

8 steps to supply chain visibility

When executed properly, supply chain visibility will come into play on a day-to-day basis. But how do logistics managers get there? Our technology correspondent shows you the way.

BY BRIDGET MCCREA, CONTRIBUTING EDITOR

When shippers, vendors, and customers can seamlessly pinpoint the location of any shipment at any point of a supply chain, all parties are sent into a nirvana-like state of visibility, knowing that they can keep tabs on everything from the raw materials to the final product.

If your own organization hasn't quite gotten to this point yet, we can help. After conferring with a number of top supply chain technology experts and analysts, we developed a list of steps that logistics professionals—who are equipped with the technology and the drive—can follow on the path to optimal visibility.

STEP 1: ASSESS YOUR LOGISTICS STRATEGY

The introduction of a new process always starts with an introspective look. Supply chain visibility is no different. “You really need to take a step back and remove the hinges off of your logistics strategy before getting into any visibility implementation,” says Shanton Wilcox, principal for Capgemini Consulting's supply chain management practice.

Look carefully at how your operations work right now and what can be done to enhance the level of visibility across all functions. The firm that relies on 3PLs and is looking to improve its warehouse visibility, for example, should consider whether to enhance its operations internally, or turn to the outside providers that already possess the platforms necessary to achieve better levels of visibility.

“By focusing on which visibility platform makes the most sense for your individual firm and factoring in your existing

logistics strategy,” says Wilcox, “you'll be able to make the most sound decisions regarding your visibility initiative.”

STEP 2: DETERMINE OWNERSHIP

The concept of visibility looks good on paper, but if no one takes ownership of the initiative it will fail. You can avoid this trap by determining ownership early in the game and by setting up processes, alerts, and functions to ensure that the visibility is used to benefit your entire organization.

Decide whom the decision makers will be when an alert goes off for a specific trade lane or carrier, or when a shipment turns up missing. In some cases the logistics manager may be the most valid choice, but in others the customer service department could be the right candidate. “You really have to figure out who owns the process and how things will be handled once the technology tells you that there's a problem,” says Wilcox. “Only then can you get the most value out of your visibility initiatives.”

STEP 3: INTEGRATE WITH TRADING PARTNERS

Supply chain visibility proves its worth when shippers automate specific actions and then use the resultant information—which comes in the form of alerts, notices, and other messages—to make educated decisions based on the data received.

Shippers that take the time to integrate their technology with that of their trading partners—who may be using EDI or even manual systems of emails and faxes—will gain the most benefit from their visibility programs.



DANIEL GUIJERA

“Gaining visibility is all about getting timely, complete information from a variety of trading partners who may or may not be up to speed with technology themselves,” says Adrian Gonzalez, director at Logistics Viewpoints, a blog focused on logistics trends, technology, and services.

STEP 4: RETHINK THAT LEAN INVENTORY STRATEGY

In response to challenging economic times, many companies have stripped back their inventory levels to avoid getting stuck with too many goods. Unfortunately, this strategy doesn’t lend itself to optimized visibility, and it can even open the shipper up to further problems once business partners can “see” that inventory levels are low.

“Companies have leaned out their inventories too much,” observes Jerry O’Dwyer, principal at Deloitte Consulting, “and they now really need to do a better job of inventory planning.” To get started on that path, O’Dwyer advises logistics managers to talk to their finance departments to “figure out how to get a bit of extra inventory into the system, rather than focusing on the fear of getting caught with too much product that doesn’t move.”

STEP 5: OPEN LINES OF COMMUNICATIONS WITH CUSTOMERS

Your customers can play an important role in helping your organization achieve better supply chain visibility—that is if

you let them get involved. In fact, such initiatives can serve as market differentiators in today’s competitive business environment where customers want everything delivered yesterday and at the lowest possible costs.

“Talk to your customers about your visibility initiatives and the role that they can play in those efforts,” Wilcox advises. Make those customers a part of the community by sharing bills of lading, tracking, and alert mechanisms with them.

Create an atmosphere of joint responsibility, says Wilcox, by tracking shipments together and deciding if it makes more sense to expedite an order or retrieve the items from a different location. “From a pipeline perspective,” he adds, “getting your customers involved can go a long way in helping to balance both expectations and costs.”

STEP 6: GO BEYOND JUST TAKING ORDERS

Shippers striving for improved supply chain visibility have the opportunity to go beyond just taking orders and often transcend into more advisory roles for both their vendors and customers. There’s true value in knowing what day a shipment was received, when it arrived in the warehouse, when it was shipped back out, and exactly what time it will get to its destination.

And knowing a year’s worth of shipping data for a specific client—and being able to pull up that data at a moment’s notice—puts the shipper in an even more positive light.

Defining visibility

MADE EASIER THROUGH THE USE OF technology, supply chain visibility works best when quality data is gathered from both the supply side (where the goods are coming from) and the demand side (sales, returns, customer buying trends) of the equation. Once the data is collected—most often through the use of supply chain software—it's then analyzed and used for accurate forecasting, planning, and production.

Visibility comes into play across many supply chain scenarios, whether they're localized or global in nature. The company whose supply chain extends across various continents, for example, can find its transportation modes literally halted overnight by events like erupting volcanoes, tsunamis, and political unrest. Through accurate visibility, that company can quickly tell how its shipments will be affected and adjust accordingly. Without that "window" into its transportation operations, the company would be left to guess as to when—if ever—the goods would make it to the U.S.

"With solid visibility made possible by technology, that company could query all of its shipments by bill of lading number to

figure out which shipments are already in transit, and which are sitting in port," explains Shanton Wilcox, a principal in Capgemini's supply chain management practice. "That gives the company a starting point, and puts it in a much better position to deal with the catastrophic scenario."

When executed properly, supply chain visibility will also come into play on a day-to-day basis. For example, shippers can obtain information about finished goods availability (ie. What's in the pipeline right now? What goods are in transit? Which shipments cleared customs?) from trading partners, and then use that data to ensure that customer demand is being met, and not exceeded. "When you achieve good supply chain visibility," says Wilcox, "you gain consistent control over your operations and processes."

—Bridget McCrea,
Contributing Editor

For the full text version of Bridget McCrea's "Defining visibility" which appeared in the September issue of LM, go to logisticsmgmt.com/visibility

"Companies that achieve a high level of visibility across their operations put themselves in a great position to provide additional recommendations and advisory services to their customers," says O'Dwyer.

STEP 7: THINK GLOBALLY

There was time in the not-too-distant past when international orders languished for months at sea, on docks, or in trucks. During transit, those shipments were

difficult to track, at best. By combining technology with visibility strategies, shippers can get granular details about those overseas activities.

By linking into freight forwarders, ocean carriers, 3PLs, and other providers' networks, shippers can monitor ETAs (using "transit messages" and alerts) on a minute-by-minute basis and make decisions based on that information. "If a ship's drive shaft breaks and delays the shipment by three days," says Dwight Klappich, research vice president for Gartner, Inc., "you'll know immediately and be able to adjust accordingly."

STEP 8: USE THE INFORMATION WISELY

In some cases, "adjusting accordingly" could simply mean letting the customer know that delivery will be behind schedule by three days. It could also mean pulling inventory from another DC to cover the late order—knowing that the new shipment will be arriving within 72 hours.

"Just because something is late doesn't necessarily mean there is a problem," says Klappich, who expects visibility solutions to be tied more closely with event management programs in the near future. "We're not quite there yet, but as the two are tied more closely together shippers will be even better equipped to diagnose and resolve problems." □

Bridget McCrea is a Contributing Editor to Logistics Management

Is intelligent visibility on the horizon?

ACCORDING TO LOGISTICS VIEWPOINTS' Adrian Gonzalez, the odds that today's shippers will drown in the information and data generated by their supply chains is very high. After all, we live in an age of information overload.

"There are more information sources than ever, and the biggest challenges for shippers right now is getting the information that they really need to make smart, quick decisions," says Gonzalez.

Peeking into his crystal ball, Gonzalez sees a time when "intelligent visibility"

becomes more important for shippers who are tired of sifting through reams of data to get to the information that they really need.

For example, the shipper that knows exactly what's unfolding in its supply chain—and also has a handle on what the exceptions are—can take actions to correct problems and resolve issues before they affect customers. "In the future, shippers will be better equipped to predict certain scenarios and situations based on incoming information," says Gonzalez.

Also on the near horizon are systems that not only track and identify problems, but also take possible actions. Gonzalez sees this type of automation as yet another solution to help shippers manage information overload.

"You'll be able to see what's happening, get possible actions, and then automate those actions," says Gonzalez. "The system will be able to determine the best approach to the issue and then start executing actions to resolve it."

—Bridget McCrea, Contributing Editor