

# What does 2017 hold for supply chains?

By [Mungo Park](#)

12 Jan 2017

At the beginning of every new year, it is customary to give an opinion of the trends that are emerging or that are likely to develop further during the course of that year. Supply chain management is no different, as the discipline is constantly evolving in the quest for ever improving service levels through increased efficiency and effectiveness.



Mungo Park

Some of the current technology trends attracting a lot of international interest, such as increased automation and robotics, self-driving vehicles and drone deliveries, as well as 3D printing, certainly remain long-term trends, but not necessarily for 2017.

Supply chain trends will continue to be driven by the need to support business in meeting customer expectations while continuing to better manage and control costs. As a result, priorities for supply chain executives this year will include:

## Supply chain analytics

The use of supply chain analytics and business intelligence will increase as organisations work to improve control and visibility of the extended supply chain. Awareness of the supply chain as a strategic business lever will also continue to grow, while supply chain event management and measurement will provide the fulcrum.

Furthermore, accurate reporting and the ability to analyse reports will enable businesses to identify poor performing partners, highlight inefficiencies and weak links in the chain, identify opportunities for efficiency improvement, increase collaboration, as well as better supply chain cost management.

## Ongoing e-commerce challenges

The rate of growth of online retail versus bricks and mortar retail is set to continue. This will put pressure on businesses to meet the ever increasing expectation of online shoppers for prompt, on-time delivery of purchases.

Couriers and distribution service providers will be expected to be more efficient while under pressure to be cost competitive. As the e-commerce side of a business grows, more sophisticated warehousing solutions will be required to meet the accuracy and timelines demanded by an online business. This could lead to the outsourcing of e-commerce warehousing to specialist service providers. Supplier/partner integration will be a key success factor, as will accurate tracking and delivery status communication to the customer.

## Technology and automation

While significant advances are being made in the use of technology to facilitate supply chain efficiency, in South Africa there is the additional challenge of balancing the level of automation with labour. Augmented reality, can provide improvements in accuracy and efficiency in picking and load planning, as well as packing, but can also be a useful tool to support and train less skilled logistics staff.

It will be important to invest wisely in technology to ensure a good return.

## Skills and resources

An independent report found that 45% of South African supply chain managers believe they do not have the skills to do their job properly. Further research also suggests that those who do possess strong quantitative abilities often lack equally important interpersonal and leadership skills.



©Dmitry Kalinovsky via [123RF](#)

Finding and retaining skilled supply chain staff as well as managers will continue to be challenging. Organisations will need to invest in training at all levels to develop the skills necessary to ensure the sustainability of their supply chains.

## Increased SCM risk and disruption

As supply chains extend and reliance on global suppliers and partners increases, supply chain risk and disruption can be expected to continue. Rationalisation of suppliers and improved collaboration with preferred suppliers can help mitigate risk, but it is important to identify alternative sources of supply for products, critical components, and materials.

Therefore, contingency plans should be put in place to enable quick response to unanticipated disruption and ensure business continuity.

It is further important to build resilience and predictability into a supply chain to avoid being the cause of your own disruption. Supply chain planning, visibility, and measurement continue to be key disciplines critical to minimise unnecessary disruption, while collaborative partnerships with reputable, well-established logistics service providers will also make your supply chains more resilient.

It's good to look forward to an exciting year that won't be without its challenges, but that will also be full of opportunity. I believe that the supply chain is one of the primary keys to the success of an organisation and that if it is robust it will continue to provide a platform for strategic competitive advantage.

## ABOUT THE AUTHOR

Mungo Park, President of SAPICS