

# Your action plan for supply chain network optimization

## Guiding principles



### Compare apples with apples: as-is cost is not to be compared to modeled costs

Comparing as-is costs from financial reports (and not a modeled baseline) directly with modeled future costs (to-be status) is misleading, as the background calculation, effects and variables of these costs vary.



### Keep data accurate, up-to-date and accessible

Maintain a reliable flow of relevant, updated and accurate data. It should be easily accessible in a usable format for the network design team. This may require integration with other systems, data cleansing and data mapping.



### Consider qualitative data, as well

Besides quantifiable information, consider qualitative data. Examples include your organization's willingness to change, risk tolerance, public relations and branding, and union agreements.



### Establish a clear strategic framework

Corporate and supply chain strategies define elements of the network design - for example, fixed locations, regional development, sustainability targets, zero capex and the choice of suppliers and partners.



### Remember that strategy is distinct from operations

Mixing strategic and tactical planning distracts from the strategic decisions being made. Recognize the advantages of a strategic model - and consider which approach is best suited to your objectives.

## Six steps to supply chain network optimization

01



### Objectives and scope

- > Define clear objectives
- > Identify the key levers of network design
- > Clearly define the project scope

02



### Data gathering

- > Develop a theoretical data model
- > Collect data
- > Data analysis

03



### As-is analysis

- > Develop a baseline model
- > Identify key performance metrics
- > Identify improvement opportunities

04



### Network strategy

- > Create network scenarios

05



### Target network design

- > Develop a detailed network design
- > Evaluate the new design
- > Refine the new design based on feedback from the project team

06



### Roadmap and business case

- > Develop a detailed implementation plan
- > Develop a business case

## Optimizing network design is an ongoing process

The best possible result can only be achieved when supply chain performance is continuously monitored and adjusted over time, as market variables and demand are constantly changing.

## Best practices



### Take a holistic approach

Strategic network design should consider the entire supply chain, including suppliers, manufacturers, distributors and customers.



### Consider multiple scenarios

By developing and evaluating multiple scenarios based on different assumptions and constraints, businesses can identify the optimal network design.



### Don't forget about capex

As capex refers to investment, consider it from the beginning, just like implementation cost, to make sure the roadmap created is financially feasible.



### Involve stakeholders early on

Involving relevant stakeholders from the beginning ensures the new network design meets their needs and is aligned with the organization's overall strategy.



### Consider the impact of technology

Digital technology can increase accuracy, improve agility and save manual effort during network design - and it's scalable. Consider the impact of technology and incorporate it where appropriate.

Download the e-book

"The ultimate guide to supply chain network optimization"

for more insight



Follow us on LinkedIn