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Solutions for Your Post-Recession Supply Chain Woes

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When a supply chain manager recently complained to me about the hiring constraints forced upon his department due to the still slow upturn in the economy, I asked him what level of employee he most needed. He thought for a moment, and said, "What I really need is another me."

I admit that I wasn't too surprised by his answer. Most high-level supply chain and logistics managers are adept at taking measures that will help them fight to retain key personnel, and also, at redistributing tasks when other personnel are eliminated. What they are often unable to do as a result of hiring constraints and limited budgets is find the time to come up with fresh ideas and then make strategic decisions that will improve operations and generate savings. When you are working with a skeleton crew, unable to hire new people, including high-level strategic planners and decision-makers like yourself, you are simply going to be less able to implement new cost-saving solutions that would streamline everyday tasks and better your bottom line.

I got to wondering, after speaking with my supply chain manager friend, if there were any out-of-the-box time and cost-saving solutions for people like him—people who had done all of the right things when the recent economy was at its worst, and are now struggling as a result of having greater capacity, less personnel, and still limited financial resources.

Two possible, but not always considered, solutions that came to mind were: 1. implementing task-oriented software that would monitor lower-level employees and free up mid-level managers to perform higher-level tasks, and 2. using key performance indicators (KPIs) to hold carriers and vendors accountable for performance and cost-related issues.

Freeing Up Middle Management to do Higher-Level Tasks

The first potential solution, implementing task-oriented software in order to free up mid-level managers who would ordinarily be spending a significant amount of time overseeing lower-level employees, could be accomplished through a checks and balances system as relatively simple to use as Microsoft SharePoint. Any task-oriented program, however, that allows you to appoint tasks and set deadlines to which employees must adhere is going to help your base staff require less hand holding by upper management.

There are several other plusses to using a program of this kind. For one thing, in my experience, a program such as this can take as little as three weeks after initial implementation to begin running effectively, which means you can start seeing results almost right away. Another one of the plusses associated with this type of automated checks and balances system is that both employees with limited training and employees with a great deal of experience seem to be able to adapt to using it equally well.

Holding Carriers and Vendors Accountable

The second solution, using KPIs to hold carriers and vendors accountable for various performance issues and invoicing errors, can be accomplished in one of two ways. The first is by creating your own KPIs internally. Since you're already stretched for time and internal resources, this probably isn't going to be a viable option for you. The other way is by hiring a third party solutions provider to create KPIs on your behalf and implement a KPI system for you. You might be stretched for funds, too, but so many solutions providers out there are hungry for business that the promise of future business could be enough to compel more than a few of them to agree to



work with you on cost.

What exactly do I mean by “KPI system?” This example scenario may help to clear things up:

Let’s say you have lost shipments or shipments that aren’t arriving at their destinations. In the past, you would have had to personally reach out to your carrier and then go back and forth with your carrier representative in order to locate the problem and solve it. With a KPI system in place, you no longer need to do that. The system manages your carriers by making them resolve performance and cost-related issues without your having to step in and make a big stink about it. Here’s how the KPI system works:

- First, the system informs your carriers and vendors immediately when an issue arises.
- Next, it gives them something like 24 hours in which to acknowledge the issue, and then something like 48 hours to actually resolve it.
- Finally, the vendors and carriers must confirm (with documentation) that the issue has been resolved or risk losing your business—simple as that.

While someone in your department will need to review and follow up on all KPI results on a weekly, monthly, and quarterly basis, the program will still require much less legwork than the traditional, manual way of handling carrier and vendor issues.

The most important thing to remember, whether you decide to try and create a KPI system on your own (not recommended) or hire a third party solutions provider to create it for you, is that the real trick to making a system like this work is making sure that everything—and I mean, everything—relevant is being monitored and measured. To do this, the initial implementation of the KPI system needs to be done as close to perfectly as possible. Carriers and vendors, like most people, are going to work harder for you when they know they’re being monitored and held accountable for their actions. If all of your bases are covered within your KPI system, you should see service issues diminish and supply chain savings numbers rise accordingly.