

Flexibility key to doing business

Responses to this year's supply chain foresight survey show a growing maturity towards the role of the supply chain in relation to the business, compared with previous years.



Steve Ford says customer centricity is growing in importance for retailers. Image: [Crown Publications](#)

Steve Ford, chief executive of Barloworld Logistics, says this is reflected in the growing realisation the supply chain is a strategic part of the business.

"The question now is how to take advantage of this?" he asks.

He says two of the key messages in the survey are that customer centricity is on the rise and there is an overarching move to finding more flexible ways of doing business.

"Customer centricity is being driven by factors such as increasing competition, globalisation, the desire to enter new markets and the rise of the Internet, all of which require a new approach to logistics and the supply chain," says Ford. Another strong message is that today service is more important than price, except when it comes to commodities.

He says companies are realising that to better service customers they need a more strategic approach and use different routes to market.

"To achieve greater product availability and become more customer centric requires doing things differently," says Ford.

Improve service levels

Mike Fanucchi, executive for business development at Barloworld Logistics, says a major challenge to achieving this was highlighted in the survey in that only 23% of respondents are geared to capture customer information to improve service levels and be proactive in delivering what customers want.

"This means that more than 70% of companies cannot do this," says Fanucchi

He says customer centricity requires the ability to analyse information to identify customer trends and patterns, but systems were traditionally geared to capture financial information.

He says if companies want to change their routes to market they need to know their customers, their sources of supply and the existing routes between them, but often this information does not exist.

"Either that or it exists in different parts of the business, in different databases and in different people's heads," says Fanucchi.

Adds Ford: "We find it a problem trying to interface with companies that have poor data and systems."

Mark Collins, chief information officer at Barloworld Logistics, says companies are aware of the need to change, but often do not have the right tools and people to respond to the changing dynamics of the market.

"There is a need to change from a silo-based mentality to a process-based mentality," he says.

Ford says the retail sector is making the biggest strides with achieving customer centricity, although they are the most self-critical about the progress they are making, as reflected in the responses.

He says retailers are striving to achieve differentiation while meeting consumer demands of greater availability, a wider range of offerings and fresher products, and managing the expectation of being able to click on a website and have products delivered the next day.

Says Collins: "Consumers can buy products from anywhere in the world and if they do not find it on the shelf they will buy it somewhere else."

Retailers need to understand their customers and be proactive to their needs, but at the same time they are driven by low margins. Retailers need to achieve customer centricity before they can address e-commerce effectively.

"They will also need to find an efficient way to address home delivery issues, because bad customer experiences can cause serious damage to their brands," says Collins.

Adds Ford: "If someone comes up with a home delivery solution it will be a game changer."

Source: Business Day via I-Net Bridge