Significance of supply chain visibility

Companies are pressured to be more accountable than ever, especially when it comes to the supply chain and its visibility. Last few years have been very tough on supply chains to counter several disruptions caused by natural disasters, pandemics, etc. by ensuring end-to-end visibility to improve productivity, optimise the process and avoid non-productive tasks. Since supply chain segments are handled by different stakeholders and service providers, often in different locations and countries, visibility of the whole supply chain is essential.

In its simplest form, supply chain visibility is a strategy that allows the company to streamline the movement of products in its inventory. It allows the business to be aware of what inventory is in warehouses, transit or delivered. They can track different goods and products in transit with proactive updates to disruptions and potential risks on the supply chain. Supply chain visibility is a real-time, accurate picture of demand signals, supplier and inventory channels, manufacturer and transit levels. This data is collected and made available to stakeholders across the supply chain from manufacturer to final delivery destination.

> *"The aim of end-to-end supply chain visibility (E2ESCV) is to provide controlled access and transparency to accurate, timely, and complete events and data — transactions, content, and relevant supply chain information — within and across organizations and services operating supply chains."*
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> *-Gartner research paper, April 2013*

Visibility throughout the chain improves the agility of the processes. Supply chains can be optimized as much as needed when combined with advanced insights and user data collections. Since outsourcing hit every economic sector, entire systems have delegated duties and parts of the supply chains to other service providers. Complete visibility of the supply chain gives them the ability to control and reshape processes now managed by external partners.

So, why do you need supply chain visibility(SCV)?

Although, there are many benefits of SCV, following are considered primary:

- To control disruptions
- Agility and flexibility
- Improve stakeholder satisfaction
- Real-time transparency
- Data-backed supply chain management
- Improved performance
- Looking beyond cost reduction

Let us now deep dive into each of these elements to understand some of their benefits.

To control disruptions

A comprehensive supply chain strategy allows identifying trouble spots and mitigate disruptions or possible challenges to the supply chain ahead of time. Chances of downtime with supply chains that have analysis and communication dialed in are very slim. With complete visibility of the whole chain, roadblocks, pitfalls, and potential errors leading to downtime are reduced. The benefit of visibility is handling interruptions that affect the delivery of manufactured goods and possible inventory shortages that could affect order fulfillment of operationally essential items. Should something go wrong in the chain, a visible supply chain will realize this and efficiently resolve issues or offer alternatives, such as redirection of supply, to meet the requirements. They can then initiate the process of finding effective ways to ensure such interruptions do not occur again.

Agility and flexibility

Managing a supply chain if you have a map of how the whole chain works is a lot easier. The supply chain can be improved and optimized to reduce costs, enhance efficiency and improve productivity. Appropriate changes can be made based on pain points and available opportunities. An agile supply chain can be scaled and strengthened to meet emerging changes and needs. As part of the supply chain management process, supply chain visibility improves risk management where external suppliers and vendors are concerned. It paints a clear picture of every individual part of the process, including delivery, production, sourcing, and planning, and how each can be adjusted and refined based on how it affects the entire supply chain.

Improve stakeholder satisfaction

Customer needs are changing and shifting. To stay ahead of the curve and meet demands, businesses have to meet customers or stakeholders halfway, which means enhancing production and delivery processes across the supply chain to reduce delivery times without sacrificing quality and reliability. A supply chain visibility strategy involves data analysis and customer research to align and deploy solutions that meet customer demands. Full visibility exposes chinks in the supply chain that could be improved. You cannot improve unless you know what problems to solve. With full access to the leaderboard of the supply chain, it's easier to collaborate, adapt and execute solutions.

Real-time transparency

End-to-end supply chain visibility gives businesses a full view of the roles played by all stakeholders. The data on the supply chain is made available to all parties, giving everyone an understanding of critical areas that need improvement and what challenges to look for. The compiled supply chain data feature critical points like order delivery trends, raw material procurement, challenges of logistics, warehouse limitations, and regulatory information. The data is presented in real-time, allowing businesses to establish, at a glance, inputs that could accelerate logistical speeds and eliminate vendors or service providers that cannot keep up. Improved transparency necessitates that companies work together and collaborate to find reliable, cost-effective updates to the whole supply chain. Several sea freight movements are impacted by natural disasters or port closures thereby causing inadvertent delays on the final delivery; visibility allows planning for alternate sourcing avoiding stockout situations.

> *"This degree of visibility allows you to deal with events before they turn into problems"*
>
> *-Andrew Atkinson*

Data-backed supply chain management

Supply chain visibility handles vast amounts of customer data and supply chain analytics, which is crucial in making decisions affecting the supply chain. When processed, this data can be manipulated to provide insights into improving, expanding, and customizing the supply chain. Companies can make quick, intelligent, and informed decisions that could improve the health of their supply chains and even cut down on operational costs to stay competitive. Implementing state-of-the-art ERP systems will not be effective in deriving an optimised solution; relevant staff should be trained appropriately to operate and extract the required information to utilise and optimise the supply chain. Tons of data will be of no use if it cannot be transformed into readable information. Hence, competency and skills should also be upgraded along with the system enhancements to take up the challenge.

> *"Once supply chain managers get a taste of data, they want more. More information helps achieve new business processes and better decision-making."*
>
> *-Fenwick*

Improved performance

Supply chain visibility brings new technology into the supply chain. This introduces performance metrics, estimations, and predictions of possible demand cycles and future behavior of the supply chain. By utilizing technology, supply chains can stay technologically agnostic through seamless communication, regulatory compliance, and workflow synchronization. Sharing of data and solutions between partners improves alignment across the whole supply chain. Suppliers, manufacturers, and vendors can effectively prepare for changes and utilize available collaborative resources to make their internal changes, ensuring every flank of the supply chain is guarded and running in sync with the rest.

Looking beyond cost reduction

Supply chain visibility is essential in improving fulfillment times and slashing operating costs. End-to-end supply chain visibility promises lots of benefits for the business. Properly implementing a robust supply chain visibility strategy allows involved partners to quickly adapt to constricting circumstances by understanding and leveraging critical data. For ex. the much debated advance payment or varied payment terms with the same supplier across various Purchase Orders or Contracts can be streamlined for business benefits. Issues arising from late payments can be resolved to improve relationships with suppliers which tend to support buyers during commercial negotiations. Deliveries made beyond committed timelines become evident thereby triggering liquidated damages. Surplus inventory of dead stocks or non-moving inventory is another grave concern for many organisations. Businesses that fully implement supply chain visibility can look forward to greater inventory control, shorter cycle times, improved customer or stakeholder experience and satisfaction, and improved efficiency and productivity.

Bootstrapping supply chains through visibility

Increased resource providers globally, complex and fickle distribution channels, and the inevitable inventory expansion are all reasons to find a scalable supply chain visibility solution that grows with your business. Businesses have to stay resilient with the unpredictable changes in supply chains and constant technological improvements geared towards making processes transparent and cost-efficient. Reevaluating your supply chains and achieving end-to-end visibility is ultimately essential in moving closer to near-immediate delivery and proactively manage exceptions before they occur, saving time and money for both business and customer.

However, Supply chain visibility is not a plug-n-play and forget strategy. With the constant changes in technology, integrated end-to-end supply chain visibility solutions, and the increased length and complexity of the whole chain, updates and improvements are a must-have. Today, the business and logistics environment punishes any company or business that shies away from digital collaborative approaches to managing supply chains. An extended, visible supply chain ecosystem puts everything on the table and forces every stakeholder to do their best.

Supply chain visibility is a prerequisite to supply chain optimization. Once the whole supply chain is visible and synchronized, growth comes naturally.

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