Customer Centric Supply Chain Planning

What? Why? How?

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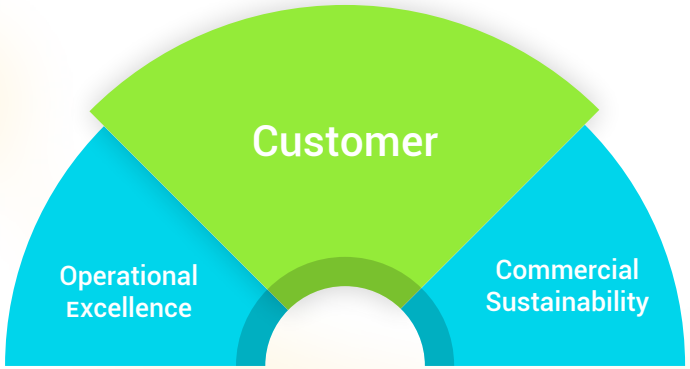
In the fast-paced world of supply chain operations driven by uncertainty, companies are struggling to identify a reliable keystone to bind operational excellence with commercial sustainability.

Customer is the keystone



Yes. As you might have guessed, we postulate that customer must be the keystone.

We know you would safely proclaim that you already value your customer to the highest degree, and excellent customer service level is one of the major performance targets that you cherish.

We know this. However, if you evaluate the degree of compliance to this simple principle in your organization, you might realize how deep customer related data is actually propagated in your supply chain.

We would also like to emphasize the adverse impact of lack of digital comprehension of customer centricity in operational activities.

We need customer centric planning

Successful alignment of all operational, tactical, and strategic decisions around the common goal of sustaining profitability with a clear and actionable perspective on customer satisfaction proves to be elusive.

Customer-centric planning offers an operational environment where every decision maker within the organization

- has a clear comprehension of the impact of every decision on every single customer's service level,
- and holds the pulse of end-to-end operational dependencies among different levels of the supply chain

so that they have the power to generate optimal decisions at every action.

Hence, the keystone in customer-centric planning is the customer:

- be competitive to attain new customers,
- keep your promises to hold on to existing customers,
- and be efficient to sustain profitability.

Customer is the king. And everyone says so.

Obviously.

All businesses primarily strive to serve their customers to the best of their abilities. Competing is the art (or science) of winning and keeping customers while operating profitably.

Although "customer is the king" is the commonly accepted postulate, as the companies grow, this focus is typically applied in the customer-facing processes (sales, product shipment), and some-what diluted in all the other operational units.

In a reasonably large organization, processes are distributed among different organizational units (such as, production, purchasing, maintenance). Every organizational unit is given its own local area of focus to operate. Improved classical planning processes and availability of corporate data in transactional systems have enabled companies to synchronize operations by defining local targets for each organizational unit that propagate corporate concerns and track its performance as an independent entity.

Let's think of an example:

Assume that you are responsible for purchasing items from suppliers. Typically, planning / transactional system provides you with a list of items to be purchased with respective required quantities and dates. The basic assumption is that these requirements are calculated within a reasonable planning process in which customer requirements are intelligently considered.

If you accomplish to purchase the items and have them shipped before their requirement dates, you have successfully executed your role. And, if every other department successfully executes its role, this may eventually translate to successful delivery of service to customers. This works fine if you are operating in a slow-paced and relatively stable supply chain, and everything goes as planned.

However, in a fast-paced supply chain with operational uncertainties, the classical mode of operation fails.

If every department does its job, business should eventually be successful. *Right?*

If everything goes as planned, operating in specialized organizational units under a classical planning process has proven to be a sound and successful practice. Even small or infrequent disruptions can be handled by occasional re-planning.

The challenge is to gracefully handle significant, and in many cases, frequent disruptions (which is not an exceptional situation in competitive business environments). At any possible disruption, how you resolve the operational impact of that disruption would affect the bottom-line of the business.

Let's take a look at what happens when a disruption occurs: In our example, let's assume that delivery of an item is delayed for some reason.

There are several ways to respond to this disruption:

- **Do nothing.**
- **Immediately respond using methods and resources under your responsibility.**
- **Trigger a company-wide re-planning to modify production and/or order delivery schedules.**

Let's look at them in detail. →

Do nothing.

This is the optimal option if the current plan has some safety buffers against potential disruptions (such as, using a purchasing lead time slack). Additional costs may incur to immediately assess and trigger re-alignment of some operations to utilize that buffer. You also need to be aware of the additional risks imposed on future operations by depleting the safety buffer.

Immediately respond using methods and resources under your responsibility.

An example of such a response is to order an expedited delivery of the item, or purchasing the item from another supplier, so that the issue is resolved locally. By this way you make sure that the downstream operations are not affected by the disruption. This option incurs additional operational costs. Also, local re-alignment and re-planning of operations may need to be triggered, which increases the nervousness within your organizational unit.

Trigger a company-wide re-planning to modify production and/or order delivery schedules.

You may also trigger deploying more costly operational modes in downstream operations (such as overtime, outsourcing and expedited deliveries to the customer) so that customer order deliveries are performed with minimal disruption. This option incurs additional operational costs. Re-planning of operations across the whole organization takes time and increases the nervousness, which adversely affects the response time.

Every course of action that we listed may be the optimal response for the disruption depending on the unique circumstance. We claim that optimal operational cost / service level balance can only be achieved if every decision maker within the organization has a clear understanding of the impact of every decision on the customer service and holds the pulse of the operational dependencies from their own perspective, so that they have the power to generate the correct response at every disruption.

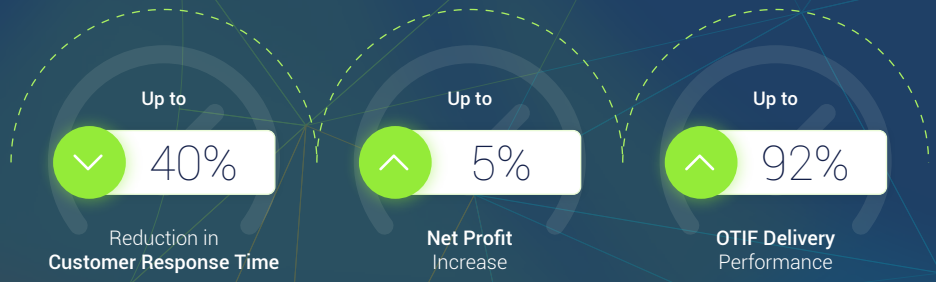
Hence, if the customer is truly the king in your organization, then you need to build a customer-centric supply chain.

ICRON Supply Chain Planning puts customers at the center of your supply chain planning by achieving intelligent alignment of all operational, tactical, and strategic decisions with customer service goals.

ICRON provides end to end visibility of all risks and opportunities in the organization. Decision makers in all supply chain levels are notified about opportunities and risks imposed by the current state of operations, and impact of planned decisions. In the face of disruptions, decision makers immediately observe additional risks and opportunities created by the disruption and consistently make optimal response decisions. In the meantime, the full visibility on supply chain will enable you to be proactive in disruptions affecting customer satisfaction.

ICRON handles all the dirty work to keep supply chain actions under control and keeps you in focus with your primary goal: operational excellence with commercial sustainability.

Measurable Benefits



ICRON offers a comprehensive suite of AI-powered Supply Chain Optimization and Decision Making solutions to fuel performance across operations. With the help of customer centric supply chain planning approach, companies can achieve end-to-end visibility and exceed their business goals.

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