



## Is Your Supply Chain the Right or Wrong Kind of Invisible?

I received a call the other day from a colleague, who told me that he and his boss were trying to develop ways to educate their organization on the value of supply chain management. They want to be able to show people at all levels of the business how and why effective supply chain management can

- improve overall organizational efficiency
- heighten effectiveness
- reduce costs
- streamline material, information and financial flows
- boost return on investment and margins
- develop competitive advantage.

So, why do so many organizations still fail to leverage the power of their supply chains? Why does my colleague have to devise creative ways to convince coworkers about these opportunities and advantages? Unfortunately, too many people still view supply chain management as a back-office function and believe that its cost centers are simply necessary evils that add no real value to the enterprise. Therefore, any improvements made in supply chain areas are basically invisible.

This couldn't be further from the truth. The improvements are plainly apparent, as any supply chain management professional will tell you. In fact, the only invisibility should be from the customer's perspective. Indeed, the best supply chains function unseen by customers. Just consider Amazon: Very few of Amazon's customers think about how its supply chain operates; they just expect their orders to arrive as promised. But you can bet Amazon thinks about its supply chain constantly — and the results are astounding.

Supply chains should never be invisible to the organization. Rather, businesses must focus on and continuously invest in their supply chains, including their many features and aspects in strategic planning efforts. Those companies that do this can look forward to a successful future full of delighted customers.

### Barriers

I have found three barriers that prevent supply chain management from being seen as valuable:

1. Employees who procure, manage, warehouse, and transport materials and information do not view themselves as supply chain management professionals. I often hear workers refer to themselves as buyers, warehouse managers or planners. Moreover, many of these people first heard the term “supply chain” very recently — and, when they did, saw no connection to what they do every day. A comment I often hear is, “What we do is unique; no organization has the problems we have.” But it always turns out that their so-called unique challenges include typical supply chain issues such as supplier consolidation, late or incomplete deliveries, inadequate information technology systems, high stockout levels, poor inventory accuracy, customer complaints, and the like.

These supply chain management professionals must understand that they are not alone, and their problems are shared

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by many. Realizing these facts can make a huge difference — as can being able to talk with fellow supply chain management professionals who have experienced and overcome similar problems.

2. Supply chains are far from being optimized tactically, and there continues to be a lack of awareness of the value that supply chain management can bring to organizations. While much is being done, supply chain management professionals still have a lot of work to do. Every organization can have a world-class supply chain. There are so many advantages to be gained from improving supply chain management processes in the areas of capacity, throughput, space, cost and service. Some of these benefits include

- advancements in outward-facing metrics affecting quality, vendor management and customer service

- improvements in inward-facing metrics influencing productivity, such as in-stock availability and inventory turns
- the development of continuous improvement programs to reduce waste and enhance quality
- better procurement processes
- faster decision-making because of effective supply chain management software investments.

3. Supply chain management is not considered strategic. Much of the success from implementing new programs, products and services rests on the ability of supply chains to effectively procure and deliver materials and services. For that reason, supply chain management should be included in every organization's strategic planning process. The systems that provide the support behind these programs are just as important as the programs themselves. Businesses cannot expect to compete today by relying on supply chains that are not evolving with the times.

Decision-support tools including warehouse management, transportation management, forecasting, and advanced planning and scheduling systems automate many of the routine decisions made by humans. These solutions can enable professionals to make choices faster and with better results, which enables humans to focus on the issues that can halt operations and add tremendously to costs.

Companies must invest in their supply chains, and this must include training staff in the application of best practices. In so doing, organizations can realize financial benefits through inventory reductions, faster turns and throughput savings. New programs can be implemented more quickly and with improved outcomes. Plus, as supply chain management professionals improve their performance, they will transition their networks from reactive to proactive.

Facilitating effective supply chain management positively affects a company's overall health, regardless of industry or sector. No doubt, the results can be outstanding. While addressing these three barriers alone will not automatically transform your supply chain, improvements will surely begin to arise. And soon, the stage will be set for lasting paradigm shifts within the entire organization that are visible to all.

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# APICS EXTRA LIVE WEBINAR

## Put Supply Chain in the Spotlight

**Presented by:**  
**Gary Smith, CFPIM, CSCP, CLTD**  
 Vice President of Supply Logistics  
 New York City Transit

**Date:**  
 March 8, 2018  
**Time:**  
 1:00 p.m. Central

Attend this APICS Extra Live Webinar to learn more from "Executive View" author Gary Smith, CFPIM, CSCP, CLTD, on leveraging supply chain management in companies of all types and sizes. Participants will discover how to promote the power of supply chain management throughout their organizations by

- inspiring employees to think of themselves as supply chain management professionals
- raising awareness of the value of supply chain management in all areas
- focusing on the strategic value of supply chain management and its numerous benefits for the organization.

Register at [apics.org/extralive](http://apics.org/extralive).

