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# Towers of strength

The complexity of modern supply chains is encapsulated in the World Trade Organisation concept of 'Made in the World'. Maintaining visibility of these complex extended supply chains and how control towers can contribute was central to the discussion at a round table sponsored by **E2open**.

**S**upply chain visibility is critical in the world of extended supply chains, fluctuating demand, volatile product mixes, and changing supply chain relationships. But it's not just getting hold of the right information, it's being able to do something with it, and that's where the control tower principal is so powerful.

Increasingly, control towers are seen as the "next big thing" within global supply chains - opening the way to greater visibility. But, for many, there is a lack of definition to the concept.

And that was something Bob Godfrey, vice president EMEA of E2open was keen to correct when he introduced the topic. "The concept of control towers has significantly increased within press coverage over the last few months, but it's still not a very defined one.

"Some people are deploying it, but at the moment it's fairly loose. You'll find there are parts of this concept your company already has in place, building blocks you have already developed."

With supply chains expanding worldwide, supply chain technologies have failed to keep up with the modern-day needs of global businesses.

To cope with demand, it has become necessary to implement the latest, most high-tech systems available, hoping to gain access to accurate real-time information and collaboration, which will in turn lead to more successful strategic decisions within a company.

Bill Webb, director of business development at E2open, explained the company's aim at the event was to learn from people who deal with supply chain problems every day, to create a better understanding of current and future customers.

"Like anything, the concept hasn't just be dreamt up, there is a reason for it," he said, "but it remains fairly new.

There are only a few leading companies worldwide that have actually fully implemented the idea, only recently has it become 'hot'."

And though the concept might be unfamiliar to some, it is clear that more companies are increasingly looking at this approach.

Logistics director at Whitbread, Brodie McMillan, said: "It hasn't been talked about at Whitbread. While logistics is crucial to our business, it's not our primary function.

"Within our company, we are upgrading the whole of our IT, so the discussion on control towers comes at an interesting time."

In response to McMillan's comment on the importance of logistics within his business, Godfrey said: "A control tower isn't specifically about a company's logistics, or supply chain, it's about what's happening throughout the business; where you procure goods, services... anything from materials through to the end point. It really is about a holistic view, a value chain, rather than your own physical supply chain.

"A supply chain control tower doesn't have a definition, it's not about 'this is my control tower and here's what it does', it is a concept."

But the concept has been misused by some, according to Jose Manrique, head of international transport at The Body Shop.

"I think a control tower is that logic, that visibility, needed to make a supply chain work."

He said the key to visibility is to understand the changes in demand, and that it provides a business with an extended view.

Godfrey pointed out that the idea is all in the name. Using airport control towers as an example, he said: "At an airport you've got planes coming in to land, planes taking off, it's all about how we change things - how do we come up with a new way of how to land and take off?"

"It's all very well looking at a timetable and saying 'this flight's taking off at 13:20', but if it worked exactly, every airport in the world would be perfect, there wouldn't be any problems.

"This is components, any company practices parts of it, whether it's logistics or not, it's a concept.

"Supply chain is not just technology, it also involves people and process, which are even more important in this type of concept, as it involves participants outside of your own legal entity."

A key element of an effective control tower is access to

There is an increased need for high level analytics, statistics, and information, to be able to overcome the enemy in supply chain - time.

Can you control your supply chain in real time? Can you see problems? Can you resolve them without taking another 'X' days? That's what it's really all about.

real time information, across the extended supply chain.

"Real time is essential to a control tower," continued Godfrey.

"Can you control your supply chain in real time? Can you see problems? Can you resolve them without taking another 'X' days? That's what it's really all about.

"Another point is the information needs to be quality information, it's about getting quality, not rushed, decisions coming out, so you can see the impact on the rest of your business."

Stephen Brooks, operations & IT director at Croydex, explained that when his business speaks of the extended supply chain, it extends to its customers' retail stores themselves.

He said that his company deals with "tech savvy" consumers who are connected to both the online and offline world, which challenges retailers to do the same.

"This has created a lot of increased complexity and cost within the supply chain," he said.

"To create a seamless consumer experience is very challenging. Where fulfilment is an absolute key need, inventory management is becoming the central battleground for retailers to compete."

Linking this in with a control tower, from a supplier's point of view, Brooks said he tries to collaborate heavily with customers, and receive lots of granular level detail.

He said one of the biggest challenges nowadays is that Croydex's retailers are making big investments in IT systems, which has led to them having so much data that, in line with the social media explosion, there is "too much noise in data out there".

To try and translate this noise into a demand plan is extremely challenging.

"If you're going to make an investment in a system, then you do need the people, the collaboration, and you need to take that into end view, so you can spot variations in real time, to then adjust your supply chain accordingly," he added.

"There is an increased need for high level analytics, statistics, and information, to be able to overcome the enemy in supply chain - time - to focus on the moment of truth in store.

"Overall, from our point of view, a control tower is about linking heavily with customers, as well as suppliers."

#### Collaboration

"Designing your control tower around the ability to perform collaborative execution will enable your organisation to pinpoint exceptions and initiate corrective actions immediately within the same environment," said Webb.

On the topic of collaboration, Godfrey said: "It [collaboration] is fundamental in a supply chain control tower. It's about the extended supply chain, and getting participation from everyone involved, whether it's at country level, market level, or an individual customer."

But Marc Smith, general manager for UK Lubricants at Total, which itself is currently building a control tower, believes collaboration could be the biggest challenge in the concept, questioning how you make a customer



understand it is for their benefit.

"If you can't convince your customer it will benefit them, then why would they buy into it when there are so many other competitive angles that are attacking the same customer?"

However, Paul Hughes, logistics manager at Southco Europe, said: "One of our biggest challenges curiously, is not necessarily the person at the end of the line, but their interpretation of a product.

"Our challenge is; what are they going to interpret and put their own spin on? We are trying to get into the head of the buyers."

He said that nowadays distributors have developed from their fundamental position of helping you manage stock, lead time, and inventory management, to demanding products arrive faster.

You can't just say "we're going to implement a supply chain control tower", and immediately be successful, according to Godfrey. "This isn't magic, like anything, it requires time and effort."

He said it takes a specific communication plan, where you work with suppliers, or customers, and converse with them to try and get them on board through selling.

"Let them know what's in it for them," he said.

Arif Karim, distribution & operations centre manager at Coloplast UK, believes that somewhere along the control tower process, a company has to engage the final customer. "Providing visibility to a customer when they receive the product is the most important part, engagement is key - it will enable us to retain the customer permanently.

"A big concept for the future is not only taking on control towers, but engaging in this big mass of people, with the explosion of demand.

"Inventory is where it's going, giving customers and retailers visibility of your supply chain, because one day

## Meet the panelists



**Bob Godfrey**, vice president EMEA, E2open



**Stephen Brooks**, operations & IT director, Croydex.



**Brodie McMillan**, logistics director, Whitbread.



**Marc Smith**, general manager for UK Lubricants, Total.



**Arif Karim**, distribution & operations centre manager, Coloplast UK.





the consumer will turn around and ask 'If I buy this bath mat has it been manufactured with ethical labour?'

When asked how many companies were receiving real-time information, Manrique said: "The real difference is being able to process real-time information - you need to innovate fast enough to feed more to the customer."

"The challenge we [The Body Shop] have is identifying what that consumer will like, in such a competitive environment."

Hughes said people are Southco's biggest asset, and that the company spends a lot of time training these people and making them aware of how to get information quickly.

"We're going back to the distributor network; real time with our customers is about giving them access to the point of sale information."

Brooks believes that having visibility of inventory at a company will make the customers engage, after which you can start working with them to identify areas where there are product availability issues.

"As long as you start getting the information through, quickly turning that back into analytical insight, and sending recommendations back to these retail customers, then you start to build the trust in the relationship."

"But we have to be mindful of not having too much data - do we really need any more frequent information then on a weekly basis?"

Working within the medical industry, Karim said visibility is absolutely key, and that it is out of the question to fail a delivery, as it is quite literally vital to a patient. "But this depends on what the products are of course," he said. "Pharma companies have a completely different supply chain, they have stock, and a completely different way of working and delivering."

Comparing his industry to that of Karim's, Kerry Lane, director of international physical distribution at The Body Shop, said he believes that the control tower concept is all

about being supply chain specific. "If you don't have your Body Shop lotion, it's not the end of the world, compared to not having a crucial piece of medical equipment."

"The Body Shop's biggest challenges are inventory management, inventory levels, and minimising our CO2 levels around the world. Being actively green is one of our core values, and values for us as an organisation have an impact on everything we do."

Manrique said issues could appear when there is a problem with a company's second tier supplier, whatever the industry may be.

#### The control tower's future

Godfrey pointed out that The Aberdeen Group had conducted research that showed the number of days to identify and resolve problems within a supply chain had decreased by 46 per cent, from ten to six, when using a control tower.

McMillan added that, like all companies present at the event, Whitbread is bringing goods in from all over the world. He said: "We know instantly if it hasn't been loaded, which gives us the chance to come up with some sort of solution."

But the concept is very different to each individual company according to Godfrey.

"The conclusion is that people are able to make much quicker decisions as they were alerted to the problem, the analytics, etc, straight away."

He said that one of E2open's main customers, which is currently implementing supply chain control towers, has literally brought its logistics providers into the same room, so they are also involved in the decision making.

"The conclusion that they came to was that if they had access to that decision making capability, whatever the reduction in time was, it led to a significant reduction in the cash-to-cash conversion cycle, which in turn is linked to quick decision making."

"If you can make quicker decisions, this will equate to taking your cash-to-cash cycle down, by around about seven days," he said.

Brooks added: "In terms of identifying the problem, from a product availability point of view on the planning side of things, it's about trying to identify a problem before it actually happens. It's always just about identifying the problem before it happens, and then taking the correct action, before these problems actually become the problem. This will get you ahead of the game."

Godfrey agreed that planning is essential in any business. "Most of the additional value within a supply chain now, is how do you make that plan work?"

"If you've got real time information coming into the plan, it'll be more accurate, then once you've come up with a plan, you need to execute it. If it was all perfect, the plan would just go and happen, but every plan has buffers built in, and as you go and try to make that plan happen, you will find it's actually not feasible for whatever reason."

"Coming back to the analogy of a control tower - if you've got all this information, and you see what's going on, you very quickly make decisions, make the right decisions, and make the quality decisions."

Providing visibility to a customer when they receive the product is the most important part, engagement is key.

#### About E2open

E2open is a leading provider of cloud-based, on-demand software solutions enabling enterprises to procure, manufacture, sell, and distribute products more efficiently through collaborative planning and execution across global trading networks.

Enterprises use E2open solutions to gain visibility into and control over their trading networks through the real-time information, integrated business processes, and advanced analytics that E2open provides. E2open customers include Celestica, Cisco, Dell, HGST, HP, IBM, Lenovo, L'Oréal, LSI, Motorola Solutions, Seagate, and Vodafone. E2open is headquartered in Foster City, California with operations worldwide. For more information, visit: [www.e2open.com](http://www.e2open.com)



**Paul Hughes,**  
logistics manager,  
Southco Europe.



**Jose Manrique,**  
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**Kerry Lane,** director  
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**George Cook,** head  
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**Bill Webb,** director,  
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# What Do You Really Need to Know About Supply Chain Control Towers?

Supply Chain Control Towers are touted as “the next big thing” in global manufacturing. But with all the hype out there, how do you know where to start, or even if a Control Tower is right for you? This expert eBook answers five questions to help you separate fact from fiction.



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