

Compressing the Decision Cycle: How Supply Chain Leaders Can Adapt



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With the convergence of the COVID-19 pandemic and ongoing natural disasters, global supply chain problems such as product shortages, congestion and price spikes have become more prevalent. Consequently, companies have had to compress their response times to these crises, forcing producers and shippers to pivot more quickly. In the era of COVID-19, strategic planning has given way to risk and contingency planning. Nick Banich, Chief Revenue Officer for North America at Miebach Consulting, discusses how digitally transforming the way decisions are made will be a key differentiator as companies become more agile and flexible in response to today's interconnected supply chains.

Manufacturers and retailers have been struggling to keep up with shifting demand, labor and materials shortages, port congestion and more severe natural disasters. The sudden and acute impacts of these events on supply chains have compressed the timeframe in which companies must make decisions about complex and often costly problems. As demand uncertainty and sustained disruption make long-term planning even more of a “crystal ball” exercise, the focus for these organizations must shift to shorter-term risk mitigation, contingency planning and the ability to continually pivot around reality.

The broader trend toward proactive risk mitigation predates COVID-19, as supplier networks have become increasingly global, more interdependent and more complex. More recent destabilizing events, however, have accelerated the need for crisis planning, requiring producers, suppliers and their transportation and logistics vendors to be able to analyze new inputs and constraints quickly and arrive at holistic decisions within days, rather than weeks or months.

“Gone are the days of the static environment where management can

sit down at the beginning of the year and plot out a vision for the next five or 10 because you have some reasonable expectation of what the world's going to look like,” says Nick Banich, Chief Revenue Officer for North America at Miebach Consulting, a global consulting, advisory and engineering firm. “You need to anticipate scenarios and develop rapid responses. You don't have six months to spend with a stack of Excel files trying to figure it out.”

Digital transformation has offered solutions for companies navigating this new territory of risk planning. With access to advanced data science methods, innovative algorithms, as well as control tower platforms to achieve end-to-end visibility across the supply chain, companies can significantly up their game in a market where speed of decision is as important as speed to customer. As more companies adopt higher-tech methods, they raise the performance bar for everyone, leaving behind those that are slow to implement new tools and workflows.

Banich sees a general resistance to change as an industry-wide failure of the imagination, noting that most supply chain decision-mak-

ing today is still done on Excel spreadsheet macros. “We're in a world where a lot of supply chain leaders are far from being digital natives,” he says, “but schools are teaching second graders the basics of programming and Python. Between the wider acceptance and knowledge of programming and organizations moving to having centralized data repositories, we're seeing a quickening of the decision-making process.”

In the meantime, sustained demand volatility has compressed the gap between planning and execution. A growing number of companies now blur supply and operations planning with shorter-term supply and operations execution. That level of compression creates a new set of challenges as companies look to their suppliers to cooperate, collaborate and respond to fast-changing conditions as a single entity. In the past five years, solutions addressing those new challenges have exploded, from large data platforms offering data collection, formatting, analytics and visualization, to modular, built-on hybrids.

“The market has been flooded with analytical tools, visualization tools,

data warehousing platforms,” says Banich, who believes these developments mark a positive trend. “There’s a whole amalgamation of different platforms and software and service providers out there that can offer support with this. And I think that just shows that there is opportunity there.”

One must-have component for all partners, Banich says, will be predictive and prescriptive analytics, and the capability to simulate and test possible scenarios for their potential effects. Another is a single, shared version of truth among typically siloed parties used to selectively keeping information close to the vest.

“It’s easy when an organization kicks off a digitalization initiative,” Banich says. “They’re focused on the technology stack, what the user interface is going to look like, the user requirements for the software. Whether you pick Tableau or Power BI is not going to define the success or failure of the outputs of the planning platform or the application that you develop. It comes down to the people element, and that gets significantly harder once

you start moving outside of your silo within your organization, to other partners both upstream and downstream of where one sits in the supply chain, often part of entirely different legal entities.”

Current shortages of skilled supply chain professionals haven’t helped. But Banich believes companies that have embraced digital transformation have an edge when attracting talent in a job market where it’s easy to connect with recruiters and trade up to a more desirable position. “It’s really important that you’re using these digital tools, platforms and decision-making processes to automate things,” he says, “to increase depth and capability, which allows you to give people a greater sense of purpose for how their task advances the organization as a whole. This is even more so with Generation Z entering the market, where they want to understand how their job description is going to advance not only the organization, but, in many ways, society as a whole.”

A lot of ongoing supply chain discussion has focused on what the post-COVID “new normal” will look

like. Banich believes lasting changes will come in areas where the pandemic and natural disasters together revealed operational weaknesses in the supply chain. For instance, in an effort to build supply chain resilience, many companies have chosen to forego a lean production strategy in favor of maintaining safety stocks.

Banich believes this strategy is more complicated than it seems. “Inventory can be a good or bad thing — good if you’ve planned for a contingency, done the predictive and prescriptive analytics and have a purpose and a reason for that inventory,” he says. “If you’re using inventory to hide problems — and I think this is where a lot of people got caught during the pandemic — then all of a sudden you have shipping delays, containers not available, suppliers shut down and your own facility shut down. Those problems were 100% exposed.” Companies addressing the root causes of the problems that were exposed during the pandemic, he argues, will be best positioned to manage future disruption and enjoy a competitive advantage.

How Miebach Sets Up Companies for Success

Miebach Consulting was launched in 1973 in Frankfurt, Germany, to help businesses in Central Europe implement automation strategies. Miebach has been a company focused on supply chain innovation since its creation, with the introduction of the first “pick, pack and check” warehouse processes in 1980. Over the last five decades, the company has grown to serve the entire end-to-end supply chain as a global consultancy, with 24 offices worldwide and over 400 consultants. Its services include support with change manage-

ment, network and process design, supply chain assessment inventory optimization, supply and operations planning, and supply chain visibility.

To address the most pressing supply chain issues that affect companies today, Miebach has dedicated an entire business unit to helping its clients move away from antiquated technologies such as ad hoc Excel, and instead embrace digital automation, advanced data science methods and good change-management practices. In the wake of the

pandemic especially, Miebach has been working with companies to unpack the inefficiencies revealed from the crisis so they may build future, technology-driven resilience.

“We created this business unit to support clients on this journey, as they ask, ‘How do I go quicker from question to answer? How can I look over the horizon at what might come if certain assumptions, inputs or variables in my business change, or if my supplier base changes?’” Banich says.