

Overcoming Top Supply Chain Challenges



Are you grappling with the complexities of modern supply chains? From disruptions and inefficiencies to disconnected operations and sustainability challenges, supply chain professionals face a myriad of obstacles. This e-book explores 10 common supply chain challenges and a comprehensive tool for overcoming them. By implementing effective solutions, you can streamline operations, reduce costs and enhance overall business performance.

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1

Digital transformation blockers

Digital transformation is reshaping the supply chain landscape, making it imperative for organizations to adapt. Embracing digital technologies and capabilities offers numerous benefits, including improved efficiency, enhanced visibility, greater resilience, better customer experience and significant competitive advantage. Businesses that fail to adapt risk falling behind. To adapt, you must find the right tools and technologies to move your supply chain forward and then strategically and systematically implement them so that they can be used to their fullest potential. Doing this correctly requires a standardized framework for data sharing and analysis that ensures the implementation is effective.

2

Lack of visibility

At a time of supply chain disruptions, flying blind is a no-go. But with increasingly complex networks of suppliers, manufacturers and distributors, achieving visibility is a significant challenge. Only half of benchmarked companies use internal data for their supply chain visibility. And that data only represents a segment of their network. Instead, stakeholders — including customers when possible — need to be connected and share data to give a full, accurate and timely picture of supply chain operations. This information is critical for anticipating risks and building resilience to respond to changes.

3

Negative environmental impact

Supply chains contribute a significant part of a company's environmental impacts. They are responsible for more than 80% of greenhouse gas emissions and more than 90% of the impacts on air, land, water, biodiversity and geological resources. Therefore, it's not surprising that seven of the nine most common environmental, social and governance goals have significant supply chain components. Supply chains need to start at the very beginning and incorporate sustainability into their supply chain planning and then integrate it into procurement, manufacturing, logistics and more. But that's easier said than done.

4

Ineffective planning

Accurate and efficient planning is crucial for smooth and uninterrupted flows. However, challenges such as demand forecasting errors, supply disruptions and unexpected changes can make planning difficult and make delivering on customer expectations even harder. Supply chain planners need a structured approach for developing and executing supply chain plans while taking into account various factors such as demand patterns, lead times and inventory levels. And they need to be able to replan frequently to keep pace with changing market conditions.

5

Ever-increasing risk and disruptions

Supply chains are subject to various risks, such as natural disasters, economic downturns and geopolitical events. While a global supply chain strategy boosts resilience to shift operations when disaster strikes, it also exposes supply chains to more opportunities for risk events. The financial impacts of natural disasters alone have exceeded \$200 billion worldwide annually since 2016. Surveyed organizations report \$45 million per organization in costs from extreme weather and natural catastrophes affecting their supply chains. Although these risks are difficult to predict, you still must have risk-management plans in place to mitigate as many of these risks as possible.

6

Inventory mismanagement

Managing inventory levels is a complex task that requires careful planning and execution. Inefficient inventory management can lead to stockouts, excess inventory and increased costs. These effects then stretch up and down to other supply chain tiers, causing pressure for faster fulfillment from suppliers, inconsistent and tricky delivery schedules on the transportation and logistics side, and delays and unfulfilled orders for customers. Effective inventory management is an important foundation for efficient supply chain operations. Unfortunately, although this concept is quite basic, it often feels anything but easy.

7

Inefficient collaboration

In a complex supply chain, collaboration among different departments and partners is essential for success. However, silos and communication breakdowns can hinder efficiency and lead to delays. This is an even bigger problem in today's rapidly changing business landscape when effective communication is critical for supply chain agility and responsiveness. On the other hand, when effective collaboration is a priority, supply chains can solve problems and reach goals faster, lower costs, and even unlock new performance efficiencies. Organizations must achieve that level of collaboration.

8

Siloed operations

In many businesses, different departments and functions operate in silos, leading to inefficiencies, a separation between planning and execution, and communication breakdowns. Siloed operations cannot achieve visibility when different teams do not see the whole picture, and no one understands the full end-to-end impact of activities or risks. But how do you shift from silo operations to end-to-end functional optimization when team members have only known their own department or function?

9

Complexity

Modern supply chains are often complex, involving multiple suppliers, manufacturers, distributors and transportation modes. This complexity can make it difficult to manage and control the supply chain. Make sense of this complexity by taking a step back and then thinking through your supply chains step by step, including core processes and metrics. In addition, it's important to ensure team members understand the different parts of your supply chain process so that supply chain management is not as mysterious or challenging. But the challenges of finding the right approach to organizing the supply chain and educating team members must be overcome first.

10

Finding a place in the market

Even the most experienced supply chain professionals will sometimes pause and wonder, "Am I doing this right? Is this supply chain process performing well enough? Is our organization and supply chain performing well enough compared with our peers? And how do we get ahead?" Many organizations have a drive to pursue innovation and continuous improvement, but it's difficult to know when improvement is needed and what processes are working but still could be better.

SCOR: The comprehensive supply chain solution

The **Supply Chain Operations Reference Digital Standard (SCOR DS)** is a comprehensive, universally accepted solution that addresses all of these challenges and more. For generations, the SCOR model has guided supply chain professionals in improving their operations. The latest version, SCOR DS, expands this time-tested tool to address today's dynamic, asynchronous supply networks.

SCOR provides an open-access framework for:

- Data sharing and analysis for successful transformations
- Enhanced visibility
- Measuring and improving environmental performance
- Developing and executing supply chain plans
- Analyzing and mitigating risk
- Optimizing inventory
- Breaking down communication and operational silos
- Managing complexity

It also provides a benchmark for measuring supply chain process maturity and assessing performance compared with competitors.

Users agree that SCOR has been a game changer for their organizations.

- ExpressPoint and Univar Solutions used the SCOR model to **increase their supply chain visibility**.
- Roche improved its agility and reliability, including achieving a **95% on-time delivery goal**.
- Boeing used SCOR to optimize inventory and **decrease critical shortages by 44%**.

SCOR gives you the ability to assess and improve your supply chain, leading directly to improved business performance. Ready to overcome your top supply chain challenges? Learn more about how **SCOR** can be applied to your business today.

Free Bonus: Supply Chain Maturity Assessment

Take our free **SCOR-based assessment** to pinpoint strengths, weaknesses, and actionable next steps.

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The Association for Supply Chain Management (ASCM) is the global pacesetter of organizational transformation, talent development and supply chain innovation. As the largest association for supply chain, ASCM members and worldwide alliances fuel innovation and inspire accountability for resilient, dynamic and sustainable operations. ASCM is built on a foundation of world-class APICS education, certification and career resources, which encompass award-winning workforce development, relevant content, groundbreaking industry standards and a diverse community of professionals to create a better world through supply chain.

To learn more, visit **ascm.org**.