

# White Paper Compact

## Supply Chain Check COVID-19 and beyond

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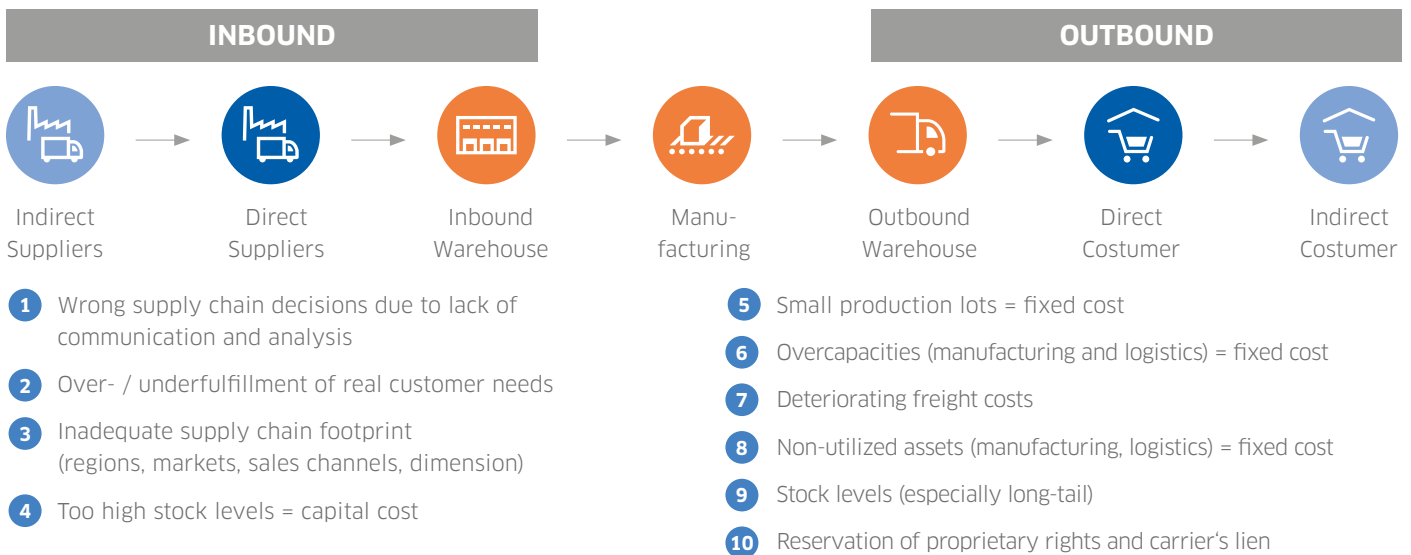
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## COVID-19 and beyond

Due to the unexpected disruptions of COVID-19, many companies and industries are inevitably faced with inefficient and expensive supply chains. A dramatic drop in sales is leading to supply chains no longer matching realistic (lower) sales volume forecasts and / or customer and market demands. Depending on the level of vertical integration, supply chain costs, already accounting for up to 50% of total operating costs, are becoming more and more crucial.

But ever so often, such a scenario is only the first leg of the journey to further stages of crisis. Cost structures in supply chains are no longer covered by sales or margins and negated market developments start to further reduce the profitability of these companies. The subsequently upcoming profitability crisis deteriorates equity and liquidity - in worst cases leading to insolvency.

## Indicators of supply chain weakness



We recommend a Supply Chain Check, performing a series of efficient and robust quick assessments to identify the most relevant „pain points“.

## Miebach Supply Chain Check

- Analysis / evaluation / scenarios regarding future supply chain volumes and needs - base line
- Competitor analysis
- Evaluation of supplier network (complexity, frame contracts, volumes) - complexity & risks
- Analysis of current warehouse structure and utilization as well as contractual and staff situation - fixed and operational costs
- Analysis of stock levels (e.g. long tail) - capital costs
- Analysis of manufacturing network and utilization as well as contractual and staff situation - fixed and operational costs
- Analysis of freight costs - operational costs
- Supporting systems - performance of planning processes
- Evaluation of current risk management systems (set-up & reliability) - sales / profitability risks

In our “Supply Chain Check” we are following the 80:20 rule, focusing on the most business-relevant supply chain structures first. From supplier via manufacturing and warehouse sites to customers - we evaluate the level of oversize, the match of locations to markets, service-levels to customer needs as well as required stock levels - assessing costs and performance, weaknesses and saving potentials.

## Approach & mid-/long-term measures

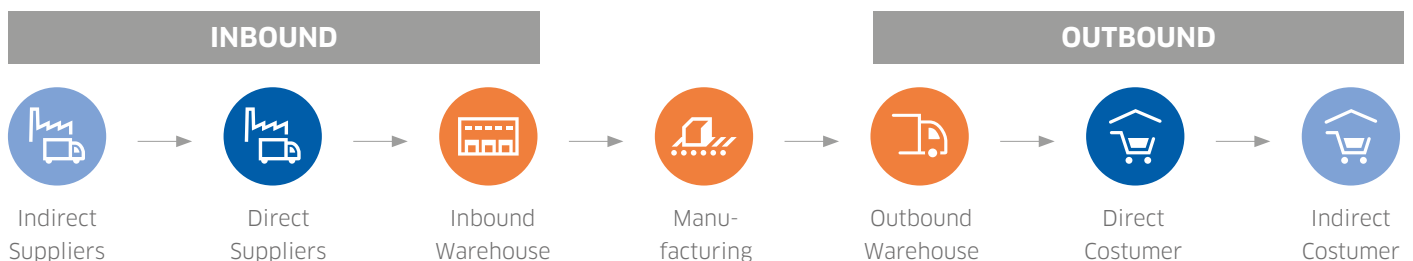
The primary outcome of the supply chain audit is a solid „view“ on the fit of the current supply chain to short-term requirements and volumes, as well as to mid- to long-term market and technology developments.

Structure always follows strategy, so Miebach anchors all mid- to long-term optimization approaches in line with the overall company's strategy regarding

future supplier structures, products, services, sales plans, channels and regions / geographical footprints.

We are always striving to develop the best set of short- and mid-term measures to reduce costs, improve performance and generate cash, e.g. by negotiating with both suppliers and logistics service providers, reducing stocks, etc.

## Miebach optimization of the supply chain



- 1 Procurement optimization (e.g. platforms) - gross profit
- 2 Purchasing price reductions (e.g. benchmarking, negotiations) - gross profit
- 3 Order lot size optimization - capital costs
- 4 Closure & sales of non-strategic manufacturing and logistics sites - operational costs
- 5 Re-negotiation of freight rates and selection of optimal transport mode and providers - operational costs
- 6 Sale & lease back of strategic sites and sub-lease of space - liquidity / cash

- 7 Reduction of stock levels (inbound, outbound, especially long-tail) - capital costs
- 8 Manufacturing network optimization (e.g. production program / site optimization) - operational costs
- 9 Manufacturing process (e.g. value stream optimization) - operational costs
- 10 Manufacturing cost optimization - operational costs
- 11 Re-alignment of customer / delivery service more precisely following the real customer demands - operational costs
- 12 Payment term optimization (e.g. billing directly linked to POD) - capital costs & cash

Mid- and long-term measures are mirrored to a Greenfield approach - reflecting an optimal future supply chain setup and working perfectly as clear direction for the next years. But balancing the trade-off of cost savings vs. investments and restructuring

costs / one-offs, we are regularly switching to a Brownfield approach. Together we develop a detailed step-by-step implementation plan as necessary as well as adequate tools for you to professionally manage the upcoming transformation.

# Long-term measures & digitization

We streamline the supply chain by eliminating redundant or under-utilized capacities, assets and inventories. We create the financial resources needed to restructure the supply chain based on stock level reduction and sales & lease back options in order to finance the long-term measures, especially a significant digitization of your company and your processes.

Digitization is disrupting outdated models while at the same time pushing and driving new business models. As long as goods are moved physically, logistics is and will be the enabler of these new business models. Below you will find an overview of digitization, platforms and artificial intelligence methods along the supply chain.

## Miebach digitization of the supply chain



### DIGITALIZATION

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- 1 Disintermediation Suppliers
- 2 Pain-Points Indirect Suppliers
- 3 Pain-Points Direct Suppliers
- 4 Optimization Existing Supplier Touchpoints
- 5 Development New Supplier Touchpoints

- 6 Optimization Customer Touchpoints
- 7 Development New Customer Touchpoints
- 8 Pain-Points Direct Customers
- 9 Pain-Points Indirect Customers
- 10 Disintermediation Customers
- 11 Digital Twin & Simulation

### PLATFORMS

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- 12 Production Network / Program Optimization
- 13 Collaborative Master File Data Management

- 14 Collaborative Predictive Forecasting
- 15 Build-up collaborative Sales Platforms

### ARTIFICIAL INTELLIGENCE

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- 16 Process Optimization by Robots
- 17 Predictive Forecast Pricing
- 18 Predictive Forecast Stock Level Management
- 19 Supplier Levelling
- 20 Inbound Routing / Consolidations

- 21 Process Optimization by Robots (e.g. AI-supported batching / slotting)
- 22 Predictive Forecast Stock Level Management
- 23 Routing / Forwarder Selection / Control Tower
- 24 Internationalization via market places
- 25 Customs optimization via Robots
- 26 AI-supported Supply Chain Risk Management
- 27 AI-supported Process Mining & „Live“ dashboards for production
- 28 AI-supported Process Mining & „Live“ dashboards for logistics

## Supply Chain life cycle costs

We appreciate the current trend from evaluating only „landed costs“ up to consideration of „life cycle costs“ for a supply chain in order to reflect future network / technology realignment costs and costs for supply chain risks which may occur with a certain probability.

## Miebach advises its clients on best-in-class solutions

As Miebach Consulting, we have been successfully advising our clients in all areas of supply chains for almost 50 years - we have only achieved this because we always deliver an excellent quality of advice and are recognized thought leaders and innovators in consulting and in the logistics industry.

We actively seek and employ highly qualified and experienced experts for all areas of warehouse and supply chain optimization with individual industry or methodological expertise. We plan sustainable best-in-class supply chain structures and intralogistics - from conception to successful handover to the customer - from global strategy to the „smallest screw“. You can measure us by the success of implementation.

Our consultants are our most valuable asset and regularly stay with our company for many years - this is basis for many customer relationships over decades. At the same time, we develop ourselves

consistently and fast - we “live” digitalization and agility in our daily consulting work. We are extremely well-connected networkers in order to recognize trends and innovations first, to evaluate them and recommend them if beneficial for our customers. Big Data and Data Analytics have been the basis of our work and analyses from the very first days of our consulting work - we always stayed one step ahead of development. We are building up technology partnerships with selected providers. In addition, we are always developing our own methods, tools, AI tools. Miebach’s technological footprints can be found in many global supply chain structures and management systems.

For the transformation itself change management is our natural method and tool to develop and keep a spirit of success, being stronger than the fear of crisis for our customers and their employees to make it a success story and bring it to a good end.

**Please contact us to discuss your current challenges.**

