

Unlock value in supply chain and rise to the challenges

 By [Mungo Park](#)

8 Jan 2018

Mungo Park, president of leading Southern African supply chain and operations management association Sapics, shares his insights on supply chain trends in 2018, and offers advice to organisations seeking to unlock value in their supply chains and rise to the challenges in the year ahead.



Mungo Park, president of Sapics

Technology systems and data

Astute supply chain professionals will continue to focus on opportunities to leverage technology systems and the data generated. With supply chains growing in complexity, there continues to be a focus on supply chain visibility that facilitates swift, proactive intervention.

The volume of data accumulated by monitoring supply chain events will continue to be used to facilitate effective decisions on supply chain efficiency improvements. Business intelligence tools will be used more widely to identify inefficiencies, opportunities and trends, and to improve supply chain performance.

Blockchain will become more pervasive in supply chain management. Blockchains create visibility and traceability. Combined with other technologies such as RFID, they can improve product lifecycle management and help in monitoring ethical product sourcing and manufacturing environments.

While we may be some years away from the widespread use of blockchain technology in supply chain management, I foresee greater application of it going forward, and probably more rapid adoption blockchain than currently anticipated.

Partnerships

For optimal performance, a supply chain needs the collaboration of all participants and the integration of all elements. Partnership is the key to unlocking its value for the benefit of all stakeholders, and I predict a burgeoning emphasis on supply chain partnerships in 2018.

Long-term relationships will be valued and cultivated, and there will be a growing trend towards enhanced integration between partners.

Information sharing will be used to drive improvements across the supply chain, and to enable growth that will benefit all stakeholders. We are seeing less chopping and changing of service providers based on price, with supply chain managers embracing longer-term partnerships. This will continue as organisations need to integrate multiple participants in the supply chain.

E-commerce fulfilment

The growth of e-commerce is continuing apace, increasing by up to 40% year on year compared to traditional bricks and mortar stores, which is only picking up by around 5 to 7% year on year.

In terms of supply chain management, this means adapting and expanding traditional capabilities to include e-commerce fulfilment. Warehousing and distribution solutions must further improve fine pick capabilities and cost-effective last mile delivery. Hybrid last mile solutions will need to include lockers, retail agnostic pick up points and traditional “click and collect” as well as “face to face”.

Solutions need to deal with seasonal peaks – like those presented by the recent “Black Friday” event.

“ Successful supply chains will be those that are flexible and responsive and can respond to demand spikes. ”

The rise of supply chain

Many businesses today fail to recognise the importance of the supply chain to the organisation. Still regarded as a cost centre by many, it is the one function in an organisation that touches all others. The supply chain can be used as the organisational business integrator since supply chain improvements have beneficial effects for other business functions.

“ In 2018, I believe that we can expect more companies to use supply chain optimisation to drive bottom-line improvement. In so doing, recognition of the value of the supply chain will increase. ”

One focus area will be the elimination of waste in the supply chain. Reduction of inventory and buffers, for example, will release cash from the supply chain. This will create an advantage over businesses with cumbersome supply chains with poor product flow and multiple manual interventions.

Risk management and supply chain resilience

Supply chain risk management will be even more important in 2018. Ever more complex supply chains, with more

outsourcing and multitiered global supply networks, mean that organisations are facing more and more operational, environmental and legislative risks for supply chains. Supply chain managers need to identify what potential risks are – whether an increase in port congestion, poor supplier or carrier performance or changing weather patterns – and mitigate these.

Proactive strategies and action plans, as well as the development of risk mitigation scenarios, must be in place to respond effectively to disruptive events.

It is crucial to build resilience into supply chains, including having alternative sources of supply and alternate service providers to turn to in case of a failure in an organisation's primary network.

ABOUT MUNGO PARK

President of leading Southern African supply chain and operations management association Sapics. During Park's twenty year career in supply chain he has always considered supply chain efficiency a key contributor to business value. Underpinning the ability for business to continue to drive supply chain improvement, is the need for a sound base of supply chain and logistics expertise within an organisation.

«#BizTrends2018: Unlock value in supply chain and rise to the challenges - 8 Jan 2018

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>