

Maximizing Supply Chain Efficiency Through Market Intelligence

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Following a dismal 2009, supply chain executives will likely continue to look for ways to reduce internal costs throughout all aspects of their supply chain in 2010, while at the same time trying to maintain service and profits. As annual rate increases continue to put companies in the red, cost savings are bound to remain one of their primary concerns. To counteract these rate increases, many shippers are discovering the power of market intelligence to uncover cost-savings throughout their supply chain network.

In the supply chain world, market intelligence refers to the information necessary for shippers to conduct a successful benchmark of their shipping practices without any risks. By using outside market intelligence, these shippers are eliminating the guesswork that comes along with implementing cost-savings initiatives and enabling themselves to make informed decisions with proven results.

Acquiring It

There are many ways for shippers to acquire market intelligence. Historically, they have turned to their internal networks for advice on lowest cost solutions -- resources within their company, their carriers, and other industry relationships. But because carriers are not exempt from the economic downturn, they too, are looking for ways to keep business flowing and stay profitable with less volume.

Also, by law, carriers cannot hold other carriers data, which limits their perspective to the intelligence of their market only. Another issue is that forums and relationships in the industry alone do not provide enough detailed market information for shippers to know what is really available out there and currently in place with other similar companies.

In order to obtain detailed market intelligence and reap the most benefits from it, shippers must look beyond traditional resources for the support, solutions, and tools that will significantly reduce costs. In other words, a shipper needs to use a service that will review their current shipping profile and provide cost-cutting solutions that have already been proven and that can be tailored to fit their particular business model.

Think of how valuable it would be to have access to a database that holds the information of thousands of shippers and profiles of their proven best practices. This database would give you the ability to enter your company's profile and logistics outline, to benchmark and create cost-savings scenarios that have been proven effective, as well as forecast the savings for you. Having this kind of market intelligence will take out the guessing and apprehension that come along with making changes or implementing something that will cut costs -- You will know the outcome before any changes occur.

Applying It

Once you have established both the need for obtaining this market intelligence and the end goal of what you will need in order to accomplish it, it is extremely important to understand where to turn to help you successfully attain your goal.

To fully maximize the benefits of market intelligence, most companies partner with a third party. There are many different types of third parties in business today, and in order to make the most out of your relationship

with one, you must do adequate research beforehand to ensure you choose the one that will best fit your business model.

Some major benefits of using a third party include: their access to relational databases, the fact that they are carrier-neutral and everything they do is driven by facts and backed up with the necessary data, and their ability to speak language specific to carriers. By using a third party and allowing them to focus their strengths and expansive data capabilities on saving you money, your company will realize savings at an accelerated timeline, while at the same time freeing up internal resources, allowing your employees to remain focused on the core business.

Once your benchmarking analyses are complete and market intelligence has been gathered, you can partner with your carriers to implement the appropriate solutions. By owning your own market intelligence, you can approach your carriers in a way that is much less threatening than traditional approaches because you can show that you understand what you need, have found your own ways to trim costs, and have the backup data to prove your conclusions.

It's easier for your carrier representative to tell their management team that their client already knows what they want to do, and just needs help and support to implement their ideas. Based on my fifteen-plus years of experience in the industry, if a shipper is willing and able to take the initiative to come up with cost-saving ideas and solutions, their carriers will support those ideas and solutions during implementation, which only serves to strengthen the shipper/carrier relationship.

If you are looking to lessen the impact of the 2010 rate increases, developing cost-saving initiatives are bound to be a priority. By engaging the appropriate third party and allowing them to focus their strengths and expansive data capabilities on saving you money, your company can achieve savings at an accelerated timeline while freeing up its internal resources to focus on improving day-to-day operations and business development.

If you've been asking yourself what will give you and your employees the freedom to focus more of efforts on your core business, obtaining high-level market intelligence through the right third party is one answer that you should consider a no-brainer.

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