



The 5 Key Success Factors to **Supply Chain Automation**

A Celerity White Paper

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Retail Supply Chain...breakdown is not an option in a downturn

Retail grocery has come through a period of unprecedented change and the only certainty looking into the future is more rapid change and an increasingly competitive market.

Consumers have never had it so good. They can now buy the same brand of toothpaste at the supermarket, local convenience shop, petrol station almost any hour of the day 7 days a week. Extensive promotions (which are expected!) create new pressures on a supply chain that is often already suffering from data overload.

To compete retailers, distributors, cash and carry's and suppliers are focused on driving efficiencies into their businesses and reducing costs. Many good cost saving initiatives have been executed but one area where there are still good opportunities to reduce costs is in the retail supply chain. The good news is that smart retailers are seeing proven returns on modest investment in a matter of months.

In the author's experience of over 100 retail supply chain technology projects, 5 fundamental key project success factors are evident time and time again. When these key success factors are properly addressed the probability of the project delivering real benefit to the business dramatically increase.

Get the fundamentals right

A supply chain, simply stated, comprises the flow of a company's products, information about them, and the money that changes hands between the company, its suppliers and customers.

When a company manages its supply chain well, it can deliver the right products, at the right price to the right place at the right operational cost. A broken supply chain results in products that customers demand being out of stock, poor forecasting, higher inventories, increased administration costs and a negative impact on cash flow.

For a company, being caught on the wrong side of a buyers slump is a nightmare. It can discount all it wants but nothing damages a business as quickly as too much inventory. Old heads smirk and know that many of the bull market buyer babes will be no match for the business cycle.

However evidence shows that smart retailers and their suppliers are implementing solutions that are taking cost out of the supply chain and simultaneously providing real decision making information to their senior managers.

The 5 fundamental key project success factors are briefly discussed below:

Key Success factor 1 :

Promise only business benefits that you can deliver

Too many projects win support only after more has been promised than can actually be delivered. Giving everybody in the organisation what they want inevitably results in projects that are too expensive and difficult. It also takes the attention away from the high priority areas, which have the most potential, for real saving.

Ensure that all supply chain projects have clearly defined business goals that provide measurable short-term objectives that are understood and committed to by business and IT departments.

Long term costly projects, which promote themselves as a silver bullet to solve all supply chain problems should be viewed with a jaundiced eye.

Key Success factor 2:

Ensure the people issues are addressed

Too much attention is normally focused on the technology aspects of the project. Real business benefits need change to occur amongst the users affected. The people aspects need to be addressed from the outset.

Automation of itself can of course cut cost from the business but the average technology project realises less than 50% of its true potential value to the business, as the people aspects are not properly addressed.

IT Departments and vendors will insist that the technology works as specified but the business users will complain that the technology is too hard to use or does not provide them with key information that they need to enhance business performance.

Ensure that the people affected by the project are well informed and that they commit and buy into the change. Understand that there will be both education (knowledge transfer) and training (new skills and behavioural change) to be undertaken as part of the project. Review progress regularly after implementation to assess how users/management perceive the benefits of the project.

Key Success factor 3:

Link business benefits and participant rewards

Project teams often go native during a project and are frequently seduced by the elegance of the technology solution. There needs to be a rock solid motivation for all participants to keep their attention focussed on the benefits to the business.

Ensure that there is a direct link between the business benefits being targeted for the project and the reward for all participants in the project. Link project benefits to budget cycles, bonuses and vendor contracts to rewards or penalties depending on how the technology benefits the business.

Key Success Factor 4:

Ensure Vendors understand your business and your partners business

Too often technology vendors promote themselves as having real business knowledge which is uncovered as only being skin deep once the project is underway. The consequences are often serious as issues that appear to some as unimportant, may well be critical to the business and its senior management.

Don't limit your test as to whether the vendor understands your business...in supply chain projects vendors need to understand your partners' business as well. The retail sector internationally is littered with the corpses of projects that retailers thought they could persuade suppliers to participate in.

Ensure that vendors understand and are willing to help 'sell' and implement the rollout. Get them to share part of the risk in getting your trading partners to participate.

Key Success Factor 5:

Ensure solution works with existing IT systems

You have already invested and borne the pain of getting your existing IT systems in place. You cannot afford the time and effort to change your systems.

The solutions proposed have to fit and fully integrate with your existing IT systems. The information flows between your existing and new system need to provide real decision making information.

Hopefully these 5 key success factors will be of help when planning and implementing your next retail supply chain project.

About Celerity

Celerity is the market leader in retail supply chain management solutions in Ireland.

Celerity combines in depth retail grocery experience with supply chain technology understanding to deliver real cost savings and measurable business benefits. Over 250 retail grocery organisations have benefited from Celerity's collaborative automation solutions, which include consultancy, project management and fully hosted EDI/e-commerce solution delivery.

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