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How You Build Supply Chain Resilience

3 ways to improve supply chain management at speed

Do What Matters

For most organizations, the lifeblood of their work comes from getting the right quality product or service to the right customer in the right timeframe.

And for those with physical products at the core, nothing is more foundational than their supply chain and associated technologies. New buying behaviors have been shaping how manufacturers operate to remove friction in the customer experience both upstream and downstream in the actual product creation.

Then a global pandemic hits, geopolitcal conflict and volatile markets, leading to trade restrictions, limited production, depleted inventory, downstream retailer closures and rapidly changing consumer behaviors.

Even the most straightforward supply chains have been affected, and those with more complex operations have been especially vulnerable to unforeseen impacts.

These impacts affect not only physical and onlines stores, but also eery supplier of product available in those stores, sucha as clothing, home products and automobiles. No industry has been untouched. Consider a car manufacturer, unable to source a host of components from suppliers. Even with back-up and multitier suppliers, entire production lines and supply chains can come to a grinding halt. Other disruptions include limited imports, lack of trucking availability, workforce depletion, and increased costs for raw materials across most commodities.

Organizations that were already struggling with legacy technology that caused poor production scheduling and inhibited agility to respond to customer demands, now face these challenges amplified by the pandemic, creating additional, significant obstacles to overcome. And with a path ahead that's not linear, addressing these issues has become more critical than ever.

Organizations must build resilience, so they are not caught unprepared.

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To build supply chain resilience, organizations are doing what matters across five priorities:

Cost containment and optimization

Look to immediately reduce financial exposures by evaluating the demand side of your business and stop non-producing product lines. Adjust ERP schedules and shift where needed with agile planning and inventory software. Get real-time visibility to customer and supplier activity, and the ability to be multisourced within the supply chain to optimize component availability.

Talent agility

Enable your employees to be a part of the "respond, reset and renew" process by working with your customers and suppliers to make rapid adjustments. Adapt work and production environments accordingly in tandem with changing operational processes.

The resilient core
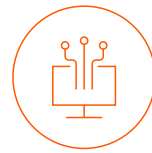
Create a scalable, insight-driven supply chain that enables a high degree of flexibility with your suppliers so you can scale production up or down. Protect your core operations now and in the future with the ability to support new products and customer segments.

Customer care and operations

Equip your supply chain to adapt to new buying behaviors and new market channels. Connect the traditional back-office ERP systems directly to the channels that serve your customers, and provide the human touch to show them you have their needs in hand.

Products and services

Simplify the product portfolio temporarily while responding with high-demand products or shift in real time to that demand. Build a responsive supply chain that can continually evolve to develop the products your customers demand before your competitors do.

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As organizations take actions across these priorities, they will pass through three phases over time, starting with an initial respond window where organizations have had to adapt quickly.

Most organizations are starting to enter a new phase, where they can **build** for a new standard that arises while reconfiguring operating models for flexibility and scalability. And finally, as things start to settle into some level of stability, organizations will reflect critically on how they will **make** a full growth strategy with their supply chain, specifically:

Do what matters with agility to minimize cost, resource and people exposures using advanced analytics capabilities to model and push through supply chain disruptions and adapt to new buying behaviors.

Build the collaboration cycle and fulfillment models across the supply chain to maintain adaptability and enable responsive innovation to client needs.

Make a more resilient ecosystem that enables new experiences and revenue streams.

The following are three key areas to address to build supply chain and even business resiliency.

"94% of the Fortune 1000 are seeing coronavirus supply chain disruptions."

– Fortune

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Proactive steps to prepare for whatever comes next

1. **Do what matters** to changing demand with agility and efficiency

Organizations that rely on legacy systems to adapt to market conditions are falling short in response time in a rapid world of change.

Legacy applications are not agile, don't take advantage of today's capabilities with high-powered, efficient cloud and analytics capabilities, and create security risks that can go unnoticed until it's too late. Being prepared to rapidly shift production lines is a critical component in this phase, as is shoring up the cost base. Organizations with fixed procedures, long development cycles and risk-averse cultures will face challenges in trying to rapidly shift to new suppliers and new customers.

Act now to move your supply chain securely to the cloud. This will make it easier to collaborate with suppliers and customers instead of dealing with individual organizations' firewalls. Enable rapid decision-making and new teams to form, based on your business priorities to work in an agile fashion and iterate as you go. The key here is that you don't need to solve everything all at once – a piecemeal approach will help you get further faster in this stage.

> **Tip:** Intelligent technologies can help identify unusual business conditions such as low inventory levels, transportation delays and customer order cancellations that can contribute to major inefficiencies or problems ahead. Analytics paired with a centralized control tower view can help you see this in one place and help you focus efforts.

Case Study

Creating a platform for an agile business

Encory was launched as an equal joint venture of BMW Group and ALBA group, developing logistics and consulting solutions for reusing and remanufacturing auto parts.

Challenge: With only three months between its founding and launching the company's first logistics center, Encory needed a cloud-based ERP solution that could be run by a small, agile team.

Solution: Avanade helped Encory implement Microsoft Dynamics 365 for Finance and Operations. We started by identifying the most critical processes that would need support and evolved subsequent phases of the rollout from there. The platform now includes modules for procurement, logistics and warehouse management, and has been integrated with Dynamics 365 CRM and Microsoft Office 365.

Results: Encory has experienced accelerated growth with its cost-efficient, highly responsive and evergreen workplace platform so it can better respond to changing market conditions.

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2. **Build** with an envolved fulfillment model against changing demands

To differentiate and thrive, companies must explore new ways of driving business, whether that's shifting what they produce or whom they sell to. For instance, consumer goods brands may consider selling products directly to consumers or expanding into new partnerships instead of relying on existing retailers or distributors.

Organizations with legacy supply chains may have limited flexibility, predictive insights, or adaptability to support rapid change, and are poorly positioned to see these opportunities and take advantage of them.

Physical store and office closures have led consumers to further embrace online buying. Recent happenings has simply accelerated this change, with buy-online, pick-up at store quickly becoming normal.

To respond to this shift, but also to handle additional sales, organizations must deploy a solution to enable contactless fulfillment and power a range of new ways to handle customer demands. Any solution must be mobile ready and guided by human-centered design to provide an intuitive and simple consumer experience, alongside accurate inventory and order management capabilities that enable employees to pick inventory efficiently and optimize fulfillment from stores.

Empowering your talent to make better-informed, cost-effective inventory supply decisions will help you build resiliency. Low-code technologies like Microsoft Power Platform can help you rapidly adopt and adapt automated workflows and processes through connected apps for store and warehouse employees, so you can move faster with less reliance on IT. Consider implementing AI-driven analytics and machine learning so your team can secure the best prices from vendors, anticipate future product demand and identify the right times to restock inventory.

COVID-19 Accelerated e-Commerce Growth '4 to 6 Years':

"We are seeing signs that online purchasing trends formed during the pandemic may see permanent adoption."

- Forbes

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3. **Make** with tighter upstream and downstream collaboration

Without full visibility across the entire supply chain, you can't gain the insights you need in order to make fully informed decisions and changes quickly.

Broken feedback loops create issues across your organization, from planning to procurement, from production to delivery. Entire value chains are impacted by inconsistent collaboration internally and across suppliers.

With the right analytics and insights connected and available in the cloud, organizations can make decisions with more certainty. A centralized hub, like Microsoft Dynamics combined with Microsoft Teams, can solve feedback loop and collaboration issues with insights that enable production line changes and use new or different suppliers to meet evolving demand.

Due to the uncertainty, we are facing, forecasting scenario planning is even more critical and must consider the extreme business trends that we experience now – or in the near future. Refactoring scenarios will be constant for a while and acting on insights ensures you can respond to change confidently. To collaborate better, share these insights upstream and downstream with your teams, make them accessible to suppliers and your entire ecosystem as you implement. This could be through personalized business analytics dashboards made viewable in low-code applications or other workplace technologies that make it easy for employees to understand information and take swift action.

47% of consumers expect brands to translate their values and promises into new and innovative products and services.

In response to the crisis, adaptive manufacturers have been able to ramp up production of new or different products. Case in point: Teamwork and technology like Dynamics 365 helped a consortium of major industrial, technology and engineering businesses from across the aerospace, automotive and medical sectors come together to drive rapid production of medical ventilators.

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Do what matters now to prepare for the future

The types of changes required to do what matters, build and make, supply chains may be very different from the capabilities that you've invested in the past.

But as you face an uncertain future, it's essential to consider how to quickly give your employees a modern toolset to meet changes in demand. And it's not too late to start now.

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Why **Avanade**?

Supply chain resilience impacts people, process and technology, and we can help you connect and enhance the entire spectrum.

We can help you accelerate with rapid stand-up supply chain management solutions that combine insight, innovation and expertise focused on Microsoft technologies. We are one of the world's leading experts on designing, deploying and managing on the Microsoft ecosystem. It starts with Microsoft Dynamics 365 on Azure, complemented by predictive analytics and AI, comprehensive security expertise and collaboration tools that empower and connect employees.

Experience the best of both worlds with Avanade: the reliability of a proven systems integrator and the agility and creativity of a digital agency – plus the industry knowledge to bring it all together. We provide proven methodologies, effective strategy, human-centered design and leading-edge technology, which are some of the reasons why we've been named Microsoft Global Alliance SI Partner of the Year in 2022 for the 17th time.

Avanade at a glance
- We are a Microsoft Azure Preferred Partner and have more certified professionals for Microsoft Azure than any other Microsoft partner.
- Leader in the The Forrester Wave™: Microsoft Dynamics 365 Services, Q2 2019
- 13 Digital Innovation Studios worldwide and dedicated XD practice

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Get started today

Request an initial assessment phone call.

Through a virtual assessment, we can better understand your current business drivers and pain points and culture, and discuss your cloud and data strategy.

We can also understand your digital commerce and order management landscape to help you determine your future-state "North Star" and short-term ways to get there.

Contact us to learn more.

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About Avanade

Avanade is the leading provider of innovative digital, cloud and advisory services, industry solutions and design-led experiences across the Microsoft ecosystem. Every day, our 56,000 professionals in 26 countries make a genuine human impact for our clients, their employees and their customers. Avanade was founded in 2000 by Accenture LLP and Microsoft Corporation. Learn more at www.avanade.com.

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