

Execute on Your Strategic Supply Chain Model

Developing a Convincing Business Plan to Turn Your Model into Reality



Designing your supply chain to effectively service your customers at the lowest cost is critical in today's competitive market. enVista's supply chain design team is led by supply chain practitioners with an operations background, enabling practical and holistic solutions that will be executed.

Business Case to Optimize Cost & Service

Supply chain design analysts have a challenging effort trying to replicate their supply chain's key costs, factors and constraints. Compounding the issue in creating an effective supply chain design is the ability to take a holistic view of their supply chain to optimize cost and service.

Moving distribution centers, implementing automation, and determining whether to insource or outsource distribution and transportation are all major decisions that impact the supply chain's cost and service to customers. These decisions not only affect the operation but also impact numerous areas of the company, and each implication must be quantitatively and qualitatively understood to determine the value of change.

Turn the Supply Model into Reality

Accurately modeling your supply chain opportunities with accurate details of the fixed and variable costs of manufacturing and distribution facilities, is a complex skill. However, there are even greater challenges to connect those opportunities to your business operations and match that to a long-range plan to generate a business case.

Current supply chain modeling tools are powerful technologies that can help companies make transformational improvements to their supply chain. While these technologies are very effective, many companies fail to leverage those tools to make fundamental changes to their supply chain network based on the outputs of the tool.

The Reasons Why Companies Fail to Leverage Supply Chain Modeling Tools:

- The modeling tool may lack real world constraints of the supply chain
- Key data elements are missing which cause doubt in the results
- Industry benchmarks are not compared to current model baseline
- Scenarios are designed that fail to incorporate the complexity of execution
- Scenarios are designed that do not incorporate the flow and impact of inventory
- Opportunities in the model do not show customer or store impacts
- The balance between service, cost, inventory and cycle times are not clear
- There is not enough detail in the model to develop an action plan
- The business case lacks one time, transition and capital costs

Business Case Components

As scenarios are run for the potential supply chain network, there are four steps to build a business case for the future state. Companies are looking to their teams to provide a comprehensive return on investment (ROI) analysis in order to execute upon the strategic roadmap. Thinking through each step below, quantitatively and qualitatively, from a benefits, timing, risk and cost perspective will determine the business case considerations and impacts on a future supply chain.

1. Benefits

The first step is understanding the benefits of the new network. Determining the improvement in service level agreements (SLAs), reduction in labor expense (cost, quality, quantity) and transportation cost, reduced inventory, ease of management, and added synergies between departments are all benefits that must be captured to understand the comprehensive benefit of the new network.

2. Future Proof

Ensuring there is enough sustainable labor, transportation, and an operations model that can flex with potential economic impacts such as tariff pressures or increasing fuel cost, for example, are key future proof points for many of our clients. For other customers, it is future proofing for potential acquisitions, store growth or capacity needs at ports.

3. Investment

Investment and ROI accuracy is a key component of a solid business case. enVista works with our clients' operations teams and finance departments to develop attainable goals and ensure the best business decision and opportunities for your needs.

4. Timing and Responsibility

The final step in developing the supply chain business plan is a tactical sequence of events from current state to the future state. A logical and practical step-by-step methodology will deliver efficient transition to the new network and help smoothly migrate to the future state.

Attaining Results – Execution Is Key

Developing a holistic supply chain network analysis business plan will maximize buy-in, ROI and assist in making better business decisions. Understanding individual roles and responsibilities generates accountability towards a common goal. Creating realistic and attainable goals helps transition the supply chain and realize ROI. Encouraging everyone to consider the impacts on each department as well as ensuring the outputs are done in a timely manner provides the benefits.

Many clients choose enVista because we maintain expertise in distribution/warehousing, facility design and automation, manufacturing, sales & operations planning, enterprise & supply chain execution systems, and all modes of transportation. enVista can benchmark all modes of transportation, manufacturing and distribution center operations

as well as product sourcing capabilities to identify business opportunities. Often, the answer is a combination of scenarios run iteratively to produce the final answer to transform the supply chain. The key to these projects is to exhaust scenarios of “what if” questions and then combine scenarios.

In addition to modeling the optimal network, the company must begin making critical business decisions, such as determining whether a new distribution center and transportation should be insourced or outsourced. Should the company maintain a private or dedicated fleet? Should it outsource all distribution, some of it, or maintain all operations in-house? These decisions have great impacts on the strategy and cost structures.

Ensure Long-Term Success

Once the model is complete and scenarios are run, the real work begins. We do not merely provide an ROI analysis because this is rarely enough justification for meaningful changes in the network that require capital investment. Instead, we have the capabilities to generate investment and savings budgets that are accurate based on current manufacturing, distribution and transportation costs. For example, if new buildings or consolidated buildings are part of the future model, enVista maintains the facility engineering and automation practice to provide accurate costs for material handling equipment and automation from concept to commissioning. We work alongside our customers’ operations, transportation and finance teams to ensure agreement with the overall go-forward strategy and return on investment to turn the model into reality.

How enVista Can Help.

The ability to optimize your supply chain to effectively service your customers at the lowest cost is critical in today’s competitive market. enVista’s supply chain network analysis team is led by supply chain practitioners with an operations background, enabling practical and holistic solutions that will be executed upon. The analysis team works side-by-side with the modeling team to ensure each necessary scenario is run, and the project teams then develop a complete implementation timeline and RACI chart tool to ensure implementation success.

In addition to supply chain network analyses and developing business cases, enVista’s complimentary services put the team in a unique situation to assist with executing your supply chain strategy. enVista has expertise in labor management, transportation consulting, supply chain systems selection and implementation and warehouse design and automation. enVista is an end-to-end supply chain consulting firm that can turn your strategy and supply chain model into a competitive reality.

Let’s have a conversation.™

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