Edition 52
How to use Data to Improve Supply Chain Decision Making

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In the data-centric world we live in today, supply chain decision-makers have become increasingly reliant on quality data. Data enables decision makers to draw actionable conclusions based on the best information possible. This is critical to maintaining an efficient supply chain to help drive strategic and competitive advantage company-wide.

The true challenge lies in determining whether your organization can ensure that the data used to make supply chain decisions are clean, relevant and accurate. To answer those questions, decision makers must create a comprehensive view of all data sources; complete with information on how they both integrate, and interact with supply chain processes to drive decision-making. To maximize data potential and avoid costly roadblocks like redundant technologies, duplicate processes or poorly synthesized data, supply chain leaders should follow a few simple steps:

First, Work with Accurate, Real Time Data. Recent research has shown that, even among top retailers, critical business data often lacks consistency. Despite the investments many supply networks have and continue to make in data management tools, this lack of data consistency -- and visibility -- is a common industry problem that has the potential to cause major damage to a company's bottom line.

The impact of one faulty data point can involve a ripple effect of inaccuracies as it travels down the supply chain. With today's trading and regulatory requirements causing an increase in the number of data points throughout the product lifecycle, reducing data errors is more important than ever. Typically, improving master data management in purchases, pricing, order quantities and replenishment levels will provide the greatest measurable benefits. These include sales gains, decreased administrative costs for error correction and more accurate pricing on everything from purchase orders to invoices. Better inventory control also translates into lower warehousing, transportation and shipping costs.

One relatively simple method to quickly get more accurate data into your related systems is to analyze the timing of your MRP data pulls. You may gain more accurate visibility into your inventory by timing pulls to obtain critical data individually from your ERP, rather than relying on batch processes with delayed intervals. Additionally, use data capture and validation workflows to search for incomplete or inconsistent records in your system. Continually audit samples of data to discover errors and develop processes to better manage data input.

For enhanced real-time data, mobile technology provides even more integration potential for supply networks. For example, supply chain management solutions can enable planners, purchasers and suppliers to accomplish transactions from their tablets or smartphones anytime, anywhere. At the level of "on the floor" data, consider using mobile applications for inventory management in distribution centers and warehouses as well as retail facilities. Several big box retailers, for instance, use mobile devices to capture receiving and ordering data as well as warehouse pick-packing transactions. These devices send data immediately to your ERP for real-time visibility throughout the product lifecycle.

Next, Eliminate Redundant Data and Processes. Inconsistent, ill-timed, incomplete and redundant data and processes are a recipe for inaccuracy. The lack of an independent AP automation solution to integrate with the ERP and purchasing system makes the checks and balances of three-way matching impossible. For example, a purchase order that is generated in an ERP, then sent to a purchasing collaboration system for processing but to a different system for AP automation may result in faulty invoicing due to the multiple systems' varying rules and cycle times.

Another example is a company with a general ledger, warehouse management system (WMS), ERP software, and third-party logistics (3PL) systems that use different data sources on which to draw conclusions and make decisions. In this scenario, you have four different versions of the data with no "single version of the truth."

One solution is to evaluate areas in your supply network where multiple systems or processes use the same data and find ways to streamline it into an integrated system, leveraging technology to auto-populate redundant data. For complex organizations, another useful method is to determine which KPIs are most relevant for your business objectives, apply the KPI equations consistently across the enterprise, and evaluate the data daily, weekly, monthly, annually or on some other a regular frequency The result is more consistent data that can be leveraged for strategic, accurate decisionmaking.

Finally, Create a Centralized Data Solution. With today's exponential growth of "Big Data," the supply chain network's challenge lies in sifting ever-growing mountains of information for relevance and accuracy. The fact is that more data does not necessarily mean better data. As supply chain corporations continue to grow and expand with mergers and acquisitions, many companies now must find ways to integrate data from various ERPs and potentially thousands of suppliers.

A widely adopted "best practice" solution is to implement a supply chain collaboration system that provides an overall view of purchase orders, invoices, shipments, sales orders, quotes, tracking numbers and receipts so that you can strategically view your data. This unified view can help evaluate supplier performance, sort data into useful parts and create reports and graphical dashboards of real-time information.

Taken together, all three of these approaches share the common goal of garnering more accurate, reliable and understandable data in service of better decision-making across the network. By using this data for more efficient and agile processes, supply chain professionals are better able to keep their companies profitable – and customers and industry partners happy.

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