

CSCMP hottopics

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Smarter supply chains for an unpredictable world

By IBM Institute for Business Value

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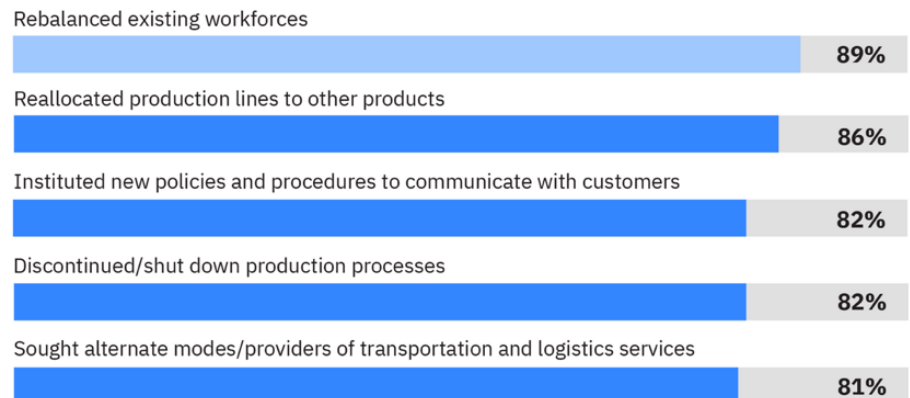
Educating and Connecting the World's Supply Chain Professionals.™

INTRODUCTION

The COVID-19 pandemic has exposed supply chain vulnerabilities that exist in virtually every sector and industry. It has demonstrated that even a small disruption in the intertwined, multifaceted modern supply chain can have dramatic effects.

The pandemic created supply, demand, and logistics challenges that required immediate action, forcing supply chain executives to re-chart their courses. According to our recent supply chain study, which included inquiries specific to the pandemic, some of the more effective short-term tactics include reallocating production lines to other products, rebalancing existing workforces, shutting down production, and finding alternate logistics modes and providers.

MOST EFFECTIVE SHORT-TERM STRATEGIES IN RESPONSE TO COVID-19 DISRUPTION



Source: IBM Institute for Business Value Smarter Supply Chain Study, 2020. Q: To what extent do you feel that your supply chain organization's strategies and tactics in response to the COVID-19 pandemic have been effective? (Percentages represent respondents who selected 3, 4, or 5 on a 5-point scale.)

In the wake of the pandemic, 93 percent of organizations have faced challenges associated with demand volatility. To better anticipate and navigate disruption and volatility, organizations need smarter, more agile supply chains. The first step toward achieving this goal is through continuous intelligent planning (CIP), an approach that enhances integrated business planning with continuous and collaborative planning using AI-augmented capabilities. They enable "always-on" capabilities at the enterprise level, providing continuity in dynamic markets and the ability to shift from reactive to more flexible "sense and respond" operations.

By enhancing integrated business planning with continuous collaborative planning and AI-augmented capabilities, your organization can make the leap from continuously reacting to supply chain challenges to proactively planning for the future.



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MODERNIZE SUPPLY CHAIN PLANNING

Intelligent workflows, increased agility, and integrated continuous demand management are crucial elements of the modern supply chain. CIP can guide organizations in the proactive preparation and ongoing collaboration necessary to create a dynamic, responsive, insight-driven supply chain.

CIP offers a path to both efficiency and proactive preparation for future global trade complexities and unexpected physical and security disruptions. CIP includes AI-augmented supply chain planning capabilities that complement other enterprise solutions—and can sense and respond to market changes affecting the supply chain. Through modern, intelligent demand planning, CIP can help address challenges in visibility, forecasting, workflows, and collaboration.

For example, a supply chain control tower—a connected, personalized dashboard of data, key business metrics and events across the supply chain—enables organizations to more fully understand, prioritize, and resolve critical issues. Combining the power of control towers with connected and integrated enterprise, partner, external, and device data enables organizations to see where their products are—in real time and in full view—across the world. AI capabilities can turn unstructured real-time data into insights that help predict disruptions. And the control tower's end-to-end view can both uncover short-term vulnerabilities and help gauge up and downstream impacts for long-term decisions.

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ACTION GUIDE

In our recent research, we asked organizations to compare their innovation capabilities with those of their competitors. The organizations that rated themselves as significantly more innovative also had higher percentages of intelligent automation implementation. We discovered they are infusing intelligent automation and AI into their demand management/forecasting and inventory management workflows. They also expect major operating cost reductions and significant annual revenue growth in the next three years.¹

Innovators understand the importance of intelligent automation. And they realize that continuous intelligent planning is not merely a strategic play; rather, it is an essential element in building the modern supply chain. Just imagine an integrated capability that enables end-to-end planning and visibility—one that is not based on the passage of information and time-consuming consensus discussions, but on real-time data that supports collaborative and automated decision making.

By enhancing integrated business planning with continuous collaborative planning and AI-augmented capabilities, your organization can make the leap from continuously reacting to supply chain challenges to proactively planning for the future. We offer the following recommendations as first steps to implementing continuous intelligent planning.

About CSCMP Hot Topics

Issues of *CSCMP Hot Topics* may include early results from ongoing research being conducted for CSCMP or other organizations; new supply chain practices, thought-provoking ideas, or emerging trends; discussions of changes in the broader business and regulatory environment that may impact the supply chain and logistics field.



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1. Transform your planning experience

Integrate business planning synced with real-time continuous planning processes. Re-purpose the time saved on automation to focus on collaboration and fine-tuning planning models for your industry and organization. Institute shared key performance metrics and incentives between sales, operations, and planning functions with executive oversight.

2. Establish a center of excellence

Establish a framework and governance structure to support evolution of process, people, and tools to propel innovation. For each of the five key steps of the planning cycle—product review, demand planning, supply planning, executive sales and operations planning, and continuous collaborative planning—identify objectives, owners across business units, core and extended teams, key performance metrics, and key decision criteria. Assemble the right teams, dynamically, to collaborate and manage exceptions and resolve disruptions quickly.

3. Leverage a visibility control tower

Consume organizational supply chain and enterprise data, external data (for example, weather, news, social), and partner data to proactively monitor and manage transactions. Establish real-time alerts for potential disruptions related to transaction processing, approvals, the movement of goods, and volatile changes in demand and supply patterns. As each event and resolution is captured, leverage AI capabilities to develop digital playbooks that curate organization knowledge to optimize responses to future events

4. Engage a modern planning architecture

The heart of your planning is the underlying architecture on which effective execution is built. Modern architectures support AI-enabled demand sensing models with externally influenced (or driver-based) forecasting. Integrated business planning includes new product introduction, demand, supply, capacity, inventory, and financial planning. Today's architectures have the added layers of real-time demand sensing, production planning, and dynamic allocation—all in a shared collaborative platform. Evolve your organization's infrastructure based on these intentions.

Limit supply chain disruption—and proactively plan for market shifts—with AI-augmented capabilities. [Read the full report.](#)

Source:

¹ IBM Institute for Business Value Smarter Supply Chain Study. 2020.