

In June, we attended ACG’s 12th Annual Industrial Conference. Here are five of our top takeaways from Wendy Buxton’s presentation on, ‘Supply Chain as a Growth Lever’

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5 THINGS YOU MISSED –

1 Supply Chain as a Lever for Delivering Growth: As supply chains get increasingly complex, optimizing them can potentially free up significant amounts of cash, which in turn can have an outsize impact on operating performance. Private equity firms pursuing business transformation often look to make micro-level changes in the supply chain—for example, in inventory management—that have a macro-level impact on the financial performance. Freed-up capital can then be reinvested in the business to support long-term strategies like expansion, talent acquisition, etc.

2 Evolving Distribution Strategies: Consumerism, as a concept, has evolved over time, gradually changing the expectations of consumers along the way. Furthermore, Amazon and other mega-disruptors, have helped drive up these expectations, and the concept of ‘order-today-receive-today’ is soon expected to become a reality. In such a scenario, traditional distribution networks may no longer suit the purpose. In turn, this has led to a unique concept called ‘e-commerce distribution networks’ which looks to localize products in the required markets, as opposed to the traditional centralized distribution network.

3 Mega-Disruptors: Technologies that help in sourcing, manufacturing, and distribution activities are emerging in a number of areas. For example, 3D printing has the potential to revolutionize production techniques, resulting in automating a significant portion of manufacturing. Similarly, vision picking, where orders are picked and fulfilled by machines in warehouse operations, can transform inventory management. Other disruptors such as robotic automation, drone deliveries, autonomous trucks, and predictive analytics are technological advancements that have changed the game for the logistics and supply chain management industry. All these technological advancements require huge upfront capital investments, but can also provide long-term gains.

4 Positive Impact with Micro-Improvements in the Supply Chain: Companies can consider a few strategies to streamline the supply chain—such as improving visibility on how the supply chain is functioning; designing a shipping network that adapts to the dynamic costs of oil, trucking and tariffs; maximizing just-in-time inventory and minimizing the associated risks of delays. The often hidden levers that can help unlock the supply chain are looking at sourcing strategies; optimizing inventory management; and addressing logistics to find the most cost-effective way to sustain and improve operating performance.

5 Unlocking Value Using the Supply Chain: Supply chain has the potential to deliver ~50% growth to the business. For this to happen, companies should focus on scaling to support profitability by ensuring that the supply chain is designed to fulfill ever-changing customer expectations. On the face of it, the transformation might look like business restructuring, but instead, if companies can successfully identify the key levers that give them the platform to grow their business, there is no reason why supply chain should not be a part of the 100-day program for value creation.

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