

In this installment we discuss the Seven Laws of Supply Chain Management that represent supply chain discipline and problem solving.

FROM ONE MY FAVORITE BOOKS, “A Road Less Traveled” by M. Scott Peck, the opening line is “Life is difficult”. And as Dr. Peck states once we recognize this it starts to become less difficult. The difficulties are often represented as problems and it is how well we solve these problems that indicates the wellness of our lives. It is very much the same in supply chain management -- it is difficult, but once we recognize this, it becomes less difficult. All that is needed is some discipline in solving the problems. Presented below are my seven key Supply Chain laws, which represent supply chain discipline; discipline that leads to solving those difficult supply chain problems.

1. Law of Demand. It's really all about the demand—Why call it supply chain management? What is really demand management that gives direction to supply management? The issue is how independent and dependent demand affects a company's operations and hence it's supply chain. The more a company refines their knowledge and controls of demand management the more efficient and responsive the supply chain becomes.

2. Law of Paradox. Supply chain resources are not infinite. A company needs to balance the pull of being an efficient supply chain with customer responsiveness. Here is the paradox. Is your company supply chain model based on operational efficiency or customer service responsiveness? Which one do you choose in a business environment of finite resources? This choice drives your supply chain model.

3. Law of Metrics. As the old saying goes, what gets measured gets done. Does your company have the right mix of supply chain metrics? Do metrics communicate direction and change? These are questions that give your company direction, set expectations and measure improvement. Be aware of the number of metrics, too many and you can incur paralysis through analysis.

4. Law of People. Just because you bought that new \$600 Titanium driver doesn't make you a Tiger Woods. People still have to make key supply chain decisions. Do you have the right people, making the right decisions at the right time? They need to be trained, nurtured and given the opportunity to suc-

ceed. People make the decisions that drive the company forward, not machines.

5. Law of Variability. Does it seem like you are on the tail end of the cracking whip?

Variability within a supply chain amplifies as a company's product and information move up the supply chain. Variability is the number one key to understanding when it comes to supply chain problems. Does your company have visibility and control to dampen variability?

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6. Law of Optimization. Are you able to see the forest from the trees?

Most companies fall into sub-optimizing a few links within their supply chain without recognizing what that does to the entire chain. It is very tempting to tackle individual issues in isolation. But this often just creates other problems in other areas of the supply chain. The supply chain needs to be considered in its entirety when dealing with problems

7. Law of Contingency. Planning is great, execution is even better, but stuff happens.

Does your company have supply chain contingencies developed before they are needed? This is often the law that separates the good from the great. A great supply chain company anticipates problems and plans for it. Think of it as supply chain performance insurance.

Keep these laws in mind when dealing with your supply chain. Think of them as the blocking and tackling of supply chain. The laws will take discipline to understand and to implement, but get these correct for your company and your supply chain will certainly will be on track for excellence. ✌