

A stylized, 3D-rendered road with white dashed lines and a solid white edge, curving from the bottom left towards the top right. The road is set against a solid orange background.

SUPPLY CHAIN PLANNING TRANSFORMATION

A Practitioner's Roadmap

Supply Chain Planning Transformation:

BEFORE YOU BEGIN YOUR JOURNEY

In the context of supply chain planning, transformation involves improving an organization's abilities to make decisions about which products to keep in stock, where to keep them, when to replenish them, how to improve service levels for customers, how to liquidate excess stock in the most profitable way and how to quickly respond to changes in customer demand. Supply chain planning transformation can enable real-time tracking and analysis of customer and product data, decision-making based on predictive and prescriptive models, and the use of new capabilities enabled by artificial intelligence, machine learning, social media and the Internet of things. It can also automate daily operational decisions to free up talent to work on higher value activities.

Agile, data driven, speedy and highly automated supply chain planning operations are becoming increasingly critical in today's fast-paced, global business world. This e-book provides practical steps and a best practice roadmap to guide you on your transformative journey.



**PLAN YOUR
DESTINATION**

Getting Off To A Good Start

Although the vision to transform your supply chain planning capabilities might originate within the supply chain organization, a transformation project needs the **support of senior management** for success. Such a project needs a strong leader who has the authority and expertise to drive the project from both a business and technical standpoint. This leader needs to be able to drive support for transformation from the ground up.

A **strong business case** demonstrating how the transformation project will improve company performance, solve difficult problems and/or reduce business risk is essential to winning approval. Complete and accurate data that supports the benefits of transformation can help convince people that the project has been thoroughly studied and minimize objections.

Transformative change can be very uncomfortable especially when your job is being affected. The importance of **change management**, including open and frequent communication, cannot be overstated. Include people in the project who will be affected by the transformation to help address their concerns and to gain early buy-in to the future vision.



A Multi-Dimensional Journey

Supply chain planning operations are complex. They encompass highly skilled people analyzing multiple data streams using advanced solutions to enable intelligent processes that create optimal plans that align with business objectives. Enabling technology and available data are changing rapidly and both can have a significant impact on best practices and the talent required to operate them. To be successful in transforming supply chain planning operations, all four foundational dimensions (people, process, data and solutions) have to be addressed simultaneously. The following questions can help you uncover key supply chain planning transformation topics:

- What new process capabilities (automation, decision making augmentation, continuous planning, etc.) do you want your future supply chain planning platform to enable?
- What new data sources (internal / external, structured / unstructured, sensing / causal, etc.) do you plan to utilize with your future supply chain planning platform?
- What new solution capabilities (Artificial Intelligence, Machine Learning, Advanced Analytics, Digital Twin, etc.) do you want to adopt to enable your transformed planning process?
- What new people skills will be needed to analyze data, operate new processes and use new solution capabilities?



The People Dimension

Changing the way people think about the supply chain and how they work is fundamental to transformation. Managing the people dimension can often be the toughest aspect of a transformation project. Supply chain leaders who understand the end-to-end supply chain and their company's business objectives are key to setting the future vision and driving the team to quickly adopt changes. Below are a few best practices to consider when transforming your team:

- △ **Build consensus and excitement for change.** A willingness to consider new ways of working is essential for transformation.
- △ **Define and staff new roles to enable a digitally transformed process.** For example, supply chain analyst, database engineers, data scientists, etc.
- △ **Determine whether a centralized, decentralized or hybrid model is best by functional area.** Which model to choose depends on a number of factors including the function's purpose, customer, place in the supply chain, available talent, and technology used.
- △ **Establish a supply chain Center of Excellence (COE).** This action is essential to successfully building the necessary skill sets and advanced capabilities while also focusing on maintaining your current operations.



The Process Dimension



The overall goal of supply chain planning transformation is to develop better plans, gain better control, achieve better transparency, and to create a greater ability to make good decisions faster. Well-defined planning processes are a foundational component to achieve full benefits from transformation.

It is not enough to just speed up or automate the existing supply chain planning processes, especially if those processes don't support current and/or future objectives. Automating a broken process will not improve its results—it just produces poor results faster. Below are a few tips on how to successfully transform your supply chain processes:

- **Automate the routine to free up people to work on higher value activities.** Highly skilled planners would rather spend their time solving problems that create business value versus getting bogged down in routine repetitive work.
- **Segment tasks to the most appropriate resource.** People and systems are good at different things. Intelligent systems can sort through vast amounts of data and uncover key insights. Systems can also automate and execute routine tasks with less errors and in a fraction of the time versus humans. Systems are not good at solving highly unstructured problems that require intuition, experience and creativity. Humans also understand other humans far better than systems.
- **Document best practices and standardize across operations.**
- **Simplify to enable agility.**

The Data Dimension

The digital supply chain thrives with the right data. Unfortunately, determining what the right data is has become extremely complicated. The volume of data is growing exponentially. In fact, it is projected that 463 Exabytes of data will be created each day in 2020—that's over 200 million DVDs of data per day!*

To develop insights that lead to value, supply chain data needs to be clean, complete, consistent, current, controlled, and convenient. However, more than 40 percent of supply chain leaders say that their available data is difficult to analyze because it is split between multiple reporting tools and systems, or simply because it is bad data. Achieving robust supply chain data management capabilities requires:



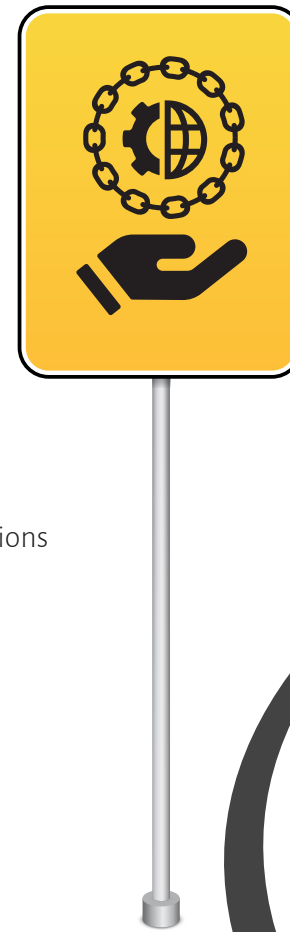
- 1.** The establishment of organizational roles and business processes that continuously drive towards supply chain data management excellence.
- 2.** Technology that supports key supply chain data management business processes.
- 3.** Ownership of the process, data and technology by the supply chain team.

*Source: Raconteur, A Day in Data, 2019

The Enabling Solution Dimension

The final foundational component to enabling a supply chain planning transformation is an advanced enabling technology platform. To accommodate the fast-paced, 24x7x365 supply chains of today, your supply chain platform should support the following.

- Fast deployment, agile process adjustments, easy updates, and flexible scalability
- Embedded and purpose-built artificial intelligence and advanced analytics updated in near real-time to automate the routine and augment advanced analysis and decision making
- Flexible and highly configurable user interface
- Collaborative workflow, configurable limits and active alerts to enable management by exception
- Automation and streamlining the acquisition, cleansing and management of supply chain data
- Multi-horizon, -aggregation, -functional, -organization, -unit and -language operations
- Robust planning and optimization capabilities from product design to customer availability



The Destination

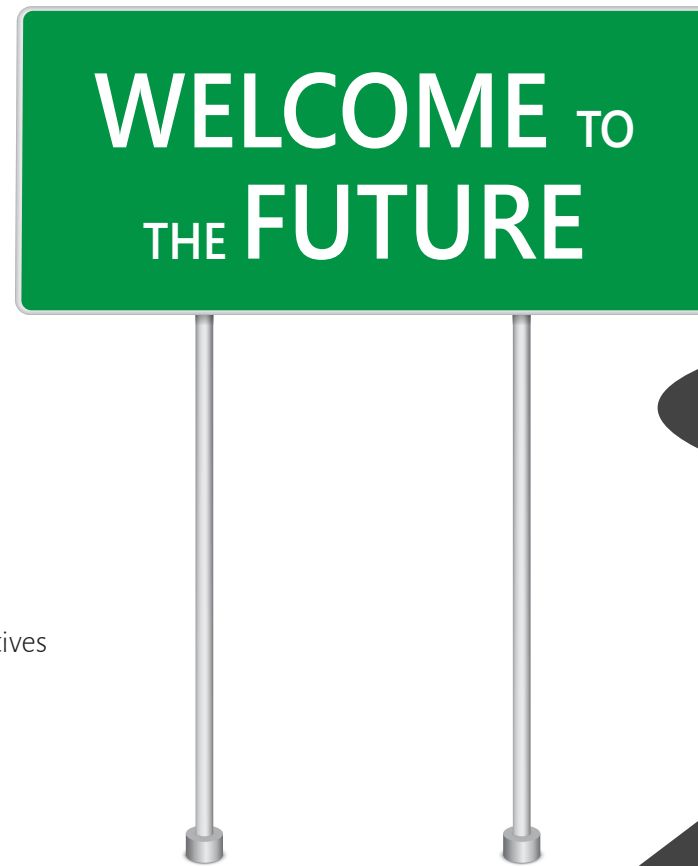
There has never been a bigger opportunity or justification for supply chain planning transformation. Consumer-driven market demands, fierce competition and complex global operations have focused a spotlight on the supply chain's ability to reduce costs and add value. Supply chain excellence has become critical to business success. Doing nothing is no longer an option.

The convergence of powerful computers, capability rich supply chain planning technology, and an expanding workforce of digital natives makes the path to transforming supply chain planning less difficult than even five years ago. Today's advanced supply chain planning platforms, like the one available from Logility, are designed to deliver digital transformation benefits in a single business year.

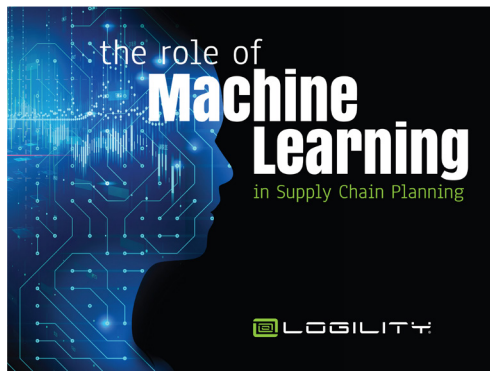
Supply chain planning is transforming to deliver:

- ☐ Better visibility of the extended supply chain
- ☐ More accurate plans faster that drive efficiency, cost savings, and customer value
- ☐ A greater degree of control, risk identification and mitigation, and opportunity attainment
- ☐ Greater integration of multi-horizon planning with business objectives

“There is nothing worse than doing the wrong thing well.”
- Peter Drucker



ADDITIONAL RESOURCES



The Role of Machine Learning
in Supply Chain Planning eBook

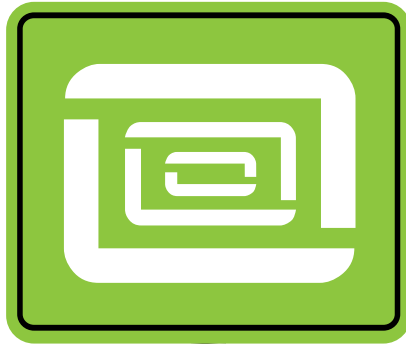


A Digital Transformation Guide
for Supply Chain Disruptions
eBook



The Advanced Inventory
Optimization handbook eBook

ABOUT LOGILITY



Accelerating the digital supply chain from product concept to customer availability, Logility helps companies seize new opportunities, sense and respond to changing market dynamics and more profitably manage their complex global businesses. The Logility digital supply chain platform leverages an innovative blend of artificial intelligence (AI) and advanced analytics to automate planning, accelerate cycle times, increase precision, improve operating performance, break down business silos and deliver greater visibility.

To learn how Logility can help you make smarter decisions faster, visit www.logility.com.

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