



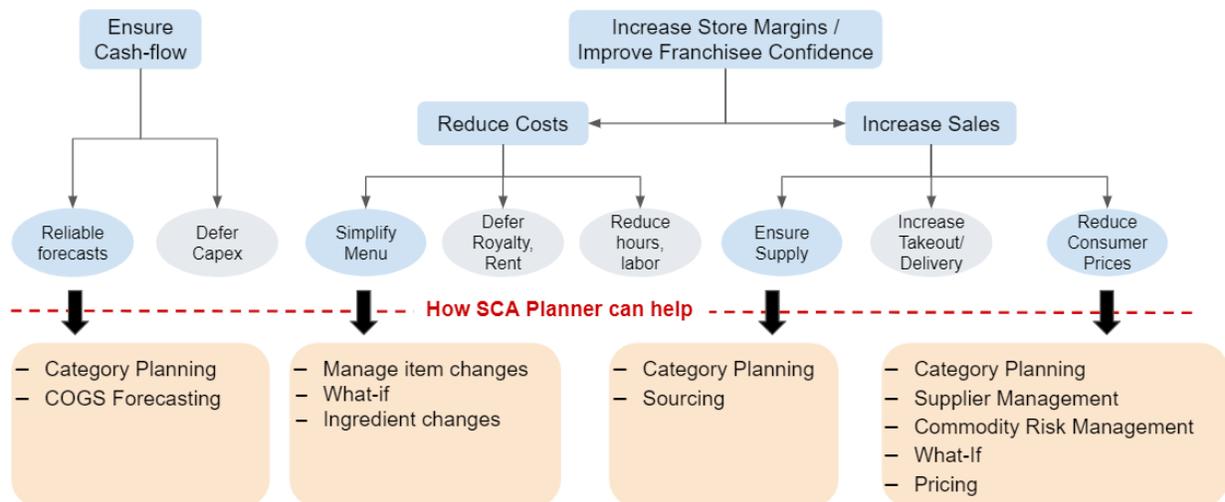
# Building customer delight in a time of disruption: updating your supply chain

A White Paper

COVID-19 has revealed the limits of the supply chain practices in use today. Farmers are forced to let produce waste in the farms at a time when grocery stores shelves are empty.

Until now, the common practice in B2B supply chains among retailers and manufacturers is to have fixed supply sources and items and adjust inventory in response to market changes. This practice was used to eliminate variability in demand for sellers and reduce costs and risks to buyers. The buyers leveraged stable ongoing demand for products they purchased for a better price from the sellers and thereby reduce their costs. In essence, the **trading partners manage demand variability, costs and risks by limiting supply chain alternatives**. But, as we saw during COVID-19, what if the sources of demand and supply are at risk? During COVID-19, consumer wants changed radically and food production capability went down with the spread of the virus. In fact, as historical data shows, markets regularly face variability not only in demand, but also in product required, supply availability and in cost of supply that supply chains have ignored only to see the breakdown amplified by the crisis. During normal times, business customers accept delays, loss of sales or incur higher supply costs with redundancy as a viable business solution given the current supply chain limitations. This limitation can be overcome with new business processes that technology solutions provide.

## Restaurant Industry Response



To manage variability across all these sources of variabilities or “risk”, supply chains need to acquire the ability to **change fast and at a low cost across a broader scope of supply chain levers**. These changes include adding demand and supply points, adding/eliminating products across buying and selling channels and managing product costs with appropriate contract

structures and processes. The supply chain challenge more precisely therefore is that they are unequipped to handle the broader scope of supply chain levers at a speed and cost that will make their supply chains resilient. If supply chains could cost effectively and rapidly deploy the full scope supply chain response, they will have the flexibility of supply or demand sources, capture product requirements and manage product costs in response to a dynamic market context in addition to managing the inventory levels in the supply chain.

The full agility in supply chains will not only make it resilient across disruptions, but also enable firms to manage under uncertain supply and demand. In newer market conditions, **when demand and supply are uncertain, continuous updates, to respond to latest market signals, that are fast and cost effective to deploy**, will deliver better business results at lower investments. As markets adapt to the new normal, firms that engage to deliver during uncertainty will have the early mover advantage. Such firms will need their supply chains to continuously adjust their plan in response to supply and customer signals across the full scope of the supply chain and provide efficient solutions to changes.

Digital processes that enable the full scope of supply chain levers can deliver to these needs. The supply chain challenge posed is to deliver in an environment where firms will have to build new supply points, products and manage all aspects from product standards and pricing to reliable supply in real time. That is the supply chain needed today.

## What can SCA do?

SCA Planner was designed to achieve a fully digital supply chain that covers the full scope discussed above. Buyers and sellers collaborate in real-time to build and manage the full scope supply chain, supply availability and supply prices by market and supply source in addition to the inventory solution in response to demand changes. With the system guiding the optimal solutions in real-time, supply chain managers ensure supply at the optimal costs. With SCA Planner's capability to cover all aspects of the supply chain, a fast response digital supply chain can create the response that businesses need today. SCA Planner will ensure all critical considerations - product cost management, managing across multiple tiers, source assignments, managing items and their ingredients and capacity and inventory tracking. Supply Chain partners can build optimal supply chain solutions in real-time.

As the current economic environment demonstrates, to manage against uncertain demand and uncertain supply, the strength of SCA Planner is to manage the supply sources and plans in real-time to reflect the changing demand, supply prices and availability of supply.

## What results can the suppliers and buyers expect?

- Capture latest market information as it happens, assess its impact on your supply capacity and costs and engage the right trading partners to take proactive action within minutes. Continuously build the sourcing and supply plan that your business needs - today.
- Update your sourcing, including new supply and customer sources and put them in supply lanes in a week. Even after food certification, this process currently takes 3 to 6 months.

- Record standard product ingredients, specs, ingredient origin and metrics and track them in supplier collaboration
- Manage product costing and pricing by selecting the appropriate purchase contract by products, use process-based product pricing and 100% pro-active price audits.
- Manage your suppliers' suppliers - Track supply and prices at multiple tiers in your supply chain
- Manage commodity risks with proactive contracts and hedges guidance and tracking

Supply chains that will succeed today and in the future will build a supply chain that reflects the flexibility of possible demand scenarios and the alternatives in the supply solutions. With forward visibility, the supply chain partners will collaborate and plan supply in real-time in response to updated demand visibility. A finite planning approach - a framework where the known horizon has firm commitments and beyond that is a supply chain signal view, will make the planning effort more successful. When adopted as a continuous practice, this will address the needs of a fast-changing demand and supply environment.

To facilitate this business model, reliability and forward visibility in pricing, delivery, quality and food safety are a prerequisite. Various pricing models such as formula pricing, market indexed pricing and cost-plus pricing are already in use in the industry. These need to be incorporated into the planning systems that will ensure reliability and forward visibility in pricing. Delivery reliability and visibility can be managed through the planning systems, including the ability to replan if any source presents a risk. With greater visibility to ingredient specifications (a primary source of quality risk), source tracking and visibility, inline quality testing and resulting metrics captured in real-time supply planning will create a business practice for the future.

Some of these changes can be implemented immediately to address customer priorities and others will require a longer effort by the supply chains. For example, capturing the current pricing models in planning systems and replanning with certified vendors can be implemented immediately. Supply chains can respond with much greater agility and forward visibility than they are operating with today. Other aspects, such as quality and food safety require longer term initiatives. Adding new vendors and sources in real-time can be further accelerated if quality and food safety requirements can be digitized and made scalable. Updating the business practices and tools used in the supply chain will bring significant benefits to the leaders today.

## Get Started:

Our representatives are ready to assist you.

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