

Supply chain management in your company...

...do you have good pre-requisites for continuously adapting the supply chain?

...are your flow-thinking and framework for management-driven improvement up-to-date?

In today's dynamic business landscape, a well-functioning and adaptable supply chain is essential to navigate varying demands and ensure readiness for production across different time horizons.

Yesterday's situation. Over the past few decades, organizations have focused on optimizing value flows through application of methodologies like just-in-time deliveries, reduced buffers, and reducing lead times. This approach emphasized delivery precision while minimizing capital tied up, in a 'buyers' market' where suppliers were expected to adapt quickly.

Current situation. With the emergence of challenges such as Covid-19 and geopolitical instability, this landscape has shifted. Companies now find themselves in a 'seller's market', particularly in critical material sectors like semiconductors, where suppliers need better data concerning mid- and long-term time horizons.

Improvement needs. This shift necessitates improved mid- and long-term forecasts and underscores the importance of fostering strong relationships with suppliers. Also, the data handling as such often needs to be improved - problems with data quality, IT legacy or lack of common IT systems are examples. Other examples are KPI-driven leadership and the uncertain nature of mid- and long-term data that may add complexity, impacting stakeholders' willingness to commit to volume decisions and supplier agreements.

Long lead times for adaption of work and tools. SAM's observations across various industries highlight a common challenge: to adapt existing ways of working sufficiently fast. There are many stakeholders in the supply chain, such as strategic planning, sales and marketing, order management, procurement, production planning, suppliers, logistics, production. All have different perspectives and the adaptations of work and tools require the involvement and decisions of both experts and middle- and top-management. Roles and responsibilities of the stakeholders are often in need of clarification and a common and practically useful view of the whole supply chain flow is often lacking.

So, how is the situation within your company? Do you have good pre-requisites for improving the work practices in the form of clear overview of the whole flow, clear cross-functional dependencies, and a clear structure with respect to roles and responsibilities?

Lack of management-driven improvements. These types of changes need considerations, improvement work, and decisions on a tactical and strategic level, while still following flow-thinking. Therefore, adaption of the supply chain and cross-functional collaboration to the changed landscape is, or rather should be, a clear cross-functional improvement responsibility for middle management and top-management level. However, expectations, clear framework, time, and support are often lacking for managers to perform the necessary systematical and cross-functional improvement work.

In navigating these complexities, proactive measures such as fostering continuous cross-functional improvements at right levels, clarifying responsibilities, and thoroughly establish flow-thinking can help organizations adapt to the evolving supply chain landscape. By prioritizing relationship-building with suppliers and embracing a more agile approach to evolve work, companies can better position themselves to thrive in today's dynamic marketplace.

Do you have a continuously ongoing improvement work for middle and top-management handling tactical and strategical improvements? Do you train and support your managers in flow-thinking and application on these current issues?

What can you do about this? The first step is of course to create a shared awareness of the gaps you have and how you can establish better internal ability for continuously adapting your work and tools within the supply chain. As a third-party SAM can capture your supply chain situation, your gaps and establish a both common view and engagement among stakeholders.