

Forecasting/Demand Planning
CHANGE

WHITE PAPER

**Achieving Supply Chain Visibility:
More than Meets the Eye**
Top Truths to Gaining Real Benefits

Global
RESPOND
Capital
Supp
Manag
MPS
S&OP
Supply Chain Simulation
Inventory Management
Supply Chain
Visibility
Supply Allocation
SALES AND OPERATIONS PLANNING
Scorecarding
LINE OF BALANCE
New Product Introduction
COLLABORATION
COST MANAGEMENT
Respond To Order Change

Consistently, industry research cites that one of the most important challenges facing supply chain professionals today is supply chain visibility. This could not be more true for industries such as hi-tech electronics and consumer goods, where brand owners and contract manufacturers (CMs) are challenged by an environment of distributed operations, high demand volatility, and rapid product evolution—all of which make the issue of supply chain visibility more pressing and yet more difficult to achieve.

So as companies are clambering to adopt means to gaining better visibility into their supply chain, they are quickly recognizing there is more to visibility than meets the eye. Among the considerations described below, the biggest realization is that achieving supply chain visibility is only a stepping stone towards solving the fundamental problem of response management. Leaders are recognizing that while achieving the right type of visibility is the first step, being able to leverage it to take quick and effective action is the real secret to success.

Supply Chain Visibility must work in a multi-enterprise capacity

The widespread trend of establishing plants overseas or outsourcing to specialists who can provide unique value and drive down costs shows no signs of waning. However, this business model is not without its challenges or sacrifices. For one, it increases the complexity of the enterprise and moves management of critical operations outside of its four walls, replacing the traditional single supply chain, with a complex supply network comprising a multitude of partners. Brand owners, CMs, and suppliers now must manage a “virtual enterprise” of interconnected players working in a coordinated operation. Achieving visibility is no easy feat when faced with various geographically-dispersed sites and/or partners using disparate data systems.

For supply chain visibility to be truly valuable, it must be all-inclusive. A company must have the ability to easily consolidate data from multiple sites (internal or external to the organization) for a holistic view of the extended supply chain. Piecemeal information will only provide a look into a fraction of the business. For global performance management, one needs global visibility. A multi-enterprise, multi-tier view of operations is required to have a full outlook on the business, drive effective supply chain event management, and strategically manage operations as appropriate.

Not all “visibility” solutions are created equal

Many in the marketplace are heavily promoting “visibility” solutions, but most focus on finite areas, addressing only a portion of the problem while often creating others. Portals or exchanges, for example, tend to provide limited access to a subset of data. They typically only offer separate, fixed views of information that cannot be easily manipulated or integrated, and can be subject to version control, cross-referencing problems or difficulties with dissemination. Again, when you need visibility across multiple sites, several static pieces of information do not make for a complete picture or offer a “single version of the truth.”

Many have come to rely on tools such as Excel as a way to extract, consolidate and share data. The problem is that Excel was not designed for this particular purpose. It cannot manage the volume of data required and does not support effective and simultaneous collaboration among supply chain participants. The solution turns out to be quite time-consuming and cumbersome, yet rarely yields ideal results given its vulnerability to human error and inconsistent processes.

Without a single source of comprehensive data, people will adopt their own processes for achieving the real time supply chain visibility they require, making consistency and collaboration across the organization a real problem. For decisions to be effective, partners need to be on the same page, working from the same set of data, in the same way, and at the same time.

Supply Chain Visibility must be put in the hands of those that need it most

Surprisingly, it does little good to obtain key supply chain information for the purposes of historical monitoring or longer-term planning, executed by a select few within the organization. Supply chain visibility is most powerful when it is put into the hands of the people that are working the front lines and who rely on that visibility to make decisions and take action on a daily basis.

When issues arise (e.g. a demand change, order drop-in, or supply disruption etc.), as they always will, it is neither the time for ERP reports or queries nor the time to “dig for data” or perform ad-hoc analysis using spreadsheets. It is a time for rapid decisions and action, requiring easily accessible, real-time information from across the extended supply chain.

Supply Chain Visibility alone will not solve your problem

This is the most important truth to understand, and likely the biggest misconception in the market.

Without question, supply chain visibility is important—an absolute must-have—but it’s not enough. As alluded to earlier, achieving visibility is only part of the need. It is a prerequisite to the end goal, not the goal itself. What companies really need is the ability to leverage visibility to take action.

Many will promote “visibility” solutions and tie that to statements like “sense and respond.” The problem is that few, if any, are actually providing tools to enable the response process. They provide a limited level of visibility and leave users to determine how to benefit from it. Information only has value when you know what to do with it. You can give someone all the song sheets you want, but if they do not know how to effectively translate that into music, then it’s just noise.

Visibility without the tools to drive response gives only minor advantages to the organization. In demand management and manufacturing operations, where there tend to be hundreds of decisions throughout the day that must be made at the moment, information alone is not enough. The problems are complex and

The Bottom Line

- ▶ Visibility is thought to be the most important challenge facing supply chain professionals, thanks to distributed/outsourced operations, volatile demand, and rapid product evolution.
- ▶ Many in the marketplace are heavily promoting “visibility” solutions, but most focus on finite areas, addressing only a portion of the problem. In the end, visibility alone is not enough. It must be combined with tools that enable a broad base of users to leverage the visibility to take action—empowering front-line staff to easily consolidate, modify, and analyze information to quickly respond to change.
- ▶ While outsourcing can provide solid advantages for companies, it can also complicate the supply chain. Traditional, single supply chains become multifaceted supply networks made up of a multitude of partners who must work in concert to share data and coordinate activities across the extended supply chain. This requires new tools and technologies, as existing solutions were not designed for this type of multi-enterprise, collaborative environment.

require one to interact with data in a collaborative way, performing real-time ERP calculations, data modeling, and simulations. One needs to be able to alter and analyze the information, not just see it.

So in effect, supply chain visibility is really a feature that, when combined with response management capabilities, can help an organization respond to change—an ever-present reality of the volatile marketplace.

Companies must look to solutions that provide tools and technology to not only achieve supply chain visibility, but to leverage that visibility in responding to change across the extended supply network. By empowering a broad base of front-line staff—the customer service reps, the planners, the buyers, the CMs, the suppliers—to take fast and effective action when faced with constant changes in demand, supply, capacity, and product, will ultimately drive breakthroughs in customer service and operations performance.

When combined with tools FOR RESPONSE MANAGEMENT, visibility can lead to significant business benefits

In today’s business environment, which is characterized by increasingly outsourced manufacturing operations, growing global competition, constant demand volatility, staggeringly short product lifecycles, and stringent regulation requirements, a strong competency for response management becomes a key competitive differentiator.

Consumers are clearly in charge and have companies scrambling to meet their aggressive and ever-changing needs. The success of an organization can now often be dictated by the success of its supply network. Whoever can deliver what customers want, when, where and how they want it, will win—but achieving this requires an excessively responsive supply chain based on multi-enterprise visibility and coordination.

In an outsourced environment a balance is required, where manufacturing operations are managed by CMs and suppliers. However, brand owners actively coordinate activities across the virtual enterprise to ensure the desired outcome. This is necessary because despite transferring the manufacturing of a product, brand owners ultimately remain accountable for the company’s brand, quality, compliance, and every other aspect of performance. And with constant demand changes, new product introductions, and engineering revisions, the brand owner must continue to play an active role in orchestrating certain supply chain activities.

Greater visibility and supplier collaboration with brand owner customers benefits CMs as well, counteracting the “bullwhip effect” that many CMs face when frequent changes are propagated through the system. CMs are better at providing a responsive and efficient supply network when more information is shared.

In the end, having quick and easy access to actionable supply chain information can set the stage for more meaningful and effective interactions between partners based on informed decisions in which the impact of changes is understood and

- ▶ Brand owners are accountable for their brand—and despite outsourcing manufacturing operations, they must continue to play an active role in managing the supply chain. Supply networks are most efficient and effective when more information is shared between partners. Consumers today are presented with many choices—and are more inclined to explore alternative options when suppliers aren't able to meet their needs. Accordingly, the success of an organization can directly depend on the effectiveness and responsiveness of its supply chain.
- ▶ Improving supply chain response management through enhanced visibility and coordination can lead to numerous business benefits, ultimately improving customer service and reducing operating expenses.

action plans are clearly defined.

Improving supply chain response management through enhanced visibility and coordination can lead to numerous business benefits, improving customer service and reducing operating expenses in due course for both parties. Specific benefits include:

- ▶ Reduction in inventory, increased inventory turns, and lower carrying costs
- ▶ Increased factory throughput
- ▶ Lead time reduction
- ▶ Coordinated introduction of new products
- ▶ More reliable quote processes and promise dates
- ▶ Better forecasts

In addition, with the onset of strict regulations, operational transparency and reporting is a key driver behind the need for added visibility. In particular, the issue of calculating inventory liability is of specific priority within an outsourcing relationship. The right tools should offer visibility into current and projected liability status, but also provide proactive inventory management capabilities to avoid liability in the first place.

Overall, achieving and maintaining customer confidence and satisfaction will not only reduce risks of customer erosion, but may also lead to new business opportunities. While perhaps for most, this is not their original or express intent behind achieving supply chain visibility, it should be—the end business benefits should drive the definition of the need and articulation of the fundamental technology requirements:

1. Compress time to action
2. Respond faster and more accurately by quickly engaging the right people
3. Reduce supply chain risk/costs and increase customer satisfaction

As companies embark or continue to pursue strategic initiatives to achieve supply chain visibility, a stringent list of criteria must be applied to the solutions considered to ensure that the right expectations are met and the real root need is fulfilled.



ABOUT KINAXIS

Kinaxis delivers a comprehensive on-demand supply chain offering—RapidResponse—that enables manufacturers and brand owners to drive supply chain management (SCM) and sales and operations planning (S&OP) from a single system. Global leaders across a broad range of industries are using RapidResponse as a decision-making hub for the broader value chain and are realizing a competitive advantage as a result. Large manufacturing companies with complex supply chain networks and volatile business environments rely on RapidResponse for collaborative planning, continuous performance management, and coordinated response to plan variances. Learn more about the [RapidResponse](#) editions, or join the industry discussions on the Supply Chain Expert Community at: <https://community.kinaxis.com/>.

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