

Planning appeal

Supply chain planning skills are in short supply and the skills gap must be addressed to unlock the benefits of APS systems, says **Dave Alberts**, Director at global supply chain consultancy Crimson & Co

Today, businesses expect their supply chain and procurement specialists to be delivering business strategy and integral to this is the need for competent planning processes. According to Dave Alberts, Director at global supply chain consultancy Crimson & Co, an Advanced Planning and Scheduling (APS) System is a critical tool for supporting this, but for it to be effective, the right skills and people need to be in place.

The concept of supply chain management is in the midst of a strategic shift, driven by heightened market pressures, tighter global security and the need to manage relationships across the globe. This has shone a light on key supply chain disciplines, and none more so than planning.

Traditionally, planning processes have been built using tools such as Enterprise Resource Planning (ERP) systems and supported by an array of spreadsheets. These have proved cumbersome and inflexible to the modern, fast-paced demands of ever-changing business environments.

Innovative organisations have looked to do away with this by implementing APS systems, which can bring about significant advantages to planning practices including a greater ability to deal with complex decision making, as well as significant cost savings across the supply chain. Research carried out by Crimson & Co into planning and scheduling in major organisations revealed that an



“The role of the supply chain is in the midst of a sea-change. It is increasingly seen as an integral part of shaping and delivering business strategy. Central to this is planning, and that is why APS systems are so important. In most cases, the adoption of an APS system can reduce overall supply chain cost and allow the business to better manage complexity, but this can only be achieved with the right skills and people in place.”

effective APS system could result in a 20 percent reduction in working capital, 5 percent increase in service level, 6 percent reduction in logistics costs and 3 percent reduction in the cost of goods sold. However, while these results are impressive, companies are failing to unlock these benefits due to a lack of skilled staff:

Alberts reaffirmed: “Much like the change in the role of the supply chain professional there is also need to recognise the change in skills needed to carry out the job effectively. During the old planning systems implementations, many planners only received transaction-focused training, which taught them how to perform a given set of transactions. They were not instructed on how to assess, understand and improve system generated plans, which is essential now. The result is the poor quality of planning outcomes, reduced user adoption, and low ROI as planners revert to manual, offline planning processes and dust off old spreadsheets.”

“Today,” Alberts continued, “the planner role when using an APS system is characterised by the need for a mix of supply chain, financial and analytical expertise to understand the trade-offs in modern planning decisions. This skills mix is fundamental in APS systems because they are inherently all about managing business trade-offs. Trade-offs like capacity

versus inventory, customer service versus supply lead times, purchase cost versus batch sizes or revenue versus profit.

“Many see this as solely a technically based skill-set, but that is not the case. A wide range of non-technical capabilities is also required to unlock the full potential of effective planning processes including very strong influencing skills and a very high level of interpersonal skills given the cross-functional nature of planning. This is something we advocate strongly at Crimson & Co through scprime®, our improvement approach, which ensures that the right people are in the right jobs, consistently doing the right things.”

Alberts suggests that to address these shortcomings change must come from both individual organisations and the industry collectively: “Supply chain leaders need to put in the time upfront to ensure they have the correct skills mix in place to unlock the benefits of APS systems. The Chartered Institute of Procurement and Supply (CIPS) is an excellent example of an organisation that provides certified training for procurement professionals but when it comes to planning an equivalent does not exist – addressing this would allow greater collaboration across industries creating better best practice.

“For companies, it is imperative that early on in the planning transformation journey they make sure to understand the specific and broad capabilities that are essential and not just focus on transactional training. Future planners will still be planning although the role will shift to analysis and development of costed options, alternative scenarios and adding value by helping the business make the right choices.”

Alberts concluded: “Ultimately, APS systems represent how we should conduct our planning processes in the future, but firms will continue to lag unless they address the skills needed to implement it – it is imperative we action this now!” ●

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Warehouse simplification to support business growth and efficiency goals

Why is it that in spite of implementing warehouse management software, some companies continue to experience less than optimal operational performance and data visibility? Indigo's Consultancy Manager, Mark Wilkinson, explains some of the common root causes and the importance of business process simplification.

Incompatibility and inconsistency of legacy systems

From experience, one of the most common reasons why warehouse process simplification becomes an issue is due to having inconsistent or incompatible technology systems. Consider an all too common scenario whereby a manufacturing company has grown by acquisition and ended up running a variety of WMS systems on each of its sites. Some could be running different versions of the same solution whereas others may have a completely different product installed. These systems might be fit for purpose and adequate for each division's needs, but as a group the end outcome is the same. Inconsistent data capture means sites cannot easily share information and this lack of visibility means they cannot easily benefit from any economies of scale to be had, for instance group wide purchasing, centralised sales and shared inventory management. Complex reporting tools are also most likely required for management to view information across the group.

Frequently, even if sites do run identical systems or software, it will have been configured differently to suit their particular business processes. A key outcome of a warehouse process simplification strategy will be to identify the best approach for the business as a whole and the creation of a blueprint for each site to adopt. Once this is in place, the whole organisation can benefit from greater consistency, control and data visibility, plus the ability to share information.

For example, consider a scenario in a food manufacturing company needing to implement rules and restrictions for allergen control. In some cases the business may rely on the intelligence of the WMS system to control this, e.g. identifying products on receipt, whereas other sites might rely on the professional knowledge of the workers, which leaves them vulnerable to mistakes being made. Alternatively, they may operate different mechanisms for feeding production lines. One system might generate demand from the production schedule, whereas others will use the same calculations but instead of this being driven through the WMS, it will be paper based because the operation tends to prefer a more manual approach.

How to approach process simplification to achieve maximum buy-in

There are always many ways to achieve an end goal of warehouse process optimisation and they are not necessarily wrong or better, which needs to be borne in mind at all times. The role of a consultant is to understand why processes would have arisen in the first place and to look for parallels across the different sites in order to understand the pros and cons of each variant in use. Once this is understood, the best way of working can be identified.

Communicating the 'why' is always critical to the success or failure of any simplification programme and will also most likely require a 'buy in' exercise, which is best conducted across all levels within the organisation and especially involving operatives at a grassroots level. In situations where individual sites have previously had the autonomy to specify their own software and processes, management will need convincing of the merits of a new approach and be involved from the outset, with super users appointed to support the final roll out and training. www.indigo.co.uk