

Supply Chain Visibility: A People Challenge Above All Else

Ron Atapattu

Apr 13, 2017



It's hard to believe but it's true that the term "supply chain" hasn't been with us all that long. It is one of those terms that has come of age within the past 20 years, simply describing the collaboration and flow of the process between various entities involved in pursuing the same goal.

Sourcing, manufacturing, warehousing, inventory controls, shipping, processing and tracking of orders—along with everything else that is unique to, or part of, this process—make a fairly complex set of activities more identifiable. The great challenge has always been to get all this working in harmony, eliminate duplication and wasted motion, and ultimately turn this harmony into a competitive advantage for those who do it well.

That's what supply chain visibility does, in theory. It allows everyone to see everything that's happening along the chain—not just their own activities, but those of everyone else contributing to the process, both positively and negatively, and that makes issues and improvement opportunities easy to identify.

However, the way the term has evolved is somewhat symbolic of the problems we still face today in realizing its potential in practice.

Ask five people who play five different roles within your supply chain to define the term and you are likely to get five different answers. Not only that, but in all likelihood, each person's answer will focus on their own particular role in the process, as opposed to the supply chain as a whole. That's simply human nature. No one has yet to establish an indisputable definition for supply chain, so people tend to invent their own, and it usually relates to their own priorities and stays within their working silo.

When we talk about supply chain visibility, many see it as a possible cost-saving tool at the expense of others. Few are able to focus on improving the chain for all parties.

Technology is changing the way the supply chains are being managed. For instance, there are software products which help manage the supply chain process, everything from deadlines to schedules to real-time activity visibility. If you want to achieve supply chain visibility, there is no shortage of tools to help you along the way. The greater challenge for CEOs who know they need to achieve supply chain smartness is one of people management, as is often the case.

Getting Out of Your Comfort Zone

As much as your people will theoretically agree that visibility helps improve the process for everyone, they will come up with all kinds of reasons they don't want to be subjected to it, such as, "Sure, it's good if everyone can see everything. But here's why it doesn't work for you to see what I'm doing!"

In my experience, people simply could not, or would not, let go of their perceived territorial rights. It exposes their weaknesses. It exposes activities that might not be met with approval from the boss, or from others who would suddenly have something to say about how things are being run.

People become very comfortable with their routines, some of which couldn't survive if everyone had to use an open, visible, unified system. Supply chain visibility threatens those routines. The way one department works may create a problem for another, but the lack of transparency makes the problem hard to identify and even harder to solve. Shine a light and suddenly change is inevitable. People are convinced they can't work any other way, and these sudden directives for change make them feel like the rug has been pulled out from under them.

I realize this sounds extreme, but I've seen it more than you can imagine, and it applies to external relationships even more so than internal ones.

Supply chain visibility isn't only about departments within your company. To have true visibility across the chain, visibility needs to exist with your outside partners as well. This means your shipping partner, your warehousing partner, and your suppliers. When everyone can see everything, clearly and easily, in real time, efficiency goes through the roof. Waste of both time and resources are reduced significantly.

But going all-in on visibility requires a tremendous amount of trust. Do you really want outside partners to know exactly what you do and how you do it? Do you trust them to keep things confidential? Are you worried that at some point down the line, that company might work with a competitor, or truly get to know your weaknesses?

Just like your shipping department might resist sharing information with your buying department, you might want to limit what some of these outside partners can know about your company. And that can render supply chain efficiency and visibility an in-theory-only proposition. Add in partners from Asia or other regions of the world and people might really start to get nervous.

Overcoming the Resistance of Your Own People

So if you really want to pursue supply chain visibility, how do you overcome these obstacles?

Most likely, the impetus isn't going to come from the typical logistics brass. It has to come from senior leadership within the company, ideally with the CEO. When the CEO establishes a clear vision and matching policies for how the company is going to operate with its supply partners, people understand they're going to be held to that high standard. They might still resist directions that make them uncomfortable, but if the policies are clear and the reasons for them are understood, the tendency for your team members or departments to go rogue decreases, though it never disappears.

This commitment to real visibility starts with the process of deciding to itemize and quantify the benefits of truly committing to supply chain partnership. It's when you select what parts of your supply chain you're ready to open up—both internally and externally—to real transparency.

There's a lot to consider. You need to look at shipping, warehousing, raw materials, regulatory compliance and everything in between. There are a lot of people involved. That might make you nervous, but there's opportunity there as well. When everyone can see everything, you're getting the benefit of vast experience that can help you improve across the board. If these are people you've chosen to do business with, you're already investing a certain amount of trust in them. There is probably more potential for them to help you than there is for them to threaten you.

But the first challenge of any CEO who's serious about this is to overcome the resistance of his own people. I have yet to meet a CEO so bold that he will simply tell everyone to comply or else, and as a management practice that rarely, if ever, works. Getting people to embrace change and give up some of their security means first getting them to embrace the vision of true visibility. When they start to see that everyone is better off if the company performs better, that's when they become willing to trade their familiar habits for the promise of greater overall prosperity.

I encourage you to explore industry specific tools that can establish supply chain best practices for your partners and for you, Mr. or Ms. CEO. You have to lead your team and clearly define the end game to achieve quantifiable results in Supply Chain Heaven.

Ron Atapattu is founder and president of Overseas Cargo Inc. and chairman of Beacon Council's Trade & Logistics Committee. He has over 30 years of experience handling supply chain management, distribution, transportation, inventory management and warehousing for some of the world's most recognizable brands, including General Mills and PepsiCo.