



Optimizing Your Supply Chain through People

Overview

This Frogkick *Green Paper* provides a road map for addressing the knowledge needs of companies involved in supply chain optimization from these perspectives:

- Supply Chain Initiatives
- Self-Assessment
- Providing the Knowledge Your Employees Need
- The Five Keys to Success
- Summary

Supply Chain Initiatives

Most organizations, across all industries, are investing heavily in technology and tools to optimize their supply chain.



Fully integrated Enterprise Resource Planning (ERP) systems can link your internal processes, creating extraordinary efficiencies by connecting manufacturing planning activities to the production planning process.

The internet adds even more potential to fully optimize your supply chain by linking your organization to its suppliers, customers and partners.

But what about the people aspects of supply chain optimization?



Self Assessment Quiz

Ask yourself the following questions:

- Do your employees understand the impact of their decisions and actions on other parts of the supply chain?
- Do the employees in your warehouses know the cost of having an inbound truck sitting waiting to be unloaded?
- Does your transportation staff know the cost and implication of having a production line go down due to late delivery of materials?
- Can most of your staff tell you the cost of storing an extra day of inventory?
- Do your employees in Materials Management, Transportation, Distribution, Manufacturing, Logistics, Sales, Customer Service and Finance & Accounting really have the big picture of your entire supply chain?
- Have your employees been prepared to make day-to-day business decisions that take into account what's in the best interest of the *entire supply chain* rather than their limited functional silo?

Providing the Knowledge Your Employees Need

Typical supply chain training programs rarely provide the *real* content that employees need... for ***the courses typically cover the systems and forms, not the business strategy behind smart decision-making.***





You're probably familiar with the average curriculum:

- Instruction on how to use information system for tasks:
 - » Forecasting
 - » Production planning
 - » Materials requirements planning
 - » Logistics
 - » Customer inquiry

- Training on job-specific processes and procedures:
 - » Maintaining a Transportation Routing Guide
 - » Ordering raw or packaging materials
 - » Responding to rush orders
 - » Warehouse zoning procedures

KEY POINT:

In order to fully optimize your supply chain, it is equally important to provide your employees with a solid foundational knowledge of your organization's supply chain.

Instead of forms and processes, imagine this scenario...



Picture a room full of your employees. Employees from Manufacturing, Transportation, Distribution, Logistics, Sales, and Customer Service are all in the same room, working as teams around tables.

Each team contains a mix of people from the different functional areas. Perhaps they have never met one another before in person, but they might have daily contact on the phone. Or, perhaps their activity has a direct impact on someone else at the table but they have never had to directly think about that impact.



Now imagine that each table is given a different business situation to address, such as:

- Determining how and if to keep the production line going when the required packaging materials are not available at the start of the production run
- Keeping a key customer satisfied when actual sales exceed the forecast and sufficient inventory is not available
- Deciding whether the Warehouse staff should preload a trailer in order to meet future orders when the same trailer is needed to pick-up and move raw materials to a plant

This scenario highlights the power of a process that creates teams of people from different functional areas working together to address realistic business situations.

Training that brings together employees from different areas of your company and requires them to collectively address realistic business situations may greatly add to the optimization of your supply chain.

Supply chain optimization is about more than simply implementing technology. It's about making sure employees are fully knowledgeable about the impact of their every day decisions and day-to-day actions on the entire supply chain.



The Five Keys to Success



If you are considering a program to help your employees see the “big picture” of your supply chain, keep in mind these five tips:

- Be sure to ***customize the program to your environment.*** The “ah ha” moments in a training environment come when participants see themselves in the situation. Your program should be very customized and tailored to your organization’s supply chain.
- ***Ensure you have the support of a cross-functional executive management team.*** Though some organizations give lip service to an integrated supply chain, their divisive organizational structure or internal competing business objectives drive conflict between business units.
 - » For example, how does your organization address the natural tension between a warehouse unit that’s trying to keep costs down by keeping inventories low, with a sales organization that wants to be prepared to meet an increased, unanticipated customer demand?
 - » If your company has business units with competing priorities and objectives, you’ll need to bring together a cross-functional executive team that publicly supports this effort and can provide guidance about what’s in the best interest of the entire supply chain. Otherwise, you may risk cynicism and skepticism that could undermine your training efforts.
- ***Provide a way for individuals to network with one another in addition to transferring the knowledge.*** You may choose to deliver the training in a classroom or through eLearning. If you provide the learning



experience online, look for ways for individuals from different functional areas to network with one another.

- » Some options include collaborating through online communities, getting together for networking sessions over brown bag lunches, or having employees visit other parts of the company.
- » The ability to understand business situations from different perspectives is greatly enhanced when people can network with individuals from other areas and/or, better yet, collectively solve business problems.

- **Consider multiple initiatives.**

Individuals who are relatively new to your company or to the supply chain area may have their hands full just mastering the day-to-day tasks of their position. For them, having a simple picture of the entire supply chain (both from a physical and information systems perspective) might be sufficient.

However, for individuals who have mastered the basics, it's quite effective for them to tackle realistic business problems in a training environment, even if those problems are normally addressed by their superiors.

- **Provide a well-rounded curriculum.** In addition to a workshop or course focusing on the entire supply chain, it may be useful to provide other supporting programs, such as:
 - » A business literacy course focusing on how your organization makes and tracks its money.
 - » A course on systemic thinking helping people do “big picture” thinking
 - » Industry orientation programs that describe the competitive, marketplace and regulatory drivers affecting your business.



Summary

Even in environments that are highly automated, there are many moments when your employees make decisions or take actions that significantly impact your supply chain – and ultimately define your operational effectiveness and customer satisfaction.

You can significantly improve performance when your employees have the proper knowledge and proper context within which to make better decisions.

For more information on program development alternatives, please feel free to visit our website (<http://www.frogkick.com>) or contact us directly by sending e-mail to leap@frogkick.com.