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Accelerate the supply chain

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As much as we don't like to talk about it, sometimes the world experiences a disaster. In the wake of a major world event, people's needs change, and manufacturers are challenged with shifting production quickly to address customer demands. By integrating closely with suppliers, manufacturers have a higher level of agility and can efficiently react to changes, instantaneously. The bottom line? Competitive edge is in the hands of manufacturers with a level of agility that enables them to shift with the global marketplace. "Globalization, declining margins, and shorter product life cycles are pressuring manufacturers to transform their traditional supply chains to demand-driven, adaptive supply chain networks," says Celestine Vettical, Microsoft director of manufacturing industry solutions. "Creating a collaborative environment to work very closely with suppliers and partners is essential to maintain an edge."

Manufacturing companies must be agile in a shifting global marketplace

When a major world event occurs, a sudden groundswell in consumer demand for a specific product erupts, or the focus of society shifts, these all can mean a change in customer demand for certain products. As a result, competition increases among manufacturers to meet the new demands in the marketplace.

"As a manufacturer, a major [world] event can significantly change the marketplace," says Vettical. "It is important that manufacturers work with suppliers so that their efforts are coordinated."

Predicting every market change is impossible. Manufacturers can benefit in periods of change by keeping their people prepared for a shift in the market at all times. A closely-integrated supply chain is critical to this agility.

How can manufacturers achieve this agility? Consider the following:

- **Reduce time to market.** Reduced time to market means that customers are getting their demands met sooner. The manufacturer gains business from customers of competing companies that don't meet demands fast enough.
- **Integrate supply chain.** An integrated supply chain means that each supplier is aware of the manufacturer's inventory needs at all times. Predictions can be made to replenish parts as needed, resulting in increased turnover in inventory. According to Vettical, "Manufacturers that are more tightly integrated with suppliers have an increased inventory turn."
- **Share costs.** Supply chain integration also reduces costs in the manufacturing process by sharing the financial responsibility with suppliers. If the market shifts, the entire supply chain shifts, and the financial burden of this shift is shared among the manufacturer and the suppliers.

Customer demands in manufacturing get resolved fast with supply chain integration tools

When a quick change occurs in the manufacturing marketplace, plant supervisors, production workers, customer service representatives—all are pressured to meet shifted demands quickly, while interacting with external suppliers. They need the right tools that will help them understand immediately what the new needs are, and how to meet them.

For example, consider the following uses of technology in the supply chain:

- **Effective and accurate inventory accounting.** Technology can make the process of tracking inventory more effective and accurate. This occurs by scanning shipped items and comparing the receiving data with the packing slips and the initial order. Software applications can do this comparison automatically,

and managers can pull up-to-date reports detailing inventory status.

- **Tracking products during manufacturing.** Radio frequency identification (RFID) technology can be used to track individual products, creating an audit trail and metrics for the manufacturing process.
- **Precise parts selection.** During manufacturing, parts can be scanned using RFID technology to ensure an error-free assembly.
- **Inventory data availability.** While technology tracks inbound inventory and parts usage throughout the manufacturing process, suppliers can use technology to see precisely what a manufacturer has on-hand and to predict when a new shipment of parts will be needed to continue assembly.

In short, technology enables a critical level of agility in a changing marketplace. With the right hardware and software solutions, people in manufacturing can produce quality, error-free products while working closely with suppliers to reduce time to market.

"With a closely connected network of suppliers, manufacturers can interact with suppliers more effectively," says Vettical. "This is strategic for manufacturing and helps to reduce time to market."

The right solution: Building on the Microsoft platform

Microsoft partners have developed supply chain management (SCM) software solutions that are built on the standard Microsoft platform to collaborate with trading and third-party logistics partners. Using applications such as Microsoft Windows SharePoint Services, the Microsoft Office InfoPath information gathering program, and Microsoft BizTalk Server, partners of all sizes and in all locations can easily collaborate in the manufacturing process.