Chapter 9
Business Transformation:
Real–Time Collaboration and Visibility – Creating a Proactive Supply Chain Network

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ABSTRACT

Imagine when enterprises could capture the true picture of market dynamics from the very point of the demand-origin based on the customer behavior in an omni-channel environment, and have the ability to react to those demand swings with a near-zero latency? The top-line and bottom-line impact would be so huge that it would be a no-brainer for supply chain leaders to make the needed investment. Over these years, globalized network strategies such as source-anywhere, make-anywhere, and sell-anywhere have become an implementable reality. At the same time, the efficiency (economic profitability) of that very design continues to see risks due to several geo-political and macro-economic factors. For want of a nail, manufacturing and distribution companies face the risk of losing the shoe. In this chapter, the author outlines a prescriptive approach to manage such risks through synchronous collaborative planning and proactive supply chain visibility that would help enterprises not only continue to be agile but also remain profitable.

INTRODUCTION

It all begins with demand. A common demand planning practice is to forecast demand at higher levels of product-geography-time hierarchy owing to better forecast accuracy, and disaggregate down the higher-level forecasts to leaf-level sub-product groups and products. This approach is widely adopted due to the inability to represent a true accurate picture of lower-level forecasts that aligns with the customer behavior. Consumer preferences change by the day, and with several competitive alternative options flooding the market, a true statement of demand is best expressed at the point of sale (POS) (Doherty & Harrop, 2006) where demand is tangibly captured. This is the sell-through information, i.e., the space-time where the consumer places an order in an omni-channel ecosystem — be it a virtual store or a physical retail outlet. Thanks to the plethora of Internet-

powered gadgets that provide encyclopedic visibility into a vast world of reviews, blogs, price history, deal options etc., the consumers of today are extremely well-researched and well-informed of their purchases and are no longer driven by brand consciousness. Brand loyalty has become a thing of the past. In a multi-channel or omni-channel fulfillment network, consumers have several choices beyond brick-and-mortar stores, such as online shops and mobile storefronts, to meet their individual and timely shopping needs. Be it for market scanning, pricing comparisons, order creation, tracking of shipments or following up on returns, the omni-channel experience offers it all to the end consumer. In such a competitive environment, companies and their brand names are as good as their best last game with no guarantees on entitlement value. And no guarantee on repeat purchases too.

Top supply chains are cognizant of the fact that end consumers are the market kings. Hence, a lot goes into capturing that very customer behavior in real time and being able to utilize the critical first piece of information in aligning the upstream supply network resiliently and near-synchronously. The end goal is enabling every participating stakeholder in the network to sing to the same sheet of music (Barratt & Barratt, 2011). This synchronicity allows the enterprises to break the thick walls of secrecy within their internal and extended networks, helping them embark on a critical journey of transparent communication and collaboration with their multi-tier trading partners (Viswanathan, Widiarta, & Pilpani, 2007). Trading partner collaboration has been a topic of academic interest for more than a decade, and very few in the industry have really broken the inertial shackles of adopting near-time information capture and upstream dissemination to improve their supply chain performance. To a large extent, this status quo hasn't changed much. The root cause of a reactive or panic-driven

business-to-business (B2B) communication can be attributed to several factors such as myopic organizational goals, poor understanding of the value proposition of collaboration, turf protection, and sometimes misguided perception of a high total cost of ownership to operationalize a transparent collaboration platform. Thanks to significant innovational strides by best-in-class enterprise software solution providers of the day, the technological road to barriers of supply chain collaboration and visibility is a thing of the past. Establishing B2B information visibility through a collaborative platform has now become a templatized approach that enables companies to onboard themselves and their trading partners rapidly across the globe irrespective of their in-house technological constraints or readiness. The question at hand to those companies yet to adapt with the times is not how, but when? The critical message is to speak up and share, or be left behind in the race.

The author of this chapter, being a global supply chain Industry Principal and speaker himself for more than a decade, continues to see the need for trading partner collaboration all the more today and as a must-have in the future. For example:

1. Between manufacturers and outsourced selective suppliers *(Bartlett, Julien, & Baines, 2007).* Be it automotive or the industrial sector, original equipment manufacturers (OEMs) heavily rely on global suppliers to ship raw materials and sub-components in right quantity, to the right assembly plants, and at the right time. In certain situations, the shipment of these goods is expected to be carried out in a specific sequence as well.
2. Between suppliers and retailers, due to limited static boundaries of the supply chain *(Shue, Yen, & Chae, 2006).* For example, in the world of consumer-packaged goods (CPG), retailing giants and the brand-name

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