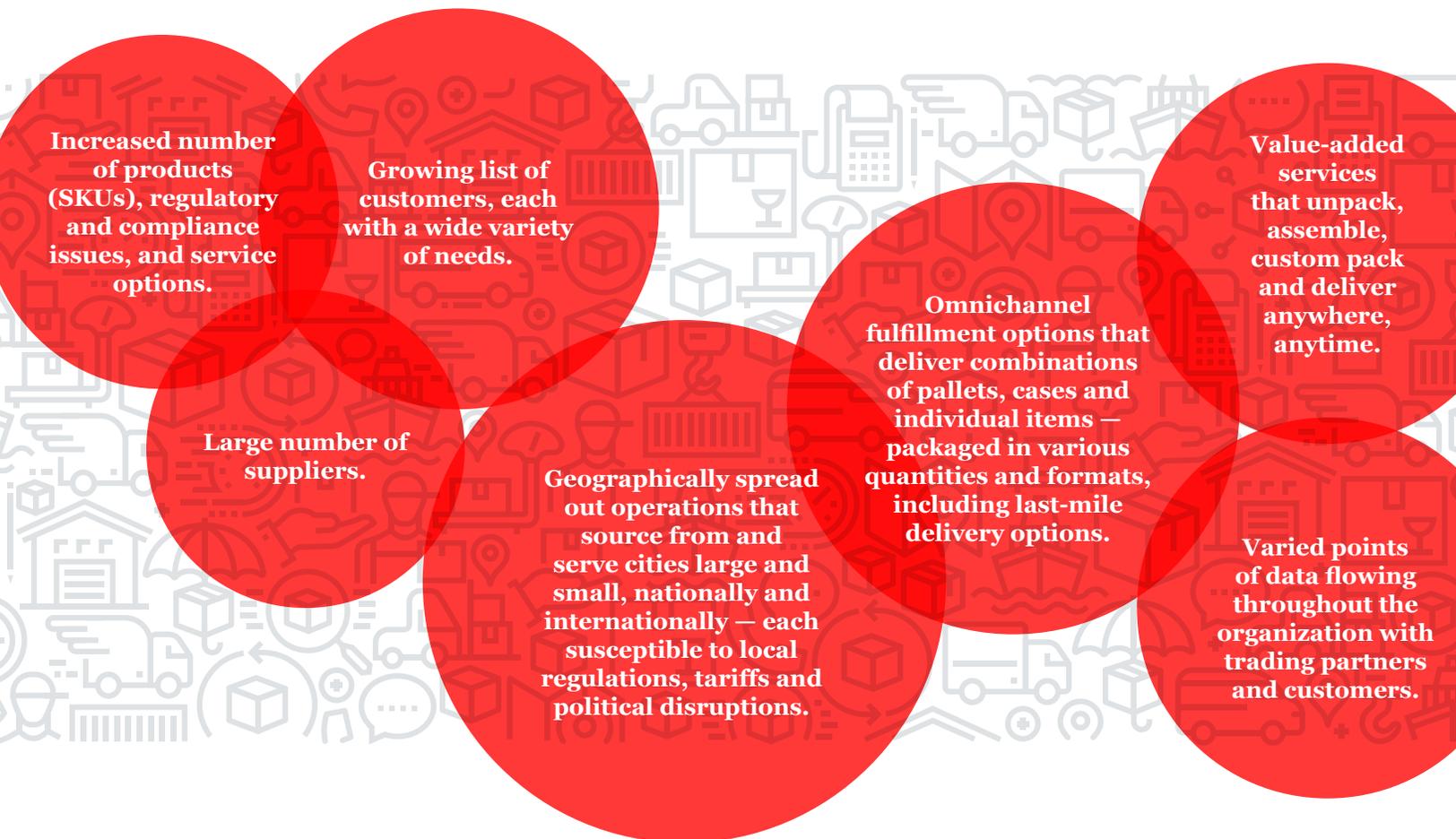
By Bill Denbigh



Should you say “yes” to every request a customer makes? Yes. No. And maybe. That’s crystal clear, right? In truth, it really depends on the customer and their individual demands. The key is in knowing your customer and knowing your own operations. Perhaps you can support the customer’s demand now or with only a few minor adjustments. Either way, can you confidently provide the return on investment in executing on the request? Because increased distribution sales without increased profit rarely works out in the long run. Sometimes you may need to say “no.”

Today, distributors are faced with greater complexity challenges – coupled with increase in delivery speed and constant market changes – and it is easy to see why paper-heavy or unintegrated systems don’t stand a chance in dealing with the many forms of complexity.

Types of Complexity



In order to take on greater levels of supply chain complexity in distribution and build greater profits as a result of added capabilities, you need the ability to identify the true cost to serve your customers. With the right data that strategically supports the requests, you’ll then find yourself being able to confidently tell more of your customers, “Yes, I can.”

Here are four reasons why you should embrace complexity in your operations and three things you need to do it successfully.

Why Should You Embrace Complexity?

1.

Complexity Builds Competitive Capabilities

Could your life be easier by not pursuing all these complexity-building options? Yes, but less complexity typically means making your distribution operations more commodity-like. Helping customers deal with their own complex requests makes your operations the “can do” leader in an industry, making you more memorable – and recommendable – as a dependable resource when challenges need to be met. Embracing complexity allows your company to cast a wider net to capture more business.

2.

Complexity Enables Flexibility

You and your customers need a variety of options as conditions change. Optimizing simpler operations can make you a low-cost leader for a time, but rapidly changing market conditions can make it difficult to maintain that kind of business. By building the systems to handle complexity in your supply chain, it enables you to provide more options to your customers and gives you a competitive advantage. Being able to identify when conditions change and having the ability to offer alternatives is a form of embracing complexity.





3.

Complexity Builds Resilience to Risks

Stuff happens. Successful distributors have contingency plans to deal with events that disrupt the supply chain and ensure its ability to deliver products or services to its customers. When you are managing complexity in your distribution operations, you have the tools that enable faster detection, communications, reaction and recovery. The end result is typically a happy customer who may not see what it took to get the problem solved, but they know they got what they needed, when they needed it and at the right cost. Embracing complexity provides the options that you can switch to when needed, in turn providing greater resilience.

4.

Complexity Forces a Focus on Cost to Serve

Gut feel is incredibly valuable, but quickly falls apart as complexity builds. That same gut feel can be better supported by having source data that allows you to realistically build costing models and options, guiding you and your customers regarding what is possible for a true win-win experience rather than, "Well, sorry, I thought we could do that profitably." It is highly valuable to have user configurable reports and dashboards that match your information needs and decision-making style to evaluate what you can do for your customers. If you can also provide your customers and other trading partners with similar evaluation tools as well, then you have created a rock-solid partnership that can grow and evolve long-term.

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How to Embrace Complexity?

1.

Gain Visibility of Your Operations

How much do you have in stock? Where is it? When will I get it? Can you custom-build and deliver an order to a variety of sites in two days, one day, same day? These are common questions about inventory visibility and the availability of resources to process distribution requests. Do you have the answers a few clicks away or do you need to check three different systems or make three phone calls (with some of those resources being unavailable right now) to get the answers? Questions about your incoming, held and outgoing stock of products, plus whether you have enough resources to process and distribute them in a given time are fundamental questions that should be answerable right away. Many customers don't even want to talk to you at all, preferring to get on the system and get the answers to the questions just a few clicks away. The right supply chain management system will provide you with visibility tools that are critical to digital transformation of your operations and an essential step to embracing complexity.





2.

Build Trust with Long-Term Partners

Your customers are looking for an innovative partner with a more connected offering to keep pace with the profoundly changing business ecosystem — one driven by an empowered and demanding consumer. To be that innovative partner for your customers, trust is essential. You must be able to make promises, take action and deliver flawlessly. Embracing the complexity of requests from your customers and other trading partners provides the opportunity to create and share a record of demonstrated performance. As you build trust, your organization is able to offer more and more for each customer, creating stickiness and continued growth.

3.

Integrate Tools to Enable Data Sharing

Embracing complexity requires you to have access to tools that enable you and your partners to perform demand forecasting and enterprise resource planning (ERP), order management (OMS), distribution management (DMS), warehouse management (WMS) and transportation management (TMS). It helps to have them all from the same vendor, but they don't have to be, particularly when you consider sharing information with suppliers, customers and third-party partners. What is critical is having the ability to exchange information quickly between these systems so you have up-to-date accuracy delivered in a way that is more meaningful and actionable for the user. Delays between information system components leads to inaccuracies and delays in physical goods flow.



Conclusion

The connected marketplace is now the distinct landscape of our world today and it's a time where agility outperforms efficiency.

Distributors need to be constantly innovating yet, oftentimes, this means implementing solutions that are not simple. When you step outside conventional thinking and embrace complexity, that is when you create maximum value.



Speak to a Complex Distribution Expert



About **Tecsys**

Since our founding in 1983, so much has changed in supply chain technology. But one thing has remained consistent across industries, geographies and decades – by transforming their supply chains, good organizations can become great.

Our solutions and services create clarity from operational complexity with end-to-end supply chain visibility. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.



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