

Avoid getting caught up in the minutiae. Success in supply chain management depends on how well you adhere to these seven fundamental laws.

LOGISTICS AND SUPPLY CHAIN management often comes down to how well you execute the fundamentals. No magic here; just the ability to out-execute your completion. I have boiled down these fundamentals into seven laws. How well you adhere to these laws will go a long way in determining how successful your supply chain will be for your company. The seven laws are: Demand, Paradox, Metrics, People, Variability, Optimization and Contingency.

LAW OF DEMAND

It's really all about the demand. Why call it supply chain management? What drives the supply chain ultimately is demand. The issue is how independent and dependent demand affects a company's operations. The more a company refines their knowledge and control of demand management, the more efficient and responsive the supply chain.

LAW OF PARADOX

This is dealing with finite supply chain resources. Here is the paradox: Is your company's supply chain model based on operational efficiency or customer service responsiveness? Companies often struggle with constraints one type of model imposes versus the others. Supply chain cost savings can often affect customer service, while have resources (inventory and capacity) available for responsiveness add cost. Which one do you chose in a business environment of finite resources?

LAW OF METRICS

What gets measured gets done. Does your company have the right mix of supply chain metrics? Do metrics communicate direction and change? Is there too many which can incur paralysis through analysis? A company needs to define what is important to measure for its current economic environment and review and modify periodically.

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. Well trained people doing the right job will make you successful. It takes a combination of leaders who I like to say, build the railroads and staff, who run

the railroads to be successful. Do you have the right people, making the right decisions at the right time?

LAW OF VARIABILITY

Does it seem like you are on the tail end of crack the whip?

Variability within a supply chain amplifies as a company's product and information move up the supply chain. This issue of variability is the number one reason why supply chains are not more efficient. It needs to be recognized, measured and controlled. Does your company have visibility and control to damper variability?

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LAW OF OPTIMIZATION

Are you able to see the forest for 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 reminds me of saying I once heard: “We are going to save money no matter how much it costs.” Sub-optimization happens when your supply chain is not viewed in the entirety. Procurement, manufacturing, warehousing, distribution and transportation need to be view as a single entity and not individual parts.

LAW OF CONTINGENCY

Planning is great, execution is even better, but stuff happens. This law often makes or breaks a company's supply chain. How well a company plans, prepares and anticipate events turns an average company into world class. Does your company have supply chain contingencies developed before they are needed?

I suggest a company take some time to review where they are at with all seven laws. It is a great exercise that will contribute benefit to your supply chain. ✨