

In today's economy, more and more companies are finding creative and effective solutions to mitigate supply chain costs without having to sacrifice operational efficiencies. Our clients and prospects often ask us, "What are some simple supply chain strategies we can deploy to help curb costs?" There is no cookie-cutter approach we can retrofit to all clients as each client has its own unique operation requiring a strategy that is customized to their specific needs. One client may have an advanced warehouse operation, but they may not have the right software applications to support it. The next client may have implemented a best-of-breed WMS solution, but they lack an effective workforce and transportation network to support the growing business. Another client has exceptional service levels, but lacks an effective inventory management system to control carrying costs.

So what are some simple strategies to consider as a means of curbing your supply chain costs? Following are a few strategies that can be customized to your unique business needs and deployed in almost any operation. This blog discusses those strategies:

**Operations** – Assess your current operation and note areas of opportunity. Identify where bottlenecks and anomalies occur and remove the obstacles impeding productivity. Are you maximizing the space in your warehouse? Is the layout or footprint conducive to your operation? Removing excess inventory, slotting products in optimum locations, ensuring travel paths are well-designed, and using the right storage equipment are ways you can reduce costs by managing your space more effectively.

**Labor Productivity** – Making sure your workers have the right tools to do their jobs effectively is absolutely essential. Too much time can be wasted searching around for equipment, pens, tape guns, etc., which negatively impacts productivity. Training is equally as important to ensure your workers understand what is required to perform their job. Implementing best practices is an effective tool to standardize procedures and make the most efficient use of your labor. Implementing some form of Labor Standards and reasonable expectancies can produce immediate savings.

**Technology** – Automation and new technology can help reduce costs from both an IT and operations perspective. Eliminating manual processes will not only improve the speed and accuracy of your operation, but it will also aid in reducing labor costs. Implementing a best-of-breed supply chain execution (SCE) application will help increase the visibility of your supply chain network, enabling you to adapt quickly to changes in customer demand and manage your inventory levels and labor more effectively.



**Transportation** – A thorough evaluation of your existing transportation network will determine if your current program is getting the biggest bang for its buck. Review your carrier contracts and identify where you can negotiate further incentives. Select the optimal transportation modes based on your business model and ensure the carriers you use provide the best – lowest cost and most reliable – service.

**3PL Analysis** – Using a 3PL can be an effective way for companies to gain a competitive edge in the supply chain marketplace. Outsourcing a portion of your warehousing, distribution and transportation functions provides the opportunity for your business to focus on its core competencies. There are many benefits to using a 3PL, some of which include the opportunity to test in a market where your company does not have a presence, enhancing the scalability of your operation during peak production times, leveraging their transportation network to reduce costs, and minimizing capital investments - equipment, additional facilities, etc. - associated with business growth.

**Supply Chain Strategy** – Logistics network optimization (LNO) has the potential to significantly increase savings in warehouse, transportation and inventory operations while yielding substantial service improvements. A well-defined strategy will identify the best inventory locations and establishes the appropriate parameters for each product within your logistics network. In addition, it will help maximize service levels and facility utilization while minimizing total operating costs. An effective strategy will define the scope of your supply chain network and help you determine the potential costs and operational efficiencies to be gained by managing inventory and transportation in the context of a different physical network.

Although the question asks for simple strategies, the answer is not always as simple as we would like it to be. It's important to keep in mind that the answer varies from one client to the next and the best solutions are tailored individually to each client.

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