Vital visibility

The importance of robust visibility in the supply chain is recognised by the logistics industry. But how easy is it to achieve? Industry leaders discussed the challenges they have faced in trying to achieve visibility, and the solutions they have come up with at our round table sponsored by DSI.

The key to cultivating strong visibility in the supply chain is desired by all in the logistics business. The industry is looking beyond the status quo; seeking out ways to maximise control over inventory and transparency throughout a journey, from start to finish.

The role and responsibility of inventory management trickles right down through the supply chain. Suppliers, retailers, logistics operators, and end consumers, all rely on it. But those around the table were clear that realising flawless visibility would not be an easy task.

"Being able to trace a candy bar or a DVD back to where it came from is a real challenge for organisations," said Bill Hill, vice president, international sales at DSI. "And different organisations have to do that, or at least have to make an attempt to do that. They have to show a real willingness and effort to bridge all of those gaps."

Hill said that for almost any logistics organisation, at some point it is going to be investing in or working with digital. "This is something we would consider the digital supply chain world, whether that's barcode scanning in a manufacturing facility, maybe it's signals off a conveyor belt in a distribution centre," he said. "Whatever those different pieces of data are, everybody is on this spectrum somewhere.

"We look at this from an end-to-end spectrum of goods coming in. Things coming through process, goods going out. Where are they? These are things we're doing as an organisation – from simple scanning through to a mobile field service app on a smart phone."

In an industry where companies often deal with different customers, goods and products, filling visibility gaps in the supply chain can be a significant challenge.

"We're pharmaceuticals to candy bars," said Joe Moran, group logistics contracts manager at Nestlé. "The divisions are so diverse, sometimes it's a struggle because if you take for instance pharmaceuticals, they're so stringent on the rules and regulations compared to a jar of coffee."

Moran is looking forward to a system that is appropriate for pharmaceuticals, as well as chocolate bars, and other products. "How do we do it?" he said. "If you can think it, someone can do it. "If you can't do it today, you can do it tomorrow – and that's kind of scary and exciting for me. The way to move forward is just being adaptable."

Bill Hill pointed out that visibility and serialisation are subjects that currently dominate the market.

"Managing all of that information so I know where all of that is [goods]," he said. "For most organisations that's more aspirational than a reality, even if I'm trading in food that ends up in a person somewhere and I'm held accountable for making sure I know where that came from."

Simon Williams, executive director of supply chain operations (EMEA) at Sony Pictures Home Entertainment, agreed with this 'easier said than done' mentality. There is always an expectation that because the technology is out there, you can do it if you so desire, he said. But often there remains a niggling thought – is it really worth it?

"But actually there is always this return on investment piece that says, what's the value? Who's going to use it?" he said.

Williams has an entire reverse supply chain to manage at Sony. "We need visibility of the reverse supply chain element to actually reprocess that good mint stock back through the supply chain to avoid the cost incurred to the manufacturer again, which inevitably ends up with excess inventory," he said.

Sony is fighting a number of battles in the retail environment. "Wal-Mart is our biggest customer in the world – 50 per cent of the market in the US," he said.

"Their supply chain aptitude is very, very high, so we really can partner with them on various strategic projects to give exactly that, visibility and supply chain efficiency."

But in the UK, it's a slightly different story. "I would say that in the UK we have pretty efficient systems, processes and technology, probably some of the best in the world in terms of replenishment, but beyond that they [retailers] just don't want to handle our product in their stores, really because it's time consuming – in terms of margin it is decreasing," he said.

Williams said that because space is more premium in stores, Sony are trying to find a method to help retailers without doing it for them at their own cost.

"It's a real balance," he said. "We have some industry bodies who kind of corral us into trying to do the best thing for the industry and of course then we get into all sorts of issues around confidentiality across the studios.

"With retailers, it's about managing expectations because we're not just going to fund every initiative we could think of, so as a support body we try and work together, but knowing we're actually pretty limited on what we can implement which is sort of frustrating."

The nail-biting last 50 yards was troubling most of those around the table.

"It's always been that last 50 yards. You know you've got to stop there at the back door," said Moran. "We have brand ambassadors that will go into the stores – you know the stores are not interested in paying for that, that's our problem. If anyone can answer that question for me, please do."

When Moran toured several superstores in the North West, he was puzzled by the abundance of stock waiting at the back doors.

"The amount of stock that's just in a brown box – you struggle with that. So you're tasked with keeping the shelves full," he said. "You've got all these different suppliers converging on that back door. If I had the answer to that I think I'd be a billionaire – it's a tough one."

Williams said that a number of years back he worked with a well-known supermarket retailer, and they were doing lots of work on looking at how the whole of the back area is managed. When it comes down to it, he said, it really is all about data.

"Going back to what drives the whole supply chain, it's the inventory, it's the capacity on shelf, it's to a certain degree, probably by now, where the product is in the store – I know it's not all RFID tagged, but maybe one day," he said. "It's about tracing it out of the store, making sure that what goes through the checkout is exactly the product it says it is."

But the quality of the data is crucial to an operation, especially when it comes to tracking where a product has come from, and where it is going.

"I used to work in the brewing industry and food, so I try to adopt the same attitude, treat it like something that will go off," said Will Longmuir, head of operations at online fashion retailer Figleaves.com. "So we put batch numbers on the products just like you would with beer, or sweets or anything like that so when it comes you can turn it, and our system would allow you to pick the oldest first.

"We heavily load the front with checking the products, making sure it's right – stripes going this way not that way – all this sort of stuff."

Longmuir said Figleaves has a very high level of stock accuracy. He has access to a considerable amount of data from the CRM management systems attached to regular brands, which come in every week. These systems tell him what people want to buy, and what they bought last time.

"June, July and August are extremely busy because it's swimwear – different colours different sizes, a lot of it to return," he said. " It all gets carried back through – that also has a batch number. So we try and treat it like food, but in a way it's to try and turn the stock and get it out as fast as it can be… We pick to zero because our accuracy is really high."

Problems with legacy systems was another subject discussed in detail.

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Joe Moran

"For us certainly we work with several third party logistics providers and they've all got their own systems," said Moran. "What we'd like to see in future is one size fits all. That's way into the future because everybody's got a preference, so we see it as a challenge – a major challenge."

"It takes a team of people to keep tweaking, dialling in, dialling up. Utopia for us would be one for all. Whether we get there, I don't know."

Jean-Paul Manfrinato, logistics director at Tangle Teezer, said that the company is looking at extending its ERP system.

"There are various different add-ons, and every time you want to add on something else it's a lot of money," he said. "So what we're looking at now is an integrated WMS ERP system."

Although many companies have data in abundance, using it in an effective way can prove difficult.

"It's trying to get all of that into a reportable format that is actually then usable, where we can actually get some value out of it as well," he said. "It's not just about traceability, it's about numbers and going back to this forecast and being able to get the right number to start with."

Moran's team is looking at augmented reality opportunities, like Google Glasses. "If you can think it, someone's doing it

already," he said. "And at the moment it's really expensive, and, if you wear glasses anyway, how does that work?

"I was talking with someone at the NEC about a system that recognises you from your log on and it grows with you, for example, it can learn a person's accent."

Traceability

At Figleaves the logistics team rely on traceability for clients that include major retailers. Longmuir pointed out that there can be incompatibilities between the barcodes that are used by Figleaves and the barcodes used by one or two retailers.

"We have to do a lot of work on it… it's quite a manual process, which is not a

favourite of ours because a lot of things we do are very accurate."

"For our traceability, when we scan a product in we know who scanned it in, when it came in, when it was put away, when it was picked, when it was packed, it's pretty good."

Tangle Teezer has recently implemented a new traceability solution. While a Tangle Teezer hairbrush was handed around the table, Manfrinato talked about the QR code and hologram found on the top of its packaging. "Within that QR code, if a lady from Singapore bought the product online and she scanned it, it would say okay this is a genuine product, and maybe offer a video on how to use it," he said.

This process also provided Tangle Teezer with a lot of data, he said: "who packed it at the factory, who sent it through to me at the DC, when we sent it out, who we send it out to, what the order number was…"

This protects the company's intellectual property – there is a real risk of counterfeit products coming onto the market.

It also enables the company to monitor where its products are being sold. "So if we're sending a consignment out to Germany and 2,000 of them suddenly turn up on Amazon in Italy, then you've got a bit of an issue with your distributors," he said. "We're already seeing the return on that investment."

Bill Hill highlighted the case of a major whisky producer that uses a DSI system

from distilling right through to distribution. "They have apps that they deploy all over the world to help people know they are getting a real product instead of a copy, which is a really big problem for them in China and India," he said.

"We think in terms of: where are there silos of information? How do we bridge those gaps? How do you bridge a gap from manufacturing, from receiving goods to build something, and getting things out into the store at the end of the day? Where are those gaps? And where are there places that you need visibility? Those are the things we specialise in."

Manfrinato said that the amount of data the Tangle Teezer tracking code gives

access to is impressive.

" It's amazing all the data this gives you – gives you all your traceability, but when that is scanned by someone in say Singapore, the IP address of that phone then identifies their geographical location within the globe, and we get a heat map so we can see all these red dots of where these items are, and we can overlay that with all the red dots of where we sent it out," he said. "So you can start to see any discrepancies."

He described the code as a big step forward in the way logistics is going to be further down the line. "Especially if you're trying to keep distributors happy," he said.

Returns

Returns are undoubtedly one of the most frustrating, and expensive parts of the job. But Will Longmuir argued that many companies get a little too worried about them.

"It is quite expensive but people are buying for choice," he said. "And because it's just online, especially if it's our own brand, they might never have bought it before. But once you've got them onto your own branded site, you've got them, and

then they buy the right sizes because you've got a good quality fit."

A return journey often costs more than the original outward journey. But the significant point Longmuir made is that customer loyalty is gained eventually, and in the long run, this is beneficial.

"Are you saying that it's worth that bit of pain initially?" asked Moran.

It is, said. Longmuir: "Once they've got the right size, then you're in. That returns rate comes down." ∎