When and Why are Supply Chain Technology Dreams Dashed?

When senior management reflexively embraces technology as a panacea for supply chain challenges, they often find it fails to enhance overall corporate performance. Here's a better way to mitigate common mistakes and barriers to success.

By Chris Norek

TECHNOLOGY SOLUTIONS are perceived along a wide continuum from being lifesavers and business changers to wastes of money and detractors of corporate performance. What are the factors/issues that sway the pendulum from the one side of the spectrum to the other? How can a supply chain decision maker ensure that he/she is "checking the right boxes" in the technology selection process? I will attempt to cover the key mistakes made in choosing/implementing a supply chain solution. Again, please remember that the intent of these columns is to stay away from "techspeak" to provide information to decision making executives.

The following common mistakes made when choosing and/or implementing a technology solution will be addressed followed by some hints to avoid these mistakes:

1) Holding on to unreasonable expectations–forgetting that technology is an enabler, not a solution.**

2) Integration is neglected to focus on functionality which can negate superior software applications.**

3) Current processes aren't addressed prior to launching technological solutions.

4) Tendency to take one small step at a time without long term plans.

5) Lack of knowledge regarding internal systems drawbacks.

**Points made in the first Technology Toolbox column that apply to the current discussion*

6) Not aligning systems with business partners.

Unreasonable expectations

Software is not a panacea for business ills. In the first Technology Toolbox article, I referred to the idea that technology is an enabler, not a solution. Due to a lack of understanding of technology, many executives believe it can often accomplish more than is realistic. Therefore, when the solution is implemented, it can disappoint the biggest supporters. Obviously, savvy decision makers don't run head first and ignore a potential problem but a desire for the pot of gold at the end of the rainbow often causes companies to gloss over possible problems.

Integration is neglected

New supply chain software functionality continually gets better but it is getting the data from your legacy systems to the new solution where things can fall apart. Many companies have systems cobbled together with multiple bandaids to allow normal operations. Trying to overlap a new solution which relies on the data contained in these systems often requires significant coding to allow the integration of the new and existing solutions.

A huge part of the success and timing of a software implementation lies in the integration of back end processes. This is made easier with service-oriented architecture (SOA) which is now enabled with the internet. With SOA, companies don't have to hard code into a specific protocol and the internet-based solutions allow easier transition of required data between systems.

Current processes aren't addressed first

This is one of those issues that is so basic that you'd think all successful companies would know to avoid this trap. By implementing a technology solution for an inefficient process, you only increase the speed with which the inefficiency occurs. One benefit of launching a software selection is that you must document the current processes as they are which often

brings to light areas of inefficiency that can be removed prior to implementation.

Tendency to take one small step at a time

Technology strikes fear in the hearts of many seasoned executives. As a result, there is often a tendency to address individual functional areas like warehouse management, transportation management, and procurement. The perspective of "let's do this first and see about other functionality later" isn't a bad idea by itself but the single point solution should fit into a predetermined technology strategy for the future. By looking at a specific point solution, companies can fail to look at potential synergies of multiple solutions together and can miss incompatibilities that require significant effort to address.

Lack of knowledge of internal systems drawbacks

For those who aren't in the IT group or who don't use the systems regularly for reporting, data analysis, etc., a false sense of security might exist. People who rely on systems folks to get them the data they need often don't have an appreciation for how much work it can take to extract, organize, and analyze requested data. I am constantly surprised by how hard it often is to get what many would consider "basic" data out of systems.

Not aligning systems with business partners

As we progress to true total supply chain visibility, it isn't enough to be able align internally. Companies must begin aligning their systems capabilities with those of partners in the supply chain. Only when companies across the supply chain are linked can true, total visibility result.

How to avoid the problems:

1) Make sure someone or even a team from the business/operations group becomes very familiar with the capabilities of current systems prior to launching on a software selection process.

I can't count the number of times my clients assume that getting specific data out of their systems is easy when it is in fact often very difficult. In fact, senior management often makes promises based on a lack of understanding of the time it takes to gather data from the system. It would make sense to take a few minutes to see what your people have to do to pull the data you request in evaluating the performance of your supply chain. In addition, business people should be very familiar with the capabilities of current and proposed systems.

2) Document your current processes and desired functionality prior to talking with either internal systems people or outside vendors.

You need to ensure that the systems that you choose support your desired operating procedures rather than your operations having to perform "workarounds" due to limitations of your current systems or even worse, new systems.

3) Evaluate your business plan in concert with the technology plan.

While you might assume that the two align, you better make sure that you double check this. Again, technology should support the desired business plan. Too many times, legacy systems limit what business people would like to accomplish.

4) Map out your systems capabilities and structure with your supply chain partners to ensure compatibility.

As mentioned, true supply chain visibility and integration requires not just linking within companies but across partners as well.

Conclusion

While we have all read the headlines of the technology failures and their perceived effect on business performance, there are steps you can take to ensure that you do succeed in your technology planning and implementation process. Hopefully, this article has given you some "ammunition" to use when considering investments in technology—either for existing or new software purchases that can give you a quicker return on your technology investment.