

**FIVE SIGNS**

# **YOUR SUPPLY CHAIN NEEDS TO CHANGE**

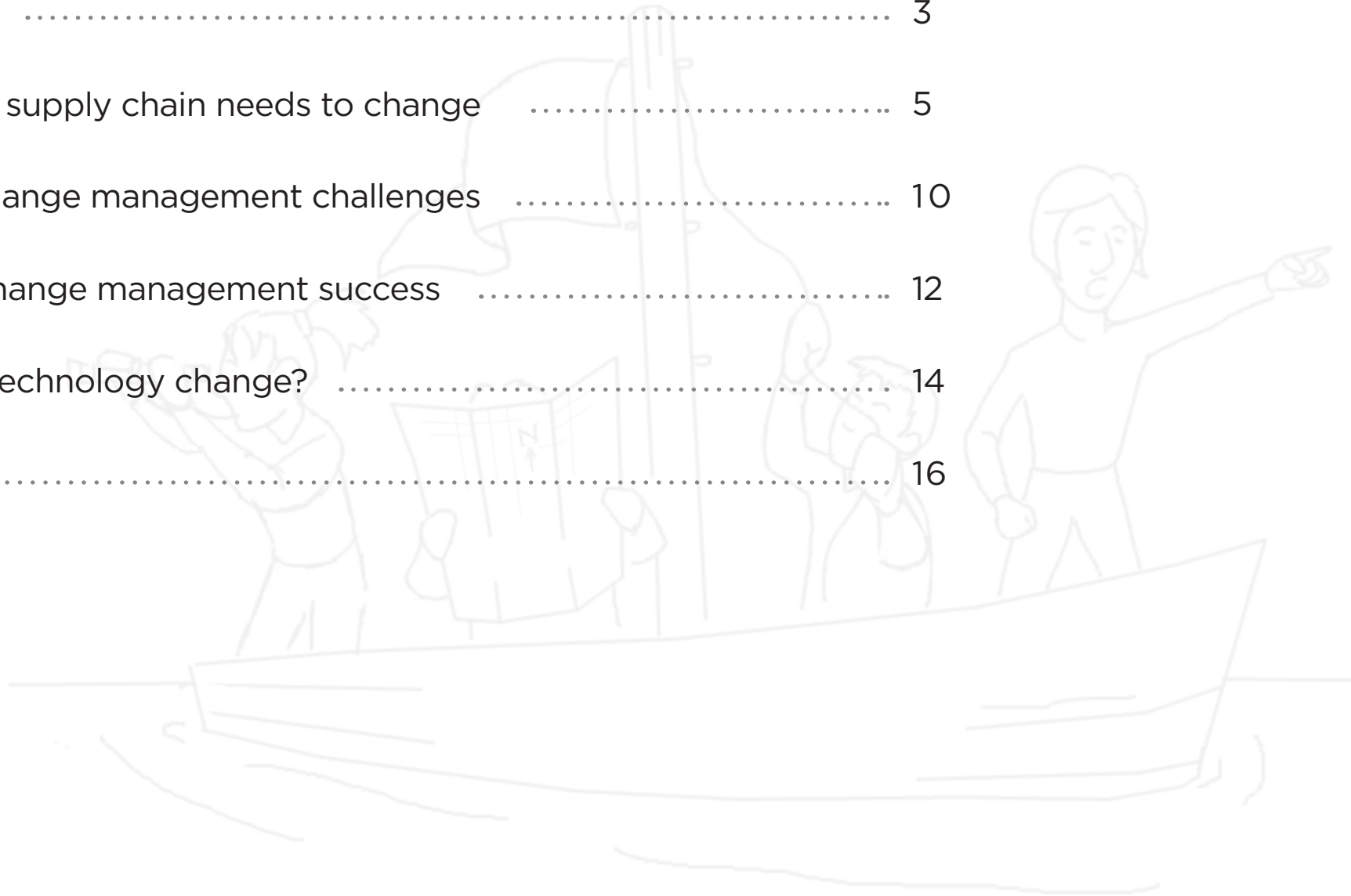
And how to implement the change successfully

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# Why change?

**T**here comes a point when every company has to make a choice. Make a change, or stay the course. Continued success is dependent on change, but it's often the more difficult choice as organizational and technological barriers can present monumental hurdles to overcome. However, with a clear vision, an invested team of leaders and stakeholders, and the right processes and technology behind you, it is possible to make a smooth transition into the future and start changing your supply chain in a meaningful way.

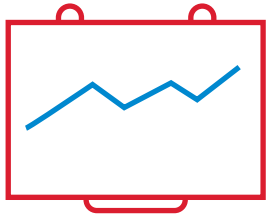
According to Willis Towers Watson, 9 out of 10 organizations train managers to manage and communicate change.<sup>1</sup> Yet only **55% of change management projects see initial success**, and only one in four maintain that success over the long run.<sup>2</sup> So if change is the more difficult option, and usually results in failure, why bother attempting it at all?



Only **55%** of change management projects see initial success.

1. 2013-2014 Change and Communication ROI Study, Willis Towers Watson, November 2013.

2. Longmore, Emma, Change management: Do your leaders have the tools to make change possible?, Willis Towers Watson, September 16, 2015.



**It's not realistic to do the same thing repeatedly, hoping it continues to work or produces different results.**

It eventually no longer becomes a choice. It becomes a matter of survival. For those who manage change effectively and efficiently, and develop change management as an organizational competence, the improvements can become a competitive differentiator. For those who fail to manage change, it becomes a hindrance. Failure to implement change on any level, whether it's organization, technological or process-based, will result in loss of user adoption, and ends up costing you more than the original project in the long run. Pay now or pay more later.

The world is changing around us at a shockingly rapid pace. In order to succeed, it's not realistic to do the same thing repeatedly, hoping it continues to work or produces different results. Even working to do the same thing better won't yield long-term success. **Real, lasting change**

**comes from doing things differently.** That's when true breakthroughs happen.

It takes more than one individual to change your supply chain. Bringing about real change requires overcoming challenges like organizational silos, independent regional processes, disparate systems and a lack of cohesive company-wide metrics.

True change is holistic, covering all organization, process and technology elements. Ultimately, the most value comes from making the ability to change part of your organization's normal way of working. That means assigning people roles that drive and support change initiatives, creating forums to enable inclusive decision making, and identifying stakeholders that feel empowered to affect change and then own the result.



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# Five signs your supply chain needs to change

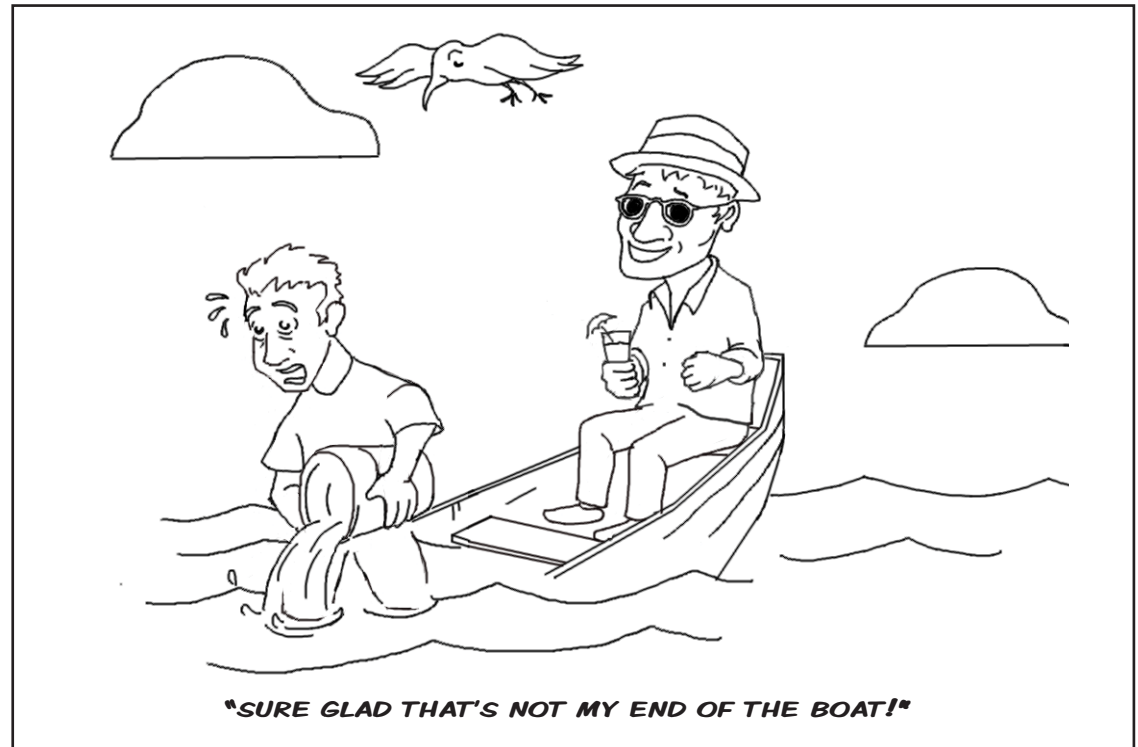
**B**efore any change within your supply chain can take place, you first need to identify why change is needed. Here are a few warning signs that your supply chain needs to change now to ensure continued success. You may recognize one or more of these signs in your own organization, and if you do, it could be time to make a change and address them.

## 1 Siloed thinking

Everyone for themselves. That's often the prevalent mentality in siloed organizations. It doesn't matter what's happening in other departments, as long as yours is meeting its goals and objectives. Unfortunately, that's the fastest way to turn your supply chain into a sinking ship.

Siloed processes, people and functions work toward their own goals in isolation, focusing on different priorities, responsibilities and objectives instead of the health of the overall supply chain. This creates an environment without clear communication and collaboration between departments or business units.

Small picture thinking like this negatively affects response time. If a demand planner in one



function (silo) makes a change, the delay created in understanding the complete impact on the entire supply chain could be days or even weeks. That leads to extended wait times for customers looking for confirmed due dates. It's not exactly the best way to improve customer satisfaction levels. The longer you wait to put out a fire, the more extensive the damage and the bigger the potential impact on the bottom line.



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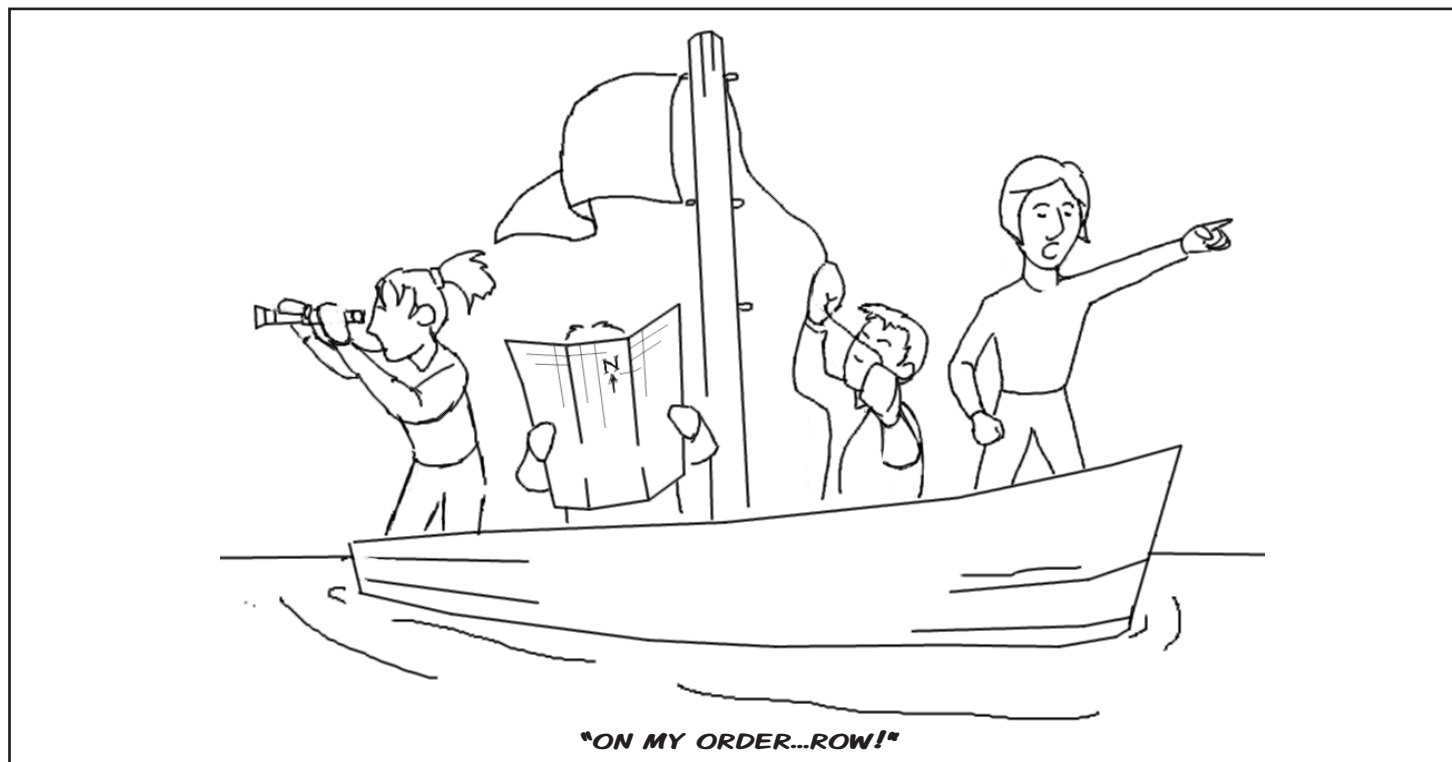
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## 2 Decentralized execution

No person is an island. No supply chain is either. Even if everyone in your supply chain realizes they're all on the same ship, that doesn't guarantee they'll be rowing in the same direction. Globalization means many companies have divisions all over the world. Regional variances in processes are common. So are multiple systems and solutions. Each supply chain group at the business unit level or plant level oversees and manages operations for their specific business units. Keeping all locations in sync with one

another can prove challenging – especially when the driving technology behind each region is different.

This decentralized execution only strengthens silos, creating data management and transfer barriers. It also increases the potential for misalignment between what global headquarters asks for and what regional locations deliver. It can be a bit like a game of broken telephone. There's an overall decrease in effective communication and end-to-end visibility.



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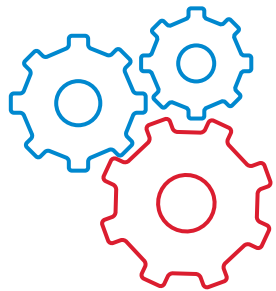
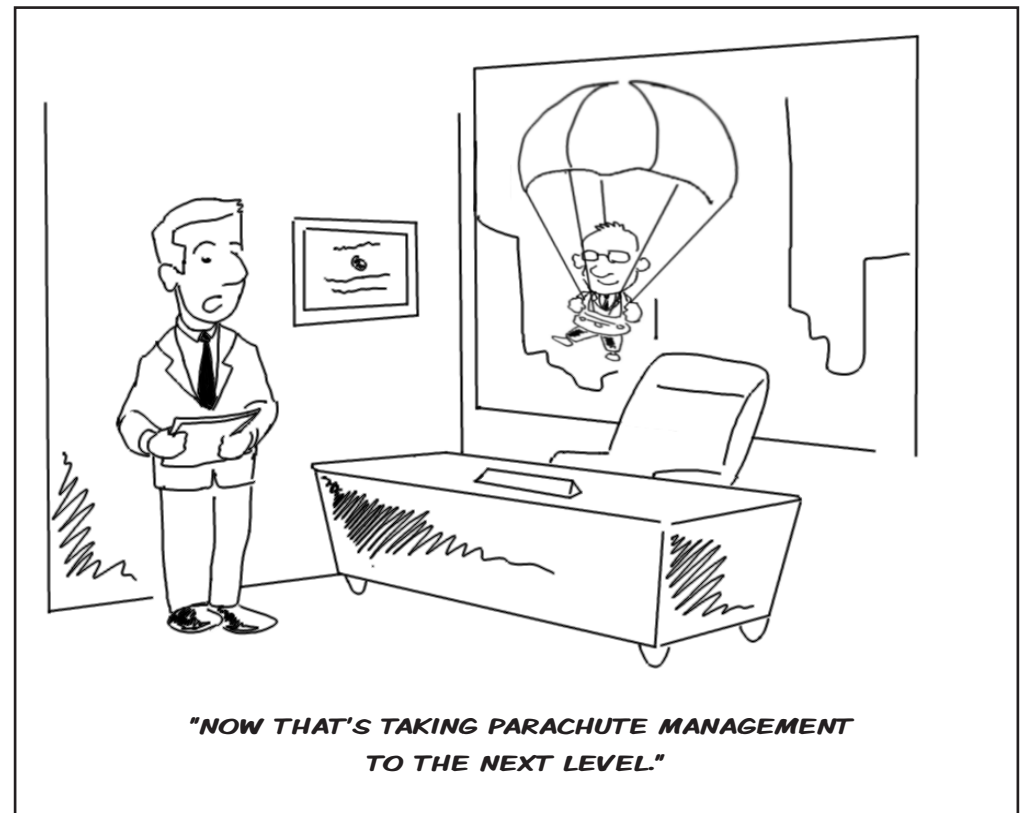
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### 3 Lack of executive engagement

Running a supply chain isn't a case of set it and forget it. Executives can't just sign on the dotted line and consider their jobs done. It's up to the executive leadership team to set a course, adjust as necessary and maintain positive morale among the crew.

Setting arbitrary supply chain objectives isn't doing anyone any favors. For executives, it can't just be about "managing by numbers." There's so much more to assessing your supply chain's overall health. The way to achieve lasting supply chain success is through a well-planned strategy and effective execution. That means strong leadership, clear goals and meaningful metrics shared and communicated across the company - from the day-to-day supply chain practitioner all the way up to the c-suite. It has to be a team effort, and those at the top have to stay engaged and involved.



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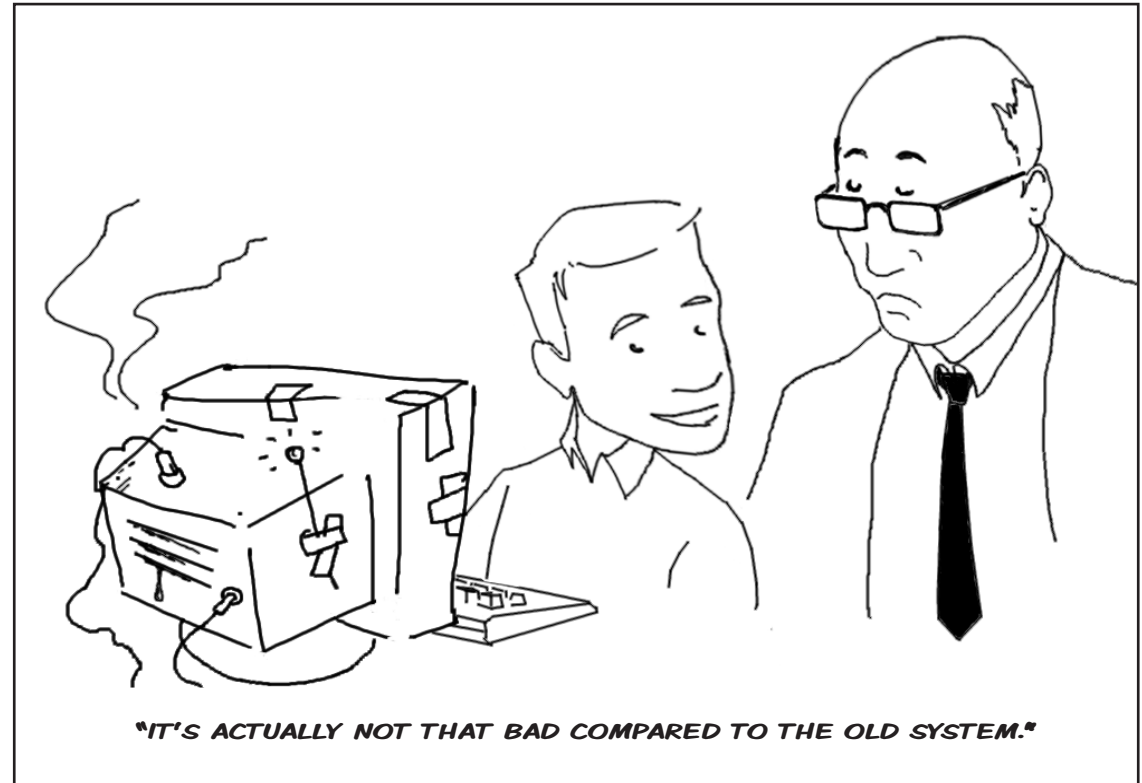
## 4 Poor system performance

Fixing poor system performance in your supply chain isn't easy. You can't just hit restart or pop out the battery as you would with your tablet or smart phone. It takes time, effort and in many cases an increase in technology investments to improve things like speed, agility and scalability.

Decades ago, enterprise resource planning (ERP) systems were the answer to seamless communications between all departments and most companies experienced higher productivity. But as globalization took root and supply chain volatility increased, more supply chain planning modules were bolted on to existing systems to solve increasingly complex challenges. Over those decades, databases multiplied, agility suffered and the disconnect between planning groups manifested itself once again as a result.

The advent of the Internet of Things (IoT) and big data means supply chains are receiving information from more sources than ever before. Making sense of all that data is challenging enough, without the limitations of archaic systems never designed to integrate and process that much detail.

Gluing together data between disparate systems is time-consuming, error-prone and difficult to maintain. The staging and aging of data between



modules deteriorates both the accuracy and speed of decision-making. It's the interaction (or lack thereof) between systems and processes that pose the most risk to the business. Despite heavy investment in ERP systems, many people continue to turn to Excel to deal with speed and ease of use issues.

An agile supply chain able to respond to unexpected change and volatile customer demands necessitates a supporting supply chain software solution that is equally agile.



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## 5 Lack of scalability

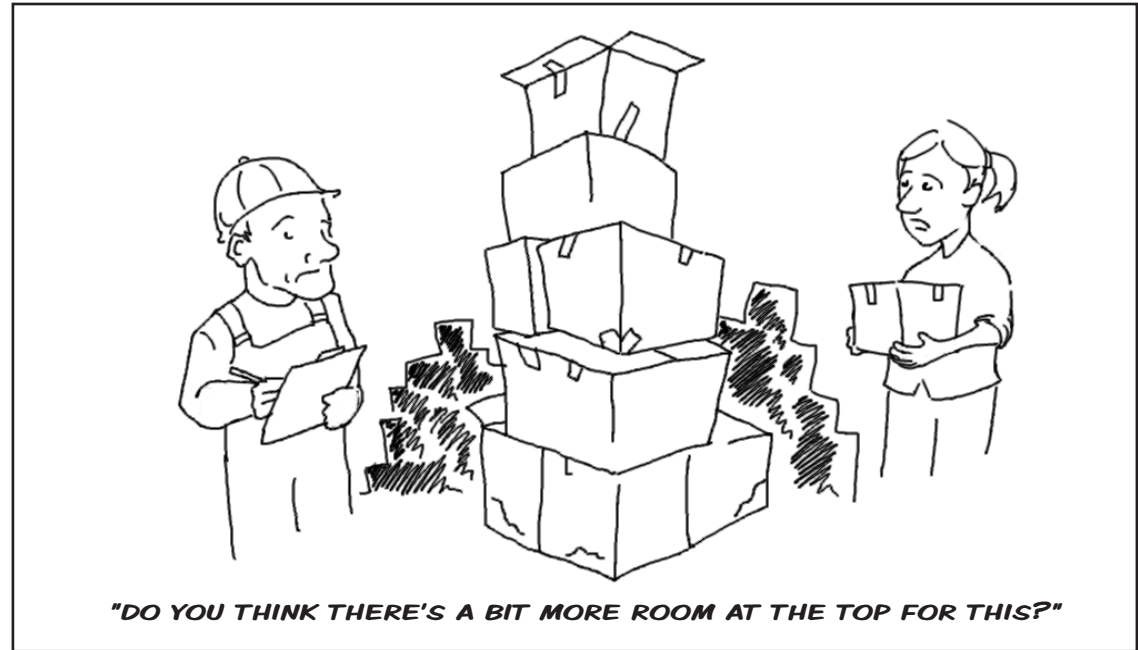
As your business changes and grows, you may find the tools you implemented years ago are now reaching the very limits of their capability.

No two companies are the same, no two supply chains are the same and nothing ever stays the same. When your business changes fast, casting your solutions in concrete will cost you the agility you need to adapt. At the other end of the scale, relying on a proliferating collection of Excel spreadsheets will offer flexibility, but you'll suffer from serious limitations in reliability, scalability and collaboration.

Building your supply chain on a system or spreadsheets unable to adapt and function in collaborative processes is a surefire way to head down the road to failure. Whatever technology solution you deploy, it must be able to meet today's demands while providing the ability to help you conquer the challenges of tomorrow.

It needs to be able to develop and mature along with your supply chain, providing a solid foundation for growth.

But what that growth and change looks like could vary. Each business faces unique challenges in various parts of its supply chain. Those in consumer packaged goods (CPG) may struggle with logistics



and suppliers. High-tech organizations could find it difficult to meet customer demands while maintaining margins. Pharmaceutical companies could be dealing with regulatory and inventory issues. No two companies are the same, but identifying and addressing problem areas will help universally with operational inefficiencies, entering new markets or launching new products.

Recognizing your supply chain needs to evolve is only the first step in the change process. Implementing those changes and getting your entire team on board with that change is arguably the bigger challenge. Effective change management becomes a major factor in allowing you to adopt next generation supply chain approaches.



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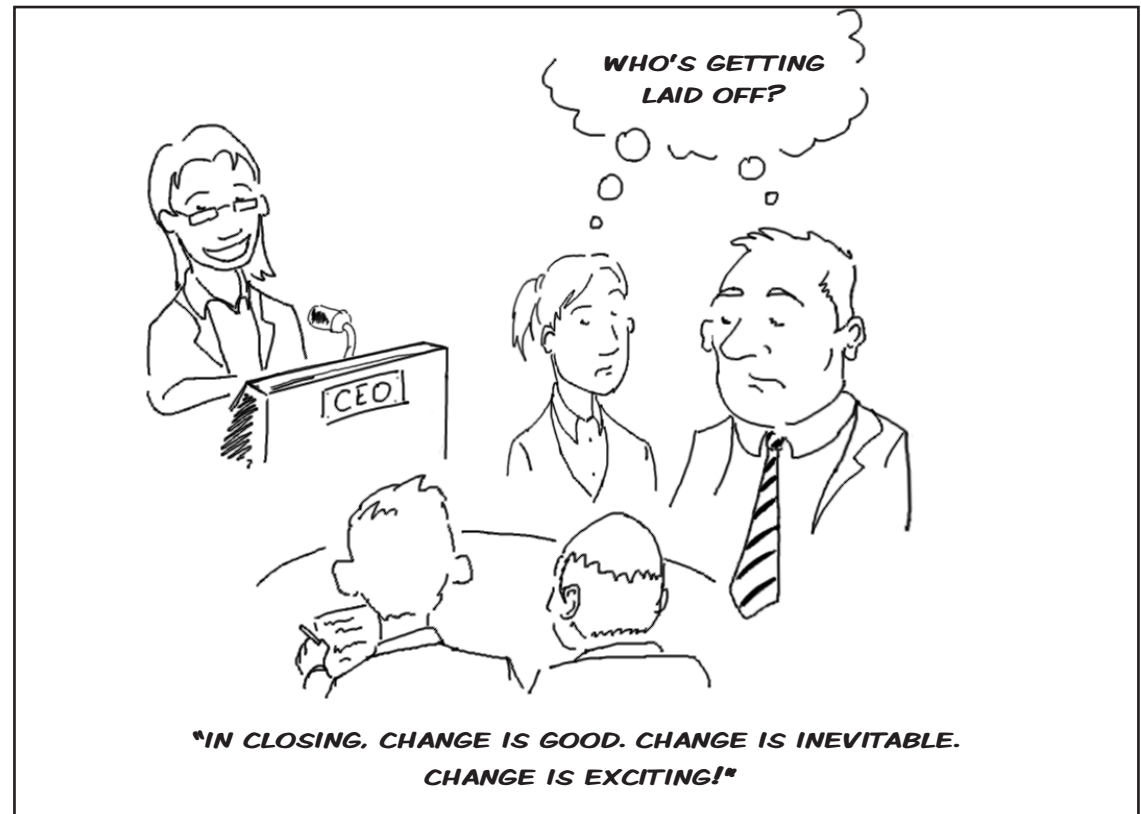
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# Overcoming change management challenges

**E**xciting; terrifying; tumultuous – these are words often used to describe how people feel about change. Resistance to change manifests itself in many ways, from foot-dragging and inertia to petty sabotage or outright rebellion. While it's widely believed people hate change, that's often not what presents the biggest challenge to overcome. It's the belief that the old ways are better.

To quote Dr. Heidi Grant Halvorson, Associate Director of Columbia Business School's Motivation Science Center and author of *Nine Things Successful People Do Differently*, "It's not just that people fear change, though they undoubtedly do. It's also that they genuinely believe (often on an unconscious level) that when you've been doing something a particular way for some time, it must be a good way to do things. And the longer you've been doing it that way, the better it is."<sup>3</sup>

So, what does that mean for change within your supply chain? An abundance of barriers and resistance, especially if your company has been running its supply chain the same way for decades.



**Up to 39%** of employees show resistance to change, with job security often topping the list as to why.

<sup>3</sup> Grant Halvorson, Heidi, Explained: Why We Don't Like Change, Huffington Post, November 5, 2011.

Up to 39% of employees show resistance to change, with job security often topping the list as to why.<sup>4</sup> No one wants to become redundant thanks to the implementation of new processes, policies or technology. That feeds into the fear of loss of power and authority. If things change, will others still regard you as an expert?

When it comes to technological changes to managing your supply chain, there will be worries over how much additional work the new system will create. While the goal of most technology implementations is efficiency and streamlining processes, many end users fear the solution won't meet their needs and requirements, resulting in added hours spent at the office.

It's no wonder not everyone is quick to jump on board with change. Adding even more difficulty to the change management process are the easily avoidable mistakes plaguing these projects.

**Up to 33% of management behavior does not support change.**<sup>5</sup> How can you expect employees to be enthusiastic and engaged in the process if those above them aren't? There has to be executive buy-in, both to the supply chain changes and the change management process itself. It's up to the executive leadership team to

bolster enthusiasm and ensure everyone is prepared. They need to be the change champions.

An organization looks to its leaders to be visible sponsors of change and to demonstrate why that change is necessary. Senior leaders provide the authority and credibility necessary. For supply chain initiatives to be successful, executive sponsors need to participate visibly throughout the project; communicate, support and promote the change; and gather other change cheerleaders within the organization.

They also need to be responsible for **outlining a clear vision** and plainly communicating that vision with all stakeholders. Those stakeholders in turn also have a responsibility to be active and involved in the change management process.

**Poor planning and execution is another avoidable pitfall.** Create an appropriate and feasible plan, with realistic deadlines and goals, and then follow that plan through to execution. If you're deploying new technology as part of your change process, deliver it smoothly. Plan the rollout and follow it up with appropriate and ongoing employee training. The more people learn about the new system, the more value they can extract from it. Ongoing training will lead to people thinking differently about current processes and ways they can reinvent them.



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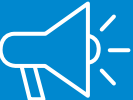
Paper  
[Supply chain planning 4.0: Planning revolutionized](#)

4. Torben, Rick, *Barriers to Organizational Change*, Meliorate, September 7, 2016.

5. Torben, Rick, *Barriers to Organizational Change*.

# Five steps to successful change management

Implementing change management successfully within your supply chain may seem daunting at times. The good news is, there are steps to follow that will help you set a course to success:

	<b>1</b>	<b>Compelling vision:</b> Create a compelling vision of the future from business and information communications technology (ICT) leaders that can become the roadmap for current and future change initiatives. Develop a plan with clear scope, support it with a business case. <b>Follow it.</b>
	<b>2</b>	<b>Respected leaders:</b> Identify a leader to take overall responsibility for leading the change management efforts. This person is not responsible for the change at the detailed level but will provide the vision and help with decision support and problem resolution if needed. <b>Support them.</b>
	<b>3</b>	<b>Core team:</b> Engage a team of motivated and respected individuals who represent the stakeholders and who will work with authority to implement change. <b>Empower them.</b>
	<b>4</b>	<b>Identified stakeholders:</b> Analyze the impact to the stakeholders from tool, process and organization perspectives. <b>Engage them.</b>
	<b>5</b>	<b>Tailored communications:</b> Structure communications to fit the needs of the stakeholders, including defined forums to discuss and validate ideas. Communications should be inclusive, promote alignment and offer the opportunity for sign-offs and veto authority. <b>Use them.</b>

Incorporating these steps into your change management effort will ensure the organizational piece of your supply chain solution implementation is a success.

Making sure all parties understand their roles and responsibilities, and have the authority to carry out those duties, creates ownership of the change being defined and implemented. That ownership, within the different stakeholder groups, is a vital part of ensuring success.

Then, using the good habits learned in the process, your organization's leadership, the core team and stakeholders can implement change efficiently and effectively any time you need it, helping to build a solid future for your supply chain. Change management can become a learned competence in your organization and support future initiatives to improve your supply chain, be it from an organizational, process or technology standpoint.



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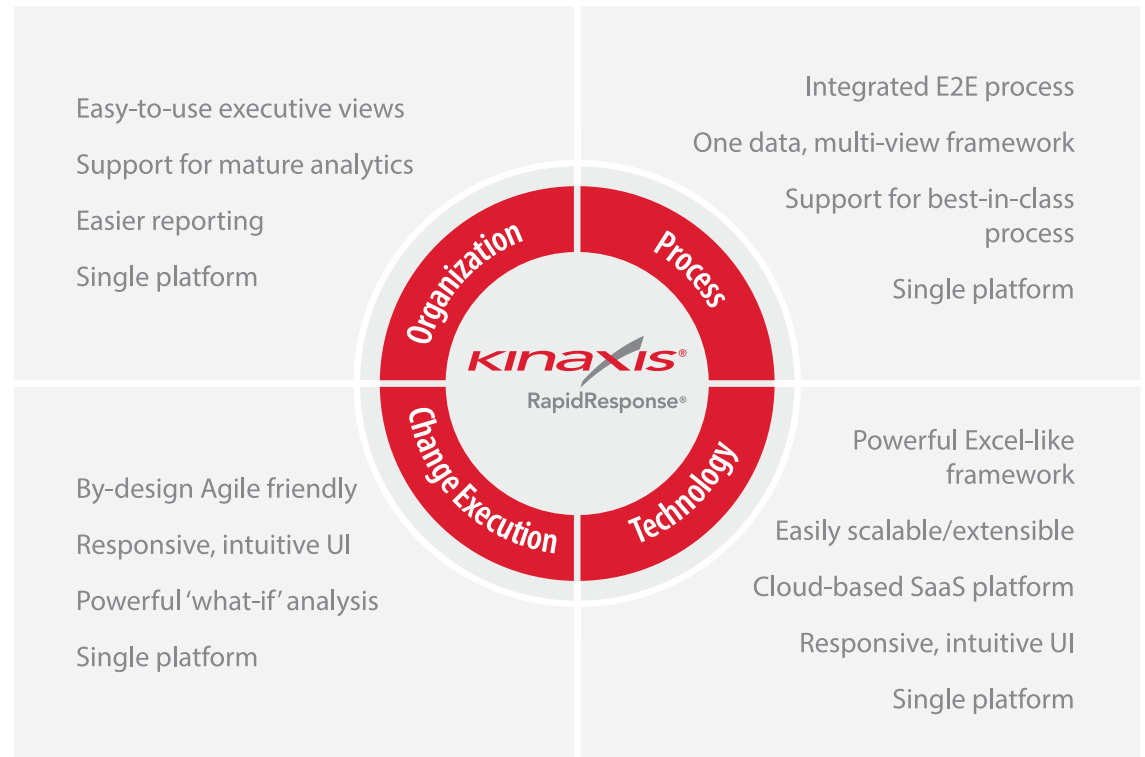
# Is it time for a technology change?



Once you've recognized why your supply chain needs to change, and how you can successfully manage the organizational change that goes along with it, it's time to explore whether a new supply chain technology solution might be your key to sustained success. Functional attributes like flexibility, scalability, collaboration and scenario simulation are vital components to overcoming the supply chain operational challenges outlined earlier. Having one source for supply chain planning and decision support will help combat siloed thinking, decentralized execution and poor system performance. If your current technology can't accommodate or adapt to these requirements, it might be time for a change.

But be warned, choosing the wrong solution will create resistance from the stakeholders and end users. It can actually be a big barrier to change. Including stakeholders and end users in the selection process can go a long way to establishing buy-in for any new technology.

The right supply chain technology engages the organization at all levels. It should provide executives with good dashboard reports, users with the ability to employ advanced analytics and



department managers with an easy way to collaborate with colleagues. And it does it all with an intuitive and familiar user interface.

From a process point of view, it needs to support best-in-class, integrated, end-to-end processes on a single platform. It should allow re-use of data to ensure there's only one version of the truth, and

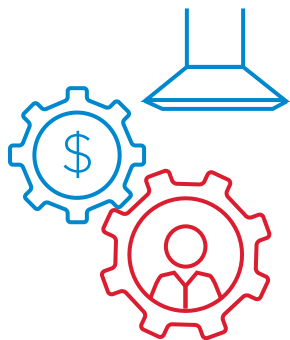
provide clear reporting on key performance indicators. This creates buy in, trust and belief in the results by both the daily user and the management team. New technology solutions should drive enthusiasm and creative ideas around supply chain process improvements.

When it comes to implementation, ensure end users are aware of features like what-if and collaboration capabilities. This will answer many of their functionality questions, reducing anxiety around the change. With the right technology solution, there would be no need to coordinate the implementation of multiple tools (everything you need should be on a single system), which makes deployment milestones more reliable.

Effectively implementing a new supply chain technology solution helps build the skills your team needs to manage and implement any kind of

change in the future. A successful project here can actually turn any risk association with a technology change into an organizational benefit for years to come.

Ensuring you implement the right supply chain solution to fit your needs, and working with the right external partners to help you deploy it, becomes critical in ensuring success. Kinaxis® and Aline Consulting can help make the road a little less difficult by providing fully supported deployments of Kinaxis RapidResponse®, a revolutionary supply chain management solution. Easily bring together organization, process, technology and change execution in one easy-to-use platform.



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# Conclusion

**W**hether it's implementing a new supply chain solution, or getting your peers on board with one, strong leadership is key. Have a clear path forward, strong communication and an engaged group of empowered stakeholders. By recognizing the need for change and having a plan to manage it, your team will likely find success.

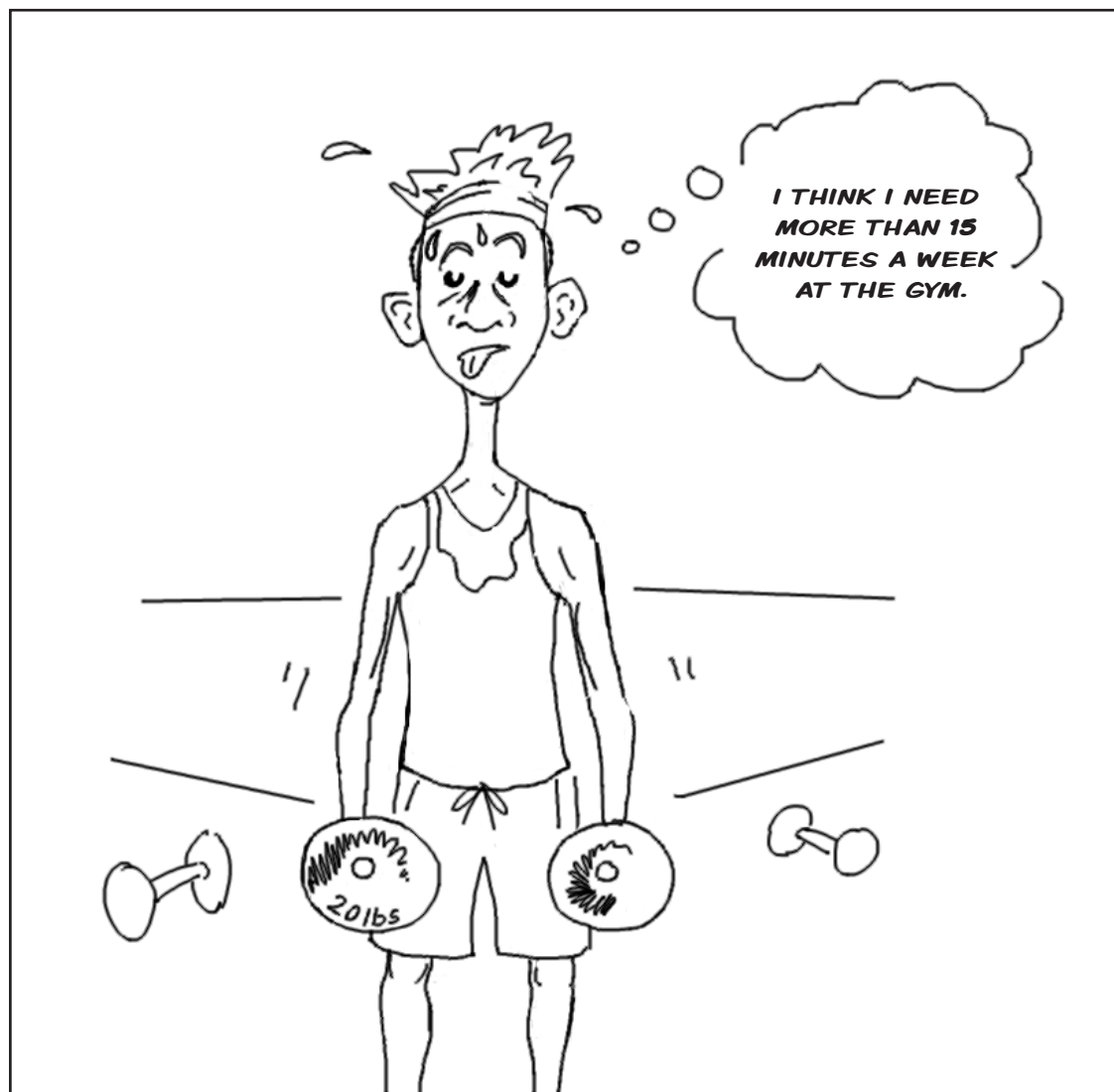
But keep in mind, changing processes and technology within your supply chain isn't going to happen overnight. Neither is managing the organizational change that goes along with it. There's no magic one-size-fits-all approach to make the transition a smooth one. Change takes time, effort and nurturing, but the rewards it brings to your organization will have a lasting, positive effect.



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We are a mid-size professional services company providing comprehensive supply chain transformation services. Over 15 years, we have been passionate about supply chain, helping companies reinvent themselves in all areas of E2E Supply Chain functions from global planning to enterprise wide execution. We specialize in strategic consulting, business process optimization services, system/solutions implementation, application support, change management and organizational transformation. Our strengths lie in deep industry expertise, acute know-how of latest trends in supply chain and IT and how they enable core business transformation.

We bring in-depth understanding of industry trends in the market place and 'what' is making the market leaders succeed. We take a 'fresh' look at your organization's supply chain processes and provide you with candid assessment of where you are with industry standard score cards. We will work with you to clearly understand your goals and make practical recommendations. And working with you we will help you realize this transformation with a positive impact to your company's bottom-line.

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