



How connecting the supply chain improves business performance

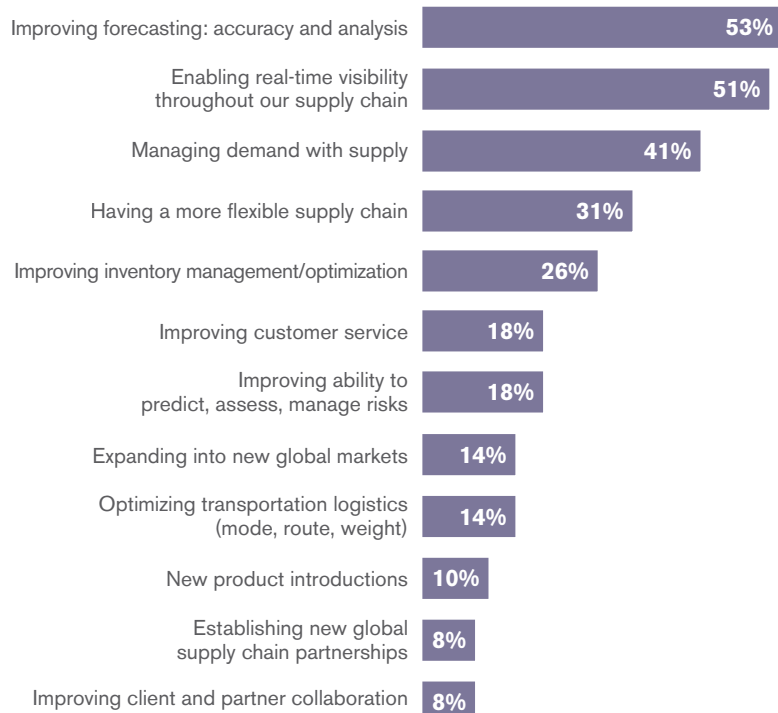
IF YOU WERE TO ASK SUPPLY CHAIN LEADERS THEIR BIGGEST PRIORITY, you're very likely to hear this answer: "I want to make better decisions."

Better decisions are key to better business performance. Though the challenges facing supply chain leaders have stayed very similar over the past few decades, decisions around those challenges have become much more important. The supply chain affects a significant portion of the income statement, and for many companies it affects 100% of revenue, so getting it right is essential. As the world has become smaller (same-day delivery, anyone?) and flatter (it's just as easy to get goods from China as it is from across town), a healthy, connected supply chain has become more important than ever to business success. A truly connected supply chain empowers better decision-making, and in turn, a healthier supply chain. And if the supply chain is healthy, chances are the business is operating with a competitive advantage.

In January 2018, Peerless Research Group (PRG) conducted a survey on behalf of Supply Chain Management Review for Anaplan, a leading provider of supply chain collaboration platforms. The study was administered to dozens of high-ranking supply chain and operations executives in large organizations to include manufacturing, retail, wholesale and warehousing organizations—\$500 million or more in annual revenues. Their answers revealed some intriguing paradoxes as they shared their views on supply chain performance and business goals.

Let's start with a high-level question from the survey and its responses.

What initiatives are most important to your company's business strategy?

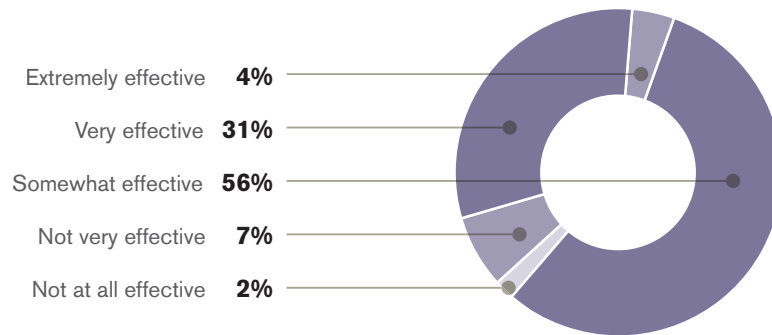


53% of respondents said they wanted to improve forecasting accuracy and analysis. A supply chain with solid visibility is essential to spot-on forecasts. And right behind that answer at 51% was enabling real-time visibility throughout the supply chain. Do you notice the connection? These two top priorities are intrinsically linked. When you can see your whole supply chain from start to finish, you can build an accurate forecast—and vice versa.

In today's fast-paced business environment, many companies struggle to establish supply chain visibility, as well as priorities and strategies for collaboration with supply chain partners. To solve these problems, organizations are creating more collaborative processes, with data sharing and planning conducted across departments (and between organizations), encouraging the sharing of data across functional silos (planning, sourcing, production, and delivery), and developing online portals where interested parties can exchange order information, order statuses, and other important information.

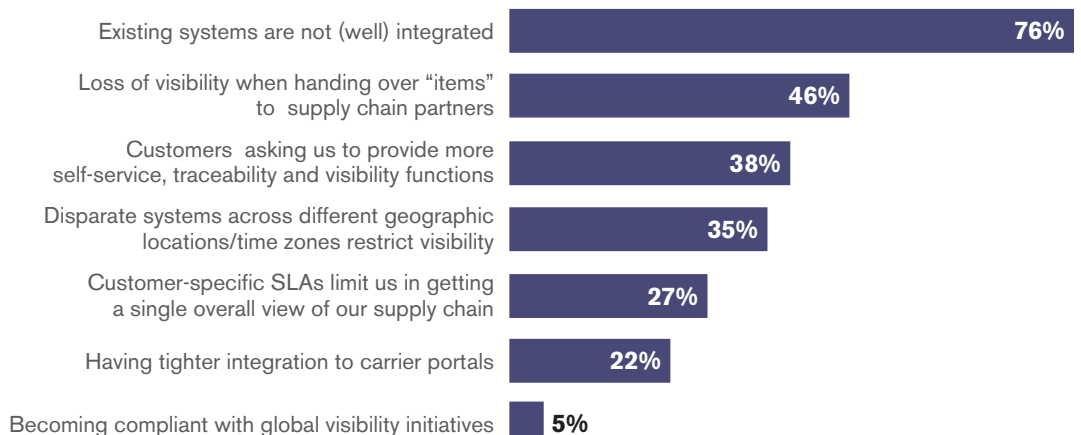
But the survey also found some apparent disconnects. Here's an example.

How effective is your strategy in managing your supply chain operations?



In total, 91% of respondents perceive their supply chain management strategies as extremely effective, very effective, or somewhat effective. But this next graph seems to introduce a paradox related to these perceptions.

What problems do you face when trying to achieve better supply chain visibility?



If 76% of respondents are struggling with integrating their systems, and 46% struggle with visibility with supply chain partners, how do they know their supply chains are performing somewhat effective(ly), very effective(ly), or extremely effective(ly)? What data is that confidence based on? Without confidence in system connectivity and visibility, it sounds like a case of “you don’t know what you don’t know.”

This next survey response graph adds to the paradox of seemingly good performance.

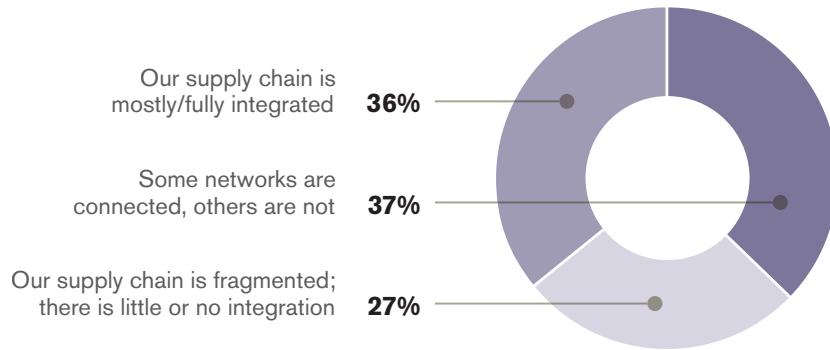
What obstacles do you face to achieving your supply chain goals?



If a lack of visibility and access to accurate, time-sensitive information is an issue for half of all respondents, how can they have confidence that their supply chains are being managed even in a somewhat effective manner? Visibility and system issues may be causing ripple effects, including a false confidence in supply chain performance.

And the evidence keeps coming. As the graph below shows, while some organizations believe they have achieved complete or near-complete supply chain assimilation, many others admit that end-to-end supply chain network connectivity is a far-off goal.

How integrated are your supply chain systems?



Without confidence in solid system integrations, confidence in supply chain performance is likely to be misguided. And business performance is likely to be impacted by the effects of an unfounded confidence.

Keeping pace with supply chain innovation

So why is a connected supply chain so important? It's essential to thrive in today's operating environment. In an era where e-commerce and omnichannel fulfillment are pushing companies across many industries to develop logistics and supply chain management processes that move at "digital speeds," the globalization of the business world introduces a new set of problems such as higher risk, longer lead times, and less inventory. As more companies get involved with these global networks, the more complex those networks become.

Supply chain issues have a direct effect on business performance. Forced to deal with the day-to-day demands of fulfilling orders and maintaining good customer service levels, too many organizations wind up with disconnected supply chains that lead to expensive delays and poor visibility. They cause inventory shortages, delivery delays, financial losses, and substandard customer service. When the supply chain suffers, the bottom line suffers. It's a straight and solid connection from supply chain issues to fundamental business issues.

The modern consumer expects speedy, on-time delivery, easy omnichannel fulfillment, and a smooth return process. The company that fulfills those desires is likely to earn repeat business, and vice versa. And more loyal customers lead to better business performance.

To address these and other breakdowns in their supply chain, top executives are using technology and data to focus on critical productivity improvement areas, including:

- Attaining accurate forecasting and reporting
- Achieving extensive visibility across all supply chain processes
- Managing and balancing supply and demand
- Developing more flexible supply chain models

One way to improve communication with supply chain stakeholders is to build a bridge between disconnected business units who are relying on their own set of systems, data, processes, and networks to get work done. Even though technology has advanced rapidly in helping to streamline and integrate some of these organizational structures—both internally and externally—companies are still losing money, wasting time, operating reactively, and missing out on key productivity gains due to supply chain siloes.

In search of better end-to-end supply chain visibility—and, improved oversight of internal and external networks—organizations are integrating systems that allow views across various geographic locations and time zones. These systems also allow customers to fully leverage network visibility in order to manage functions like track and trace, especially when goods change hands across many different supply chain partners.

Managing these and other functions becomes more complex as more supply chain partners are added to the network. For example, as large manufacturing organizations strive to attain optimal supply chain efficiencies, they face mission-critical challenges.

According to our survey results, the main obstacles are usually centered on:

- Attaining extensive visibility across all supply chain processes
- Accessing and leveraging accurate, real-time data
- Managing supplier capacity and distribution issues that are caused by lackluster response from supply chain partners
- Coordinating and linking end-to-end business processes
- Lack of confidence in decision-making capabilities
- Recognizing, preventing, and managing risk
- Staying abreast of new technologies

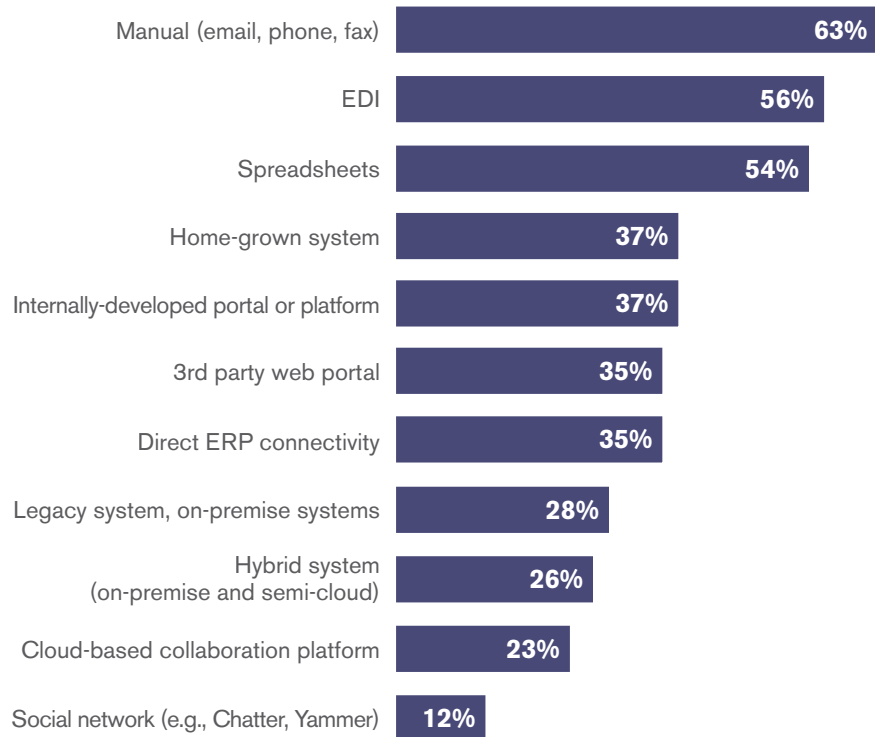
While roughly one-third of the executives in our survey call their supply chain strategies highly successful; more than one-half of companies admit that they operate in a somewhat effective manner; and one in 10 claims that its operations are decidedly ineffective. These eye-opening numbers that paint a picture of a supply chain environment that's ripe for better collaboration, higher levels of visibility, and improved coordination across business partners and customers. And when supply chains are better connected, business performance improves.

Building better connections with partners

Another way to build better connections in the supply chain is replacing outdated communication methods with partners and suppliers. While approximately one out of three respondents collaborate with partners using an internal platform or a third-party web portal—and one in four are leveraging a cloud-based collaboration platform—many major manufacturers continue to rely on an “old school” approach to simple tasks like exchanging documents.

Even with today’s advanced communication tools at their fingertips, supply chain and logistics managers continue to use e-mail, phone, fax, electronic data interchange, and spreadsheets during the course of the day. These methods are not only impractical, error-prone, and slow, but they also serve as a leading cause of *ineffective partnerships between manufacturers and key suppliers*.

How do you collaborate with customers and suppliers?



Time spent dealing with the frustrations of antiquated communication methods is time that’s not being spent working toward high-level business goals and better performance.

Start here today to be ready for tomorrow

So how can you improve your supply chain connections to drive better business performance? Start with these practical tips.

- **Implement a collaborative technology platform.** With this type of platform in place, you can build collaborative communicate, increase transparency of information, and connect with key stakeholders seamlessly, improving overall supply chain visibility and leapfrogging others in the market.
- **Focus on eliminating offline collaboration tools.** With these “low-tech” communication methods out of the way, the way is clear for cloud-based, real-time collaboration. In their place, implement business-owned solutions you can get up and running quickly and adjust with a business end-user.
- **Empower decisions “on the edges.”** This means enabling planners to make decisions on the cutting edge of the business, rather than in slow, centralized planning cycles. Why is this essential? Because in a business environment that’s changing as fast as it is today, slowing down means getting left behind.

Supply chain success is about more than the supply chain. It reaches beyond supply planning, demand planning, and sales and operations planning. A healthy supply chain means a healthy business. So, to bring benefits across the whole business and increase performance through better decision-making, focus on creating a connected, collaborative supply chain.

About Anaplan

Anaplan is the leader in Connected Planning. Our purpose-built software powered by our patented Hyperblock engine enables dynamic, collaborative, and intelligent planning. Large and fast-growing companies worldwide use our solutions to connect the people and data required for trusted plans and accelerated decisions essential to leading in their markets. Based in San Francisco, we are a privately-held growth company with 20 offices, 175 expert partners, and more than 850 customers worldwide. To learn more, visit anaplan.com.

Contact Information

To learn more about Anaplan’s supply chain solutions, visit anaplan.com/supply-chain

Evan Quasney, Senior Director of Supply Chain Transformation at Anaplan was a contributing writer of this report.