3 factors that determine supply chain agility

Take this quick quiz to discover if your supply chain has what it takes to enable your company to thrive.
Why do some companies thrive during turbulent times while others go under?

Improving planning processes should be a top investment priority for organizations wanting to improve their supply chain management.

But how do you match supply with demand when demand is an increasingly unpredictable variable?

How do you optimize efficiency when today’s cost saving measures could turn out to be a costly mistake tomorrow?

What do you need to ensure your supply chain is sufficiently agile to keep up with a turbulent marketplace?

The insights in this briefing have been derived from the practices of leading organizations that include P&O Ferrymasters and Waitrose.

Read on to discover how your supply chain scores on the three flex factors needed to synchronize supply and demand.

The answer lies in supply chain optimization
Flex factor 1:
Can you assess and improve the durability of your supply chain with scenario-based planning?

Scenario planning has been identified as one of the key capabilities which companies need to enhance in order to see improvement in their overall supply chain capabilities and supply chain performance.

What-if scenarios help you:

- Prepare for known or likely events
- Anticipate the effects of unexpected ones

When preparing for known or likely events, it’s crucial to be able to play around with data and explore questions such as:

(i) Is your supply chain creating bottlenecks? Can you tell if you have the right capacity? For example, how would closing down or changing the capacity of your distribution centers affect your network?

(ii) Are all your supply chain legs durably connected? Can you anticipate all the consequences of a failed leg and minimize the likelihood of failure? For example, how would your supply chain be affected if a truck didn’t reach a depot on time and how would you minimize the impact?

When the unexpected happens, ‘what if’ scenarios help you:

- Explore various assumptions, and
- Gain immediate insight into their consequences

If you are able to anticipate several possible outcomes, it becomes relatively easy to adapt and implement the plan that most closely resembles the real situation.

The ability to create and compare multiple scenarios rapidly gives your business a competitive edge.

**Give yourself the ability to create and compare multiple scenarios rapidly.**
Flex factor 2: Can you optimize cost efficiency and customer satisfaction with KPI-driven decisions?

You need end-to-end supply chain visibility and instant access to relevant planning details such as freight capacity, ferry timetables and available resources.

But more than that, you need to know whether your planning decisions are advancing your business goals.

The benefits of KPI-based planning feed directly to your bottom line. So delivery and backhaul operations should be optimized against KPIs – e.g. cost, on-time-in-full delivery (OTIF) and empty mileage – to ensure the lowest possible cost and maximum customer satisfaction.

The ability to plan by KPIs is also key to dealing with supply chain disruptions without compromising business goals. Given the hundreds of rules and constraints that must be factored in, there is barely enough time to work out at a feasible plan.

Attempting to arrive at the best plan unaided is expecting too much. Immediate KPI-based feedback helps you improve the quality of plans before they are executed.

Immediate KPI-based feedback enables you to evaluate the quality of decisions before you act on them.
Flex factor 3: Do your plans come close enough to fitting your supply chain reality?

Can you incorporate all your unique rules, constraints and KPIs - swiftly and effortlessly - in your supply chain planning?

This is crucial.

Unless your plan fits your supply chain reality 100%, you:

- May not be able to implement the plan
- Will leave significant savings on the table
- Will throw money at reactive fixes

Whether your planning challenge involves:

- Multi-temperature compartments
- Multimodal choices
- Loading car transporters
- Assigning internal/external resources
- Mixing and cleaning rules for aggregates and bulk products,

planning based on generic rules typically results in expensive buffers and failures.

Supple supply chains effortlessly flex to absorb changing rules such as new legislation, changing cost parameters or new types of congestion zoning.

Your supply chain planning should fully and effortlessly incorporate changing rules, regulations and constraints.
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A ‘no’ to any of those three flex factor questions may signal a need for improvement. It is possible that you are:

• overlooking areas where savings could be made
• limiting your ability to add real value for the benefit of your customers,

The good news is that significant improvements are possible – within a surprisingly short time. To quote one example, leading European logistics provider P&O Ferrymasters found a solution that resulted in ‘real planning transparency and, most importantly, quick returns’.

For details on how to add agility to your supply chain, contact us or visit www.quintiq.com.

“Your supply chain could benefit from additional agility

“This has been a model IT project. Quick to implement, the Quintiq system provides real planning transparency and, most importantly, quick returns. Having seen the operational, the business and the financial benefits of phase one makes it so much easier for us to extend the system right across the enterprise into our Asset Division.”

Bas Belder, Managing Director, P&O Ferrymasters