The Missing Link in Supply Chain: SUPPLIER PERFORMANCE

Over the years, you have worked hard to implement tools to manage the flow of goods through your supply chain. Your Merchandise Management software is solid. Planning, Allocation and Replenishment are all fine-tuned. More recently, you have tackled the relationship between Point of Sale, Order Management and Warehouse. And of course, you are using a top-notch Business Intelligence/Analytics/Reporting solution.

So, what is missing?

How are you identifying, capturing, and reporting lapses in supplier performance/compliance? Even if everything else in your supply chain is performing optimally, supplier performance can be the missing link that undermines all of the planning and execution that you have worked so hard to perfect. When a supplier fails to uphold their end of the bargain, the effects are felt not only throughout your company, but most importantly by your customer. Your costs go up, your sales suffer, and your customer is disappointed.

You expect suppliers to ship the product you ordered, on time, in full and how you asked them to ship. Too often suppliers miss in one or more of these areas. But do you have the capability to capture the miss and take action to do something about it or do you just work through it and move on (incurring additional costs and potentially lost sales)?

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How do you address these issues?

Supplier performance (or lack of) can show up in various forms including:

- Shipping too early or too late
- Not shipping your orders in full
- Shipping in multiple shipments rather than consolidated
- Shipping via an incorrect method/carrier
- Improper packaging or labeling
- Shipping substitute items without prior authorization
- Shipments that do not match the ASN
- Products that do not meet specifications

The reality is that addressing these issues by providing real time visibility to everyone affected will improve your supply chain, reduce your costs, potentially improve sales. Best Practice is to utilize a solution in which all stakeholders have real time visibility. This should include Vendor Management, your buying group (Merchants), your supply chain (DC), Finance and accounts payable, and of course the supplier community. When everyone is seeing the same information and able to easily communicate, you will be able to achieve significant improvement in vendor performance. Real world results that can be realized include:

Real Results		
On-Time Delivery	Up	7% - 22%
Total Order Cycle	Down	4% - 12%
Total Fill Rate	Up	2% - 28%
Net Cost Recoveries	Up	28% - 111%
Initial Fill Rate	Up	13%
PO Accuracy	Up	32%
ASN Carton Accuracy	Up	3% - 16%

You could attempt to solve supplier performance issues with spreadsheets or other internally built solutions. However, that approach will not provide the full benefit of an enterprise solution that has been continuously improved using lessons learned over many years. A faster to value, more cost effective, more complete approach would be to implement a proven solution that has been built specifically to address the supplier performance aspect of supply chain.

Schedule a Complimentary Performance Review

RPE can help you explore, define, and phase your requirements, while showing you the benefits of deploying a supplier performance solution. Click here to schedule time for a complimentary 30-minute performance improvement discovery session with an RPE expert advisor.