CHAPTER 7: SUGGESTIONS

Based on the study conducted and the findings the researcher would like to suggest following:

i. As evident, organizations should work on all the seven S’s (Supply Chain Strategy Perspective, Supply Chain Structure Perspective, Supply Chain Systems Perspective, Supply Chain Staff Perspective, Supply Chain Skills Perspective Supply Chain Style Perspective and Supply Chain Shared Value Perspective) in order to achieve the desired supply chain performance and organizational performance. All the S’s go hand in hand and its their cumulative effect which can help the organization achieve its objective.

ii. Within the Seven S’s, it is often observed that organizations only focus on the hard S’s as these are tangible and much easier to manage. The soft S’s usually do not get the desired attention as the hard S’s. It is also a common practice that the functional SCM managers delegate the Soft S’s to HR department without realizing their contribution or importance. As already highlighted, out of the four soft S’s, Supply Chain Staff Perspective and Supply Chain Style Perspective directly deal with human (people) dimensions and the other two i.e. Supply Chain Skills Perspective and Supply Chain Shared Value Perspective represent the organizational supply chain priorities and the prevailing culture within supply chain function. Supply Chain Skills Perspective represents the attributes for which the organization’s supply chain is known for. It stems from a cumulative effect of many parameters within supply chain, the most important of which is people. Similarly, the shared values within supply chain also involve organizational values and the individuals who make up the supply chain function. Thus both of these also have people dimension to them. Its SCM (functional) manager’s job to ensure that the soft S’s within his function get the necessary attention.

In order to do so, the organization should ensure that,

a) the SCM employees are trained properly, they have sufficient career growth opportunities, they get exposure to latest SCM tools,

b) it has best SCM practices, the necessary technology which can aid itself to have competitive advantage over its rivals,
c) the SCM leadership has the necessary skills, freedom and decisiveness to implement the strategy
d) the SCM employees have the clarity and alignment of objectives, knowledge, skills and experience to execute the strategy
e) necessary communication to create a sense of shared understanding and commitment about SCM objectives and the ways in achieving the same
f) adherence to organizational values and cultural norms

iii. Since improvement in supply chain performance is associated with improvement in organizational performance, it is suggested that organizations concentrate on their supply chain performance. The improvement in supply chain performance can be through improvement in supply chain efficiency or supply chain responsiveness or both. Improvement in supply chain efficiency can be achieved through efficiency as a strategic focus for supply chain. This typically happens when the organization is dealing with functional products and more or less predictable demand. The various ways in which supply chain efficiency can be achieved are,

a) Ensuring higher utilization of assets / capital equipment
b) Ensuring economies of scale in manufacturing
c) Minimizing inventory costs through techniques like JIT, Vendor managed inventory, accurate forecasts etc.
d) Vendor development / Global sourcing with cost as focus
e) Employing techniques like value engineering, process reengineering etc. to eliminate non value added costs
f) Improving end to end visibility
g) Using optimizing techniques like linear programming, transportation modelling to reduce logistics costs

Table 7.1 below indicates the role played by each of the S’s in achieving supply chain efficiency. Though all the S’s have got a role to play in the success of these initiatives, the table only indicates the more predominant S’s for each initiative. We now discuss how each of the predominant S’s can be of help in driving these initiatives.
Table 7.1

<table>
<thead>
<tr>
<th>Ways of achieving improvement in SC efficiency (S1 becomes SC efficiency)</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>S5</th>
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<tbody>
<tr>
<td>Ensuring higher utilization of assets / capital equipment</td>
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<tr>
<td>Ensuring economies of scale in manufacturing</td>
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<td>Minimizing inventory costs through techniques like JIT, Vendor managed inventory, accurate forecasts etc.</td>
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<tr>
<td>Vendor development / Global sourcing with cost as focus</td>
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<tr>
<td>Employing techniques like value engineering, process reengineering etc. to eliminate non value added costs</td>
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<tr>
<td>Using optimizing techniques like linear programming, transportation etc. modelling to reduce logistics costs</td>
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Ensuring higher utilization of assets / resources can be achieved through having task division ensuring that specialized people take care of these assets (SC structure perspective), having a systematic plan for maintenance of these assets so that the assets won’t break down during operations (SC systems perspective), having trained manpower to run the assets (SC staff perspective), evolving leadership which will have the clarity of objective and encourage inputs from operating person so as to achieve the objective (SC style perspective).

Ensuring economies of scale in manufacturing can be achieved through allotting most suitable resources to task, for optimization (SC structure perspective), a systematic
approach of improvement measurement and correction mechanism (SC systems approach), having highly skilled and trained manpower to achieve targets (SC staff perspective), organizational efforts to build competencies in the form of resources, skills, systems etc. so that it is known for economies of scale (SC skills perspective), evolving leadership which will have the clarity of objective and encourage inputs from operating team so as to ensure continuous improvement (SC style perspective), common understanding within organization about its competencies and about cost as the priority order winning criteria (SC shared value perspective)

Minimizing inventory carrying costs through techniques like JIT, vendor managed inventory, accurate forecasts etc. can be accomplished by having compatible structure for outsourcing (SC structure perspective), robust forecasting system (SC systems perspective), skilled manpower who has knowledge and practicing experience of techniques like JIT, VMI (vendor managed inventory) etc. (SC staff perspective), investing in human resources by way of exposing them to cost reduction techniques like JIT / VMI so as to build SC competencies (SC skills perspective), having proactive leadership who can drive such initiatives and get it executed it successfully (SC style perspective).

Improving SC efficiency through global sourcing or vendor development can be attained through, having an effective system for vendor selection, development and monitoring in place (SC systems perspective), SC staff having expertise in vendor development or global sourcing whose career growth is linked to their performance in development process (SC staff perspective), organizational willingness in devoting resources to build vendor development competencies (SC skills perspective), SC leadership who can help focus the team efforts towards achieving cost reduction targets through global sourcing or vendor development (SC style perspective).

Techniques like value engineering and / or process reengineering which eliminate non value added features or activities can help improve efficiency through, having a system for implementing such techniques (SC systems perspective), providing necessary training about such techniques to the employees (SC staff perspective), making sure that connect between success of such interventions and customer relationships (on the downstream) & connect between success of such interventions and suppliers relationship (on the upstream)
can be converted into distinct competencies (SC skills perspective), providing necessary guidance when needed and support throughout implementation of such techniques (SC style perspective) and finally, nurturing a culture wherein new ideas, tools, techniques are encouraged and rewarded (SC shared value perspective).

SC efficiency can be improved to a considerable extent by achieving visibility of three classic flows i.e. materials, information and cash, throughout the supply chain. This can be achieved through, having an integrated enterprise wide IT system (SC systems perspective) and a structure horizontally linking all the communication channels (SC structure perspective), ensuring that the system is always online and provides real time information through real time updation of data (SC staff perspective), making sure timely availability of sufficient resources for such systems so that the system itself can aid in providing edge over competitors (SC skills perspective) and finally leadership which drives such end to end initiative and gets it done successfully (SC style perspective).

Using optimizing techniques like linear programming, transportation modelling etc. to reduce logistics costs is possible provided the organization has an open culture wherein new ideas, tools, techniques are encouraged and rewarded (SC shared value perspective), providing necessary training about such techniques to the employees or recruiting employees with such skills (SC staff perspective), providing necessary guidance when needed and ensuring success of such techniques (SC style perspective) and finally ensuring continuous improvement in SC efficiency through use of such techniques (SC skills perspective).

When the organizational strategy changes from cost to speed of response (which typically happens for innovative products for which the demand pattern is unpredictable), supply chain strategic perspective changes from efficiency to responsiveness. This is typically achieved through following:

a) Ensuring availability of capacity buffer at critical resources

b) Ensuring buffer inventory to deal with uncertainty

c) Cutting down lead time

d) Vendor development / Global sourcing with cost speed, flexibility, quality and reliability as focus
e) Process reengineering to cut down on process slack period
f) Improving end to end visibility

Table 7.2 below indicates the role played by each of the S’s in achieving supply chain responsiveness. Though all the S’s have got a role to play in the success of these initiatives, the table only indicates the more predominant S’s for each initiative. We now discuss how each of the predominant S’s can be of help in driving these initiatives.

Critical resources can become bottlenecks and hamper responsiveness and hence ensuring buffer capacity at critical resources helps organizations to become more responsive. This can be achieved through, having a system in place to identify critical resources and a led down procedure to tackle these resources (SC systems perspective), qualified and skilled staff who can ensure optimum utilization of and buffer levels at critical resources (SC staff perspective), leaders who ensure this gets done (SC style perspective) and organizational guiding principle which is ready to incur additional costs due to buffer capacity as it perceives supply chain responsiveness as a way to achieve customer satisfaction (SC shared value)

Buffer inventory absorbs the shocks created due to sudden surge in demand thereby improving responsiveness. One of the ways in which this can be achieved is through having a system in place to identify inventory holding points based on demand patterns (SC systems perspective), qualified and skilled staff who can ensure optimum inventory levels are maintained at all times / trained in inventory management techniques (SC staff perspective), leaders who ensure this gets done (SC style perspective) and organization ready to trade off saving in inventory carrying costs with customer satisfaction through inventory buffers (SC shared value)

In order to improve responsiveness, supply chain needs to cut down its lead time. In other words, the supply chain has to first attack internal lead time (SC structure perspective), secondly a systematic approach in executing a customer order will automatically bring down the lead time (SC systems perspective), third, competent SC staff who can use latest IT tools can help reduce the lead time (SC staff perspective), forth an organization may build competencies in the form of resources, skills, systems etc. so that it is known for its
responsiveness (SC skills perspective) and helps in cutting down lead time, fifth clear cut focus on time dimensions as demonstrated by the SC leadership will automatically make SC employees understand the time priority (SC style perspective) and hence reduce lead time and finally the core fundamental value of the organization highlighting customer is king and hence serving customers’ needs within least time (Organizational values percolated through SC shared value perspective) will help cut lead time.

Improving SC responsiveness through global sourcing or vendor development can be attained through, having an effective system with quality, reliability and flexibility as priority evaluation parameters for vendor selection, development and monitoring in place (SC systems perspective), SC staff having expertise in vendor development or global sourcing whose career growth is linked to their performance in development process (SC staff perspective), organizational willingness in devoting resources to build vendor development competencies (SC skills perspective), SC leadership who can help focus the team efforts towards building a pool of qualified vendors who are reliable, of top quality and flexible, through global sourcing or vendor development (SC style perspective).

Technique like process reengineering to cut down on process slack by eliminating non value added activities can help improve responsiveness through, having a system for implementing such techniques (SC systems perspective), providing necessary training about such techniques to the employees (SC staff perspective), making sure that connect between success of such interventions and customer relationships / requirement (on the downstream) & connect between success of such interventions and suppliers relationship (on the upstream) can be converted in to distinct competencies (SC skills perspective), providing necessary guidance when needed and support throughout implementation of such interventions (SC style perspective) and finally, nurturing a culture wherein such initiatives cutting across functions are encouraged and rewarded (SC shared value perspective).

SC responsiveness can be enhanced to a considerable extent by achieving visibility of three classic flows i.e. materials, information and cash, throughout the supply chain. This can be achieved through, having an integrated enterprise wide IT system (SC systems perspective) and a structure horizontally linking all the communication channels (SC structure perspective).
perspective), ensuring that the system is always online and provides real time information through real time updation of data (SC staff perspective), making sure timely availability of sufficient resources for such systems so that the system itself can aid in providing edge over competitors in terms of offering responsiveness (SC skills perspective) and finally leadership which drives such end to end initiative and gets it done successfully (SC style perspective). End to end visibility also reduces chances of classic amplification in distortion of demand as one moves from downstream to upstream along the SC i.e. bullwhip effect. This connect between the seven S’s and the ways in which supply chain can improve its performance and hence organizational performance should be brought into practice.

Table 7.2

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<tr>
<th>Ways of achieving improvement in SC responsiveness</th>
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iv. While doing this research, it was often observed that various sub functions of supply chain like materials planning, purchasing, stores, inbound logistics, operations, outbound logistics were grouped under traditional functions. This hampers the end to end nature of supply chain impacting its efficiency as well as effectiveness. It is suggested that all the sub functions of SCM should be grouped together under one head. This will help improve supply chain performance and subsequently organizational performance.