
Supply Chain Challenges: Optimising Performance via Technology

Efficient management of increasingly complex supply chains is the toughest challenge facing manufacturing and distribution companies in today's challenging economy. Top industry consultants and specialists are pouring millions of pounds into research and technology regarding issues such as spiralling costs, increased competition and regulatory constraints which are progressively eroding the bottom line. This article, therefore aims to explore how internal software such as Microsoft Dynamics NAV can optimise performance and improve the visibility and efficiency across supply chain activities. Dynamics NAV can ease the flow of information and help streamline decision making in an economy of global uncertainty and economic instability.

Supply Chain Challenges

An article published by McKinsey & Co. documented that before 2008 'improving customer service' was the main priority for supply chain managers. However, the global recession saw this change as the focus fell to controlling rising costs, adapting to tightening regulations and remaining competitive in an increasingly global environment. Management have to contend with a different set of challenges than before the downturn and many anticipate that these challenges are set to become more turbulent as supply chain and distribution channels become more complex.

- * Customer expectations of quality of service and products are rising due to the increased choice offered from abroad. For example, the attractiveness of manufacturing locations such as China has risen in the recession. Capitalising on cheaper labour and cheaper materials has been a drawing point for many firms and customers know they can now demand lower prices and a wider customisation of products because of this intense competition.
- * A range of national and international regulations govern supply chain and warehousing, which impacts upon how goods are handled, stored and labelled. Companies also have to contend with increasingly strict EU emissions measures in the wake of environmental concerns at the Kyoto Protocol. This is affecting distribution and will continue to do so as requirements for vehicle fleets are set to become stricter by 2014.
- * Production in manufacturing depends on consumer spending levels. The drop in consumer spending across the globe due to cost of living and lower disposable incomes means that manufacturing demand slows down. Furthermore, this is exacerbated by export clients who are halting spending due to rocketing Eurozone debt fears.
- * Rising fuel costs combined with changeable fuel markets have caused distribution firms to be subject to both fuel surcharges and rising base transportation rates.

Furthermore manufacturers are increasingly affected by the volatile cost of raw materials, for example the cost of steel can move by up to 30% annually.

The above challenges mean that different approaches, different ways of thinking and different internal structures are needed in order to cope. Many companies are implementing lean engineering strategies, greater process efficiencies and faster cycle times to achieve competitiveness, and internal software can aid implementation and control exposure to detrimental macroeconomic challenges.

Optimisation via Technology

Good supply chain management can ensure that orders are processed quickly, inventory levels are kept low and information flows concisely. However, when there is a breakdown in system, customers find items are out of stock, shipments which contains millions of pounds worth of goods arrive late and reports are inaccurate containing a multitude of different languages and currencies. Manufacturers and distributors need a reliable management system which pulls together information from across the organization, improves efficiency and gives greater transparency of costs; all of which are vital in gaining competitive advantage when conditions are unstable.

Microsoft Dynamics NAV can:

Optimize performance: In the face of economic adversity many companies are now implementing lean manufacturing strategies and/or forging closer relationships with supply partners to speed the flow of goods and information throughout the supply chain. Dynamics NAV can help an organisation by optimizing supply chain performance as it pulls together information, data and processes across different departments, different countries and partners.

Manage inventory: Supply chain management software can help cut inventory levels, improve delivery schedules, and ensure that supply meets demand; all of which should make customers more satisfied and keeps costs low. This means you can invest in inventory which has the potential for increasing profitability and meeting customer expectations.

Key solution areas include:

- * Supply chain management
- * Financial management
- * Manufacturing
- * Warehouse management
- * Distribution
- * Customer relationship management

For more information about the features of Microsoft Dynamics NAV, please visit <http://www.adeptsoftware.co.uk>