

JOINING THE DOTS

When our children were younger we used to play a game called Connect4

You know, a game that came in a cardboard box, with a blue frame and some coloured red and yellow discs. The object of the game is to end up with four of your coloured dots in a line, before your opponent can do so.

It is a game of strategy and of taking opportunities when they arise. There are many permutations as to how things might play out, although you can play some early moves to position you to win more often.

Now of course, you can play the game on an iPad or even play over the internet. It is even used to help ward off dementia. However, the principles of the game remain the same, and it is still wise to lose to your children at times.

Connecting your Supply Chain

Setting up your supply chain is usually approached in a far more simplistic fashion.

After all, the mind-bending challenges of the games with your children are best kept for rainy days during school holidays. There is no way you want that complexity in your business.

So, you either set your supply chains up so that everything is imported into each warehouse directly from each supplier, or else one warehouse is chosen as the primary DC and then the others are designated as downstream and are replenished from the main DC.

In other words, you choose a model and then set up your warehouses to suit. Essentially however you have a "one size fits all" approach.

The problem is that it is often not that simple. For example:

- Why is the main DC in Melbourne? Well that might just have been where your company started, where you made your first move into the market; or
- Your biggest market may be Sydney and therefore that is where your main DC goes,



despite the fact that recent market developments in certain products mean that you are selling more strongly in North Queensland; or

- You may be plagued by high MOQs on many of your slow movers, so importing directly from overseas into each capital city might not be the wisest choice; or
- With the recent pull back in the market in Perth, you may need to reconsider direct importing into WA; or
- The back loading rates from Brisbane are still very attractive; and
- With sky rocketing real estate prices in Sydney is it time to review the carrying costs there and hold back the need for overflow warehouse space?

Some people attack these issues by looking at classes of items and trying to treat them differently, but in the end, the approaches often end up as simply "a couple of sizes, fit all".

What if you could have an approach that sought to optimise each and every part in your product range and did so continuously?



It can be easy to join the dots

Approaching this sort of problem with traditional techniques is not feasible. There are simply too many variables. It would do your head in.

What is needed is a capability like Dynamic Supply Chain Reconfiguration (DSCR), which can adjust the way your supply chain is intended to operate for each and every item.

The calculations are so extensive that realistically you don't want to be re-evaluating your supply chain configuration every night and the very small changes would simply not be worth it in any event.

But imagine, if once a week or once a month you could easily and automatically review your entire product portfolio to decide whether products should be directly imported into each warehouse, or imported into one or other of your warehouses, and then shipped to others.

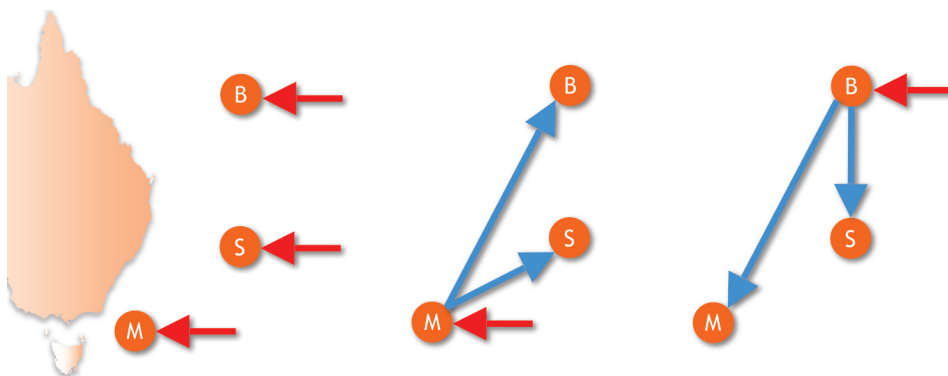
Imagine if you could make those choices based on relative demand levels and variability, pack sizes, MOQs, varying carrying and transport and handling costs. Further, picture that this could all be done dynamically so that as a product transitions through its life, its supply chain can be adjusted to suit its circumstances.

A capability like DSCR can help you make better day to day tactical decisions automatically. The good thing however is that the very same capability can also help you assess different policies and supply chain strategies. DSCR can make all the 'little' decisions, while you can worry and think about the big picture, the constraints you face overall and how you can best transition and grow your business.

Win more easily and more often

You can make some big gains through DSCR. In one case, inventory savings exceeded 10 percent and hundreds of thousands of dollars per annum in reduced carrying costs are being achieved (yes, these are the kinds of benefits that keep on keeping on).

So, you can achieve significant benefits by implementing a capability like DSCR. The next move is over to you.



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