

# MAXIMISING VALUE ACROSS THE SUPPLY CHAIN

## A REFRESHER FOR THE UP AND COMING

By Piyush Malviya, Senior Director - International Operations & Head - MEA, Moglix Business



The immediate purpose of supply chains lies in delivering a customer experience that satisfies expectations and fulfils contractual obligations between the supplier and the buyer, with an ultimate outlook of increasing market share while mitigating risks and reducing costs.

This is a demand-driven business model, one that functions as a blueprint for creating an integrated supply chain system where customers' demand and satisfaction guide day-to-day decisions and longer-term market strategies.

To this effect, various supply chain links must be addressed as

part of a holistic strategy to meet customer demand and optimise the procurement, production, distribution, and inventory-keeping processes.

### Maintaining organisational agility

Envisioning a sustainable supply chain management system must begin with an omnipresent approach to responding quickly and efficiently to both expected and unforeseen disruptions. Such situations range from the most mundane unexpected spikes and dips in demand or new orders to more potentially disruptive scenarios, such as labour shortages, or the unavailability of materials.

Using advanced end-to-end management software and keeping quick, digital communication channels open with all partners enables businesses to adequately choose in-the-moment responses and take the relevant action to fulfil customer demand and continue generating revenue.

### Managing raw materials

Raw material costs dictate a major part of the goods' end price quoted to customers. To accurately portray price expectations to the customer, businesses must maintain clear and consistent communication with

suppliers and track the wider market to foresee potential price hikes and convey relevant information to their customers, to avoid disappointment and dissatisfaction.

Even internally, keeping historical and current data on raw material prices can guide future predictions and help make informed decisions related to changes in production priorities or quantities for offered goods.

Moreover, internal clarity allows businesses to transparently and effectively communicate with customers and avoid being overloaded in times of market uncertainty.

### Optimising production lines

When producing any goods, it is essential to pre-set specifications to maintain consistent quality. Efficient production sequencing is also vital to cut down on time between orders, reducing the overall time it takes between a customer placing an order and its arrival. Supply chain management software provides a perfect tool to arrange production batches and optimise the associated processes.

When used efficiently, supply chain management software can proactively prevent delays and set more accurate time estimates which can be provided to customers, as part of a clear and open communication plan to maintain high service standards and effective documentation.

### Decreasing stagnant inventory

Traditionally, it was advised to keep an excess inventory of high-demand goods to accommodate unexpected customer orders and maintain customer satisfaction. However, keeping inventory is expensive, and storage costs can add up quickly and form an unnecessary drain on company funds, especially for goods requiring significant floor area.

By adopting a demand-driven, customer-focused approach, where software and data analytics are used to predict dips and spikes in demand for every offered product, businesses can avoid the need to keep excess inventory.

Instead, an optimal quantity of goods is stored to accommodate current demand trends, allowing businesses to deliver quality services to customers without incurring excess inventory holding costs.

### Reducing operating costs

Inventory downsizing is one way to reduce operating costs. Meanwhile,

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other areas including procurement, working capital, distribution, and labour costs also require similar attention.

By cutting day-to-day operating costs and working capital to free up cash, companies can invest in added-value supply chain management tools to increase efficiency, further enhance the customer experience and maintain utmost customer satisfaction.

### What is the end goal?

A business's rise and fall principally rely on the satisfaction of its customers, their willingness to repeat business, and its ability to bring in more customers.

Managing the above key supply chain links is the core of adopting a customer-focused approach to business, ultimately leading to satisfying customer demands, and fulfilling contracts to the letter.

Beyond this, the reduction of expenditure and opportunity costs achieved by implementing efficient management software and comprehensive data collection offer businesses immense opportunities to reinvest freed-up cash and scale accordingly.

Furthermore, it allows businesses to serve even more customers and maintain the same high level of customer satisfaction, an ideal scenario enabled by adopting a holistic, all-encompassing end-to-end view of supply chain networks. ■