

# Five steps to a better performing supply chain

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*Adam Gates, Partner, Odgers Connect, explores the challenges organisations should address to achieve supply chain agility and responsiveness in a cost-effective way with experts [Neil Fulkes](#) and [Mike Hegarty](#) of [mile20 Consulting](#).*

When it comes to solving some of the major supply chain issues organisations are wrestling with today, Neil Fulkes and Mike Hegarty clearly know what they are talking about. Neil is a supply chain and cost transformation specialist who has 20 years' international consulting experience with Deloitte and KPMG, helping business leaders to design and implement end-to-end supply chain transformation and cost optimisation programmes, many of which have had a

technology enablement focus. He also has an industry background in supply chain management and post-merger integration from his time at Mondelez.

A large chunk of Mike's career, on the other hand, has been spent working in the automotive sector in Bentley Motors and Jaguar Land Rover in areas such as strategic transformation projects, global distribution, material requirements planning, and major automation projects within the supply chain. In April 2020, as the UK mobilised its pandemic response, he took up the high profile and challenging role of Director of Supply Chain, Manufacturing and Logistics at Test and Trace, procuring £2.2 billion of manufacturing, logistics, and transport services over 32 separate contracts.

The creation of mile20 has brought together Neil's and Mike's complementary skills and deep knowledge of supply chain matters, including the inherent triangle of tensions between stakeholders with different priorities – optimising costs, improving customer service or protecting cashflow. This is particularly relevant today as supply chains have evolved beyond mere complexity, becoming increasingly intricate as they grapple with the challenges of protecting themselves against the repercussions of significant geopolitical occurrences, such as conflict in Ukraine or catastrophic shipping failures like the Suez Canal incident.

There are, Neil and Mike assert, five focus areas for organisations to address if they are to find solutions to their biggest supply chain challenges.

1. **Managing supplier risk.** As organisations consider how to build more resilient supply chains, evaluating and mitigating supplier risk has become a top priority. Many organisations are operating in a reactive mode, lacking the knowledge, data, and analytics for effective and proactive supplier risk management. To compound the challenge, predicting supplier risk is becoming more complex than ever due to external factors such as geopolitical risk, inflation, and an expansion in the number of supplier tiers. To address the challenge, one strategy organisations are taking is shifting from 'Just-In-Time' to 'Just-In-Case', holding extra inventory for critical items and engaging with multiple suppliers. The second strategy is the adoption of real-time data analytics to enhance the accuracy of predictions of demand volatility and applying

these insights into Sales & Operations execution frameworks. However, both these strategies require expert implementation to navigate areas such as cost management implications, supplier relationships, and data availability and accuracy.

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2. **Linking demand management with inventory management.** “Product portfolios have become increasingly complex due to the commercial need to deliver on customer expectations,” says Neil. “That often means holding more SKUs – more products, more items. This can drive a lot of obsolete and surplus inventory as customer buying patterns change, as well as increasing the complexity of inventory management. Organisations need to manage this challenge effectively.” Consequently, many companies are finding that conducting Sales & Operations Planning (S&OP) on a monthly basis is no longer adequate. Leading organisations are looking to augment their supply chain planning systems with advance planning and AI solutions to enable them to respond faster and make changes much more effectively. However, selecting the right solution from the rapidly evolving supply chain technology marketplace and successfully integrating it into existing systems can be a significant challenge.
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3. **Optimising logistics and transportation.** On top of dealing with geopolitical disruption and rising transportation costs, organisations must consider a range of targets related to ESG. Balancing customer service demands with achieving environmental goals while delivering against profitability targets is becoming increasingly challenging. Consequently, the effective management of logistics and distribution is now high on the priority list for organisations, yet legacy infrastructures often constrain, rather than enable, effective management. As a result, organisations are prioritising effective implementation of technology-driven supply chain control towers, together with ensuring the correct 3PL or 4PL outsourcing models to deliver correctly integrated supply



chain logistics activities in order to achieve the right level of service while keeping a lid on costs.

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4. **Managing skills and talent shortages.** The supply chain labour market has changed radically over the last few years and the pace of change continues to accelerate. We are experiencing the automation of traditionally manual operations and warehousing roles, while the introduction of AI and advanced analytics is removing the need for data manipulation roles in planning and forecasting. However, organisations are struggling to keep up with the pace of change, and talent mismatches are growing across all areas of the supply chain. The organisations that are navigating this talent gap most successfully are those that can balance re-skilling with recruitment, developing a talent base that has the capability to work across multiple areas of the supply chain, rather than only being skilled at single roles. At the same time, they are re-defining their organisational structure to be flexible enough to respond to supply chain challenges as well as being cost effective and fit for tomorrow's supply chain as well as today's.

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5. **Digitally enabled supply chain and effective use of data.** This is a thread that runs through most of the above. Many organisations are struggling with inconsistent, unconsolidated, inaccurate, and contradictory data presenting multiple versions of the truth. Therefore, it is no surprise that companies have a poor understanding of performance and a lack of effective data-driven decision making. The good news is that there are now many technology solutions available to help pull organisational data together into a single consolidated layer. This can also be married with external customer, supplier, market, and ESG data to identify trends and patterns – to gain insights into challenges that lie around the corner and make course-correcting decisions – through the use of predictive analytics and AI. The challenge is clearly to find the right technology solution to suit the organisation.

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SUPPLY CHAIN

The mile20 team are bringing together deep supply chain technical knowledge as well as a balance of consulting and industry expertise to support organisations in tackling the multitude of different challenges that they face today.

Neil is a keen runner and his consultancy's name, mile20, refers to the hardest bit of a marathon – the dreaded 'wall' that athletes may encounter at around 20 miles into a run. It's undoubtedly an apt choice for a business advising others on some tough challenges.

You can find out more about mile20 by visiting [www.mile20.co.uk](http://www.mile20.co.uk)

*Neil Fulkes & Michael Hegarty*