

Benefits of Optimising Your Supply Chain

By David Rogers

Supply chains are complex systems that have many different players. From manufacturers to suppliers, consumers, sub-contractors, and other partnerships, there is a lot to keep track of. As a business organisation, you're going to want to optimise your supply chain for optimal performance so you can provide the ultimate customer experience.

Supply chain management software is a growing market that is expected to reach [\\$22.7 billion](#) by 2024. There are many different kinds of technologies that go into supply chain management software including B2B integration, integrated business planning, transportation management, warehouse and supplier management, supply chain analytics, and more.

Defining Supply Chain Optimisation

By definition, optimisation is, "the action of making the best or most effective use of a situation or resource." When translated to supply chain management, we can [define](#) this specific type of optimisation as, "the science and art of designing a holistic, strategic and quantitative view of an organisation's end-to-end supply chain."

This type of optimisation uses the above-mentioned technologies (B2B, B2C, M2M integration, integrated business planning, etc.) to effectively increase visibility across the entire supply chain. With this visibility, decision-makers can be better informed about the day-to-day operations of their organisation and, therefore, make better management choices.

There are three main techniques for optimising supply chains:

1. **Supply chain inventory optimisation** helps organisations assess the demands of their customers and make the best decisions for the inventory based on the data. High-tech algorithms help to quantify what causes demand and how uncertainties within the supply chain can be addressed in order to keep up. This will allow organisation to discover the minimum amount of inventory to keep as well as where it should be stored in the supply chain.
2. **Supply chain cost optimisation** helps organisations look into each area of the supply chain that costs the business money (payments, transportation, storage, waste, etc.) and determines where there is excess spending. It can then provide both short and long-term solutions for cutting costs.
3. **Supply chain network optimisation** helps organisations stay ahead of the competition by assessing how well an organisation can adapt to change. By modeling specific hypothetical scenarios, organisations can adjust their strategies to reduce cost and risk while increasing profits and productivity.

Benefits of Supply Chain Optimisation

There are many benefits of supply chain optimisation that can be experienced by organisations, no matter what industry they operate within. When your organisation employs the best supply chain optimisation software, it gains the potential to see:

A reduction in costs

When a supply chain is properly optimised to produce the best results, it can seek out processes that are wasting resources with their inefficiencies and either eliminate them or have them automated. Once those resources are conserved, they can be put to work in other areas of the supply chain. For example, an organisation may have more resources to ensure that their orders are processed, packaged, and delivered faster. These resources could be focused on optimising order and delivery processes as well as logistics and inventory.

In addition, optimisation of the cost aspect in a supply chain makes it so businesses do not have to hold as much inventory – making it so there is (figuratively) less money sitting on the warehouse shelves.

An increase in profitability

With the best supply chain optimisation software, your business benefits from an increase in visibility across the entire supply chain. Now, the customer can be more involved in the entire process which allows them to have a better customer experience – their orders can be delivered correctly and on-time and the organisation as a whole has an easier time understanding and responding to their needs. The organisation will see that this gets invoices closed out faster and makes it easier for repeat customers to order with you again.

Improved supplier performance

Digitisation and optimisation of supply chains go hand in hand. With the digitisation of supply chains comes real-time updates of all the happenings within the supply chain – decision makers can pinpoint which suppliers are meeting (or exceeding) their goals and which are falling short. This allows organisations to continually set new standards to performance, adjust training processes, and helps them to make better decisions as they relate to supply.

More collaboration among members of the supply chain

When you optimise your supply chain, you also centralise all of the players in your supply chain into a single, end-to-end solution. Now, everyone can collaborate with each other and create new, more efficient ways to take your organisation to the next level. With an increase in visibility across the entire supply chain, each member can quickly and easily assess their performance, check it against others', and make better decisions that will benefit other members of the supply chain, and, ultimately, the bottom line.

Integrated supply chain management

The best supply chain optimisation software helps your organisation to take all of its' supply chain capabilities and manage them from a single location. With this, you gain clarity into many factors that affect your bottom-line including sales predictions, profit management, customer

experience, order processing and delivery, credit processing, and more. With this end-to-end clarity, supply chain managers can ensure that their supply chain is constantly learning and updating when necessary.

Improved quality

Quality is arguably one of the most important factors in business. It's what turns shoppers into customers and customers into repeat customers. Supply chain optimisation provides a system that makes it easy to check in on the end-to-end production of a product from sourcing the necessary materials to the moment it lands in the hands of the customer.

Supply Chain Optimisation in action

A [2018 report](#) from the Boston Consulting Group (BCG) showed that 1.6 billion tons of food – priced at about \$1.2 trillion – go to waste every year. In other words, we are wasting about one-third of the total amount of food that is globally produced.

In this report, the BCG found that much of this food waste was due to a lack of awareness within an organisation, supply chain inefficiency, a lack of collaboration, and weak or unenforced policies. Furthermore, the report stated that the resolution of these issues (supply chain optimisation) on a global scale could reduce food waste by an estimated \$700 billion every year.

According to BCG, optimising supply chains would, “not only help slash food loss and waste, it will also improve operational efficiency and potentially reduce costs for companies.” This efficiency, according to the report, would come from clear key performance indicators (KPIs), performance tracking, and process adaptation.

In addition, it was stated that increased collaboration across the supply chain could help to ensure inventory is accurately reflecting the demand as it is determined by forecasting models and data collected from public agencies. Once this data is shared from one end to the other (data collectors to farmers and producers) better decisions can be made as to production, storage, and delivery.

Supply chain optimisation is the present and future of business. Not only can it help your business cut costs and work more efficiently, but it has the potential to conserve vital resources on a larger scale. If all organisations could utilise appropriate supply chain management software, the world very well may become a better place.