

Julie Fraser: New-year project: Make global supply chains less risky

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During this extraordinarily challenging time, risk is top of mind for most operations executives. Two key elements that lead to more effective processes for dealing with uncertainty and risk are scenario planning, and evaluating whether overall strategies are sound.

Frances Townsend, former Assistant to U.S. President Bush for Homeland Security and Counterterrorism, has drawn parallels between her job and that of supply chain executives. For one, you get little attention until something goes wrong. Townsend recommends identifying your risks, then acting to mitigate those you control and reduce vulnerabilities to those outside your control.

By all accounts, the economy has thrown most companies a curve ball. Mahender Singh, head of the *Supply Chain 2020* research project at MIT, exhorts supply chain executives to use curved thinking—not linear. Singh says supply chain professionals must shift from operational to strategic, from reductionist to holistic, and from short-term to long-term.

Breakout sessions at the Council of Supply Chain Management Professionals (CSCMP) conference last fall included global views of sourcing, outsourcing, production, distribution, and transportation. One clear message is that globalization isn't the same as even multinational best practices. Taking a truly global view means being able to shift quickly to leverage the most profitable opportunities. This might mean new suppliers and partners or new facilities, practices, and policies.

CSCMP also offered a learning exchange day, with software companies that can help factor uncertainty into planning and execution there in force—as well as at the APICS conference last fall.

- Broad-based supply chain management suite providers with integrated views of supply and demand as well as planning and execution were there, including Epicor, i2 Technologies, Logility, Manhattan Associates, OM Partners, RedPrairie, and Sterling Commerce.
- Inventory optimization that factors uncertainty into planning is particularly relevant; providers Barloworld Optimus, ILOG, Optiant, Terra Technology, and ToolsGroup were there.
- Transportation, logistics and global trade were represented by AFMS, Cass, CTSI, Descartes, GT Nexus, LeanLogistics, LMS, Log-net, Management Dynamics, Next Generation Logistics, Paragon, Precision, Real Time Freight, Supply Chain Intelligence, TradeBeam, Transplace, Transwide, and Tranzact.
- Taking sourcing to a new level is CombineNet's area, which applies an optimization engine to strategic sourcing of transportation, packaging, and direct materials.
- Gaining visibility to the wide array of data is yet another key to effective risk mitigation, and two relatively young players have interesting approaches: Oco, which is a strategic, on-demand intelligence partner for SAP/Business Objects; and InstaKnow, which provides real-time visibility, collaboration, and alerts across a supply chain network.

Reducing risk in this uncertain world is a multifaceted problem that isn't going away, even when the financial crisis does. Fortunately, industry events such as APICS and CSCMP bring people together to discuss options and best practices. The job of staying invisible is an ongoing challenge, so get ready.

Author Information

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