



The future of Supply Chain...as we see it

The world in which we operate is changing almost daily

Technology is continuously changing...

The workforce is changing...

The environment is changing...

Legislation is changing...

Customer requirements are changing...

The competition is changing...

Along with globalization came increased competitiveness and in today's economic circumstances one of the biggest pressures most businesses face, is financial pressure – pressure on reducing both costs and prices.

The downfall of many businesses lies in their attempt to address these pressures with strategies that proved successful in the past...in an environment that today no longer exist.

The world is significantly different today and today flexibility and innovation are almost synonymous with business sustainability.

Your Supply Chain can be your competitive advantage, but in order to really take things to the next level, you have to start doing things differently.

We believe that the future of Supply Chain lies in true collaboration. We will share with you a few examples:

- 1) John works for company A, who buys five different components from five different companies in order to assemble company A's end product. Four of the five different components arrive in boxes. Each one of those four suppliers as well as company A send one of their employees at least once per year to the supplier of the boxes for a supplier assessment. If the four suppliers and company A could all agree on the criteria for the supplier evaluation and trust each other that no matter whose employee will do the assessment, it will be done to their mutually agreed standard and if they would be willing to share that information amongst each other, they could save the supplier of boxes from wasting five days, doing the same assessment over and over and over and over again and make that time available to rather spend on something more value adding, possibly something that could enhance efficiency and competitiveness. Not to mention that by collaborating, these Supply Chain partners would also be saving their own employees' time in the process, again leaving the opportunity to do more value adding work.



- 2) Sarah works for company B who needs to buy new material handling equipment. Generally their material handling equipment is only replaced once every five years. Sarah has only been with company B for 2 years. Where does Sarah go? Should she start a search on the internet? Or would it make more sense to know what her other Supply Chain partners already know about material handling equipment from their own practical experience? If this information was readily available to Sarah - how much time could she save that would otherwise have been spent on re-inventing the wheel?

- 3) Peter works for company C who buys components from a variety of suppliers spread all over the city. Four of them, all located in the same suburb, make deliveries to company C at least once a week. How much could they save in fuel costs if they could take turns to each deliver all four companies' goods at the same time in a single trip? Instead of four trucks traveling the same road every single week, it would mean one truck only and a little less empty space being transported. Apart from saving time and money, this will also help to save our environment.

The key to making such a system work is trust. You have to pick the right partners to collaborate with and then trust each other not to take advantage of the system, trust each other to all pull their weight equally and not sabotage each other.

Traditionally the first area businesses re-evaluate when reducing costs are their core business processes, which granted, is generally what cost the most (when your office stationary starts to cost more than your entire production process you probably have a problem), but overlooking the additional or indirect costs involved in running your business is irresponsible and ignoring these opportunities will certainly not leave you in the position of market leader.

We believe that there are many opportunities for your business to save costs, reduce prices and increase margin, through collaborating with your Supply Chain partners.

Many people will read this post and come to the conclusion that, "yes...it does indeed make sense!" Be aware however that collaborating is a verb and only by taking collaborative action will you start to reap the benefits.

Our Continuous Improvement and Supply Chain experts are assisting businesses in and around Cape Town to Continuously Improve and Adapt To Change. With more than 40 years practical experience – we know how to reduce your costs and make your business better!

Contact us today via ***Information.A2C@gmail.com*** or check out our website for more information ***www.AdaptToChange.yolasite.com***