



Loosen Up a Little: How Network Design Can Help You Create A Nimble Supply Chain

A strategic focus on network design helps organizations accommodate customer needs and to position themselves favorably for changes in geopolitical conditions while keeping a keen eye on the total cost-to-serve.

Can Your Supply Chain Roll with the Punches?

If you've ever practiced yoga, you know it can do wonders for your flexibility and balance. And the nimbler you are, the better your body can respond to the changes or challenges life throws your way. The same is true for your supply chain. The more flex it has, the quicker you can change things up, if needed, in response to geopolitical, customer, market, or global economic shifts. With enough flexibility, you can continue to meet customer requirements, at the lowest possible total cost-to-serve, regardless of how the playing field changes.

Network Design is Like “Core Strength” When It Comes to Supply

Chain Flexibility—And Most Manufacturers Want to Improve Their Practice

With some pretty significant policy revisions on the horizon, creating a limber supply chain through a focus on network design may be more important than ever.

However, the recent supply chain readiness research we conducted with Aberdeen Group shows that while most manufacturers believe network design is critical, few are confident that their capabilities in the area are up to snuff.

That's not surprising. Most manufacturers do not have a deep internal bench of expertise when it comes to network design. Whether you conduct your own internal review, or you engage a network design consultant—now's a great time to think about how you can build flexibility into your supply chain. When you do, you'll be better prepared to keep your costs under control, no matter what changes occur down the road.

5 Network Design Considerations That Can Help You Ensure Supply Chain Flexibility and Control Your Costs

1. **Consider your organization's willingness to change.** A dynamic, flexible supply chain only works if your company is open to making rapid changes in order to capitalize on new opportunities. If your leaders are the type to stay the course and see how things pan out before making major strategy shifts, you might miss out on opportunities to take advantage of new or innovative processes, materials, or supply chain partners that can enhance your service levels at a lower cost. But if you're open to change, and you have a flexible network design, you'll be able to act fast when opportunities arise.
2. **Be sure you are making the most of your big data.** While most companies have access to mass quantities of "big data," many manufacturers struggle to quickly analyze and understand the details. Using data to model different scenarios, identify trends, and anticipate opportunities or potential disruptions allows you to be proactive versus reactive about improving service and cutting costs. You can determine how potential trade, policy, or market changes will impact cost, shipping performance, and volume. And you can make the changes to your network design accordingly, giving you a significant competitive advantage.
3. **Create an operations engine that acts as a partner to your flexible supply chain.**

Do you have alternate supply sources lined up? How about alternate materials? How quickly can you scale production up or down as needed? Having options and the ability to quickly adjust manufacturing processes or your supply chain network improves your chances of succeeding in a constantly evolving and increasingly complex global marketplace. Building flexibility and resiliency into your network design can also help protect your business from localized catastrophic events. You'll be able to make changes and keep your operations going, at an affordable cost, even if a key supplier or source of materials becomes suddenly unavailable.

4. **Evaluate your entire cost-to-serve.** Many manufacturers are focused on pieces of the total cost-to-serve, such as logistics costs or labor costs. But they leave other key factors out of the equation. Understanding the entire network and all of its cost elements, including material costs, warehousing costs, and manufacturing costs, will enable you to quickly calculate the real impact of specific changes to the landscape. Then you can adjust the aspects of your supply chain accordingly, including incoming materials, manufacturing, and outbound logistics, to ensure the lowest cost-to-serve.
5. **Does your network design help you deliver on your strategy?** A good network design can and should serve as a roadmap to execute against your company's strategy and objectives. As you evaluate your network design's flexibility and resiliency, also consider how it supports your overall strategy. When policy changes are handed down, if your network is engineered for flexibility, and if it is closely tied to your corporate mission, you'll be able to make the necessary adjustments to continue meeting your big picture service and cost goals.

Build Flexibility Now and Prosper in the Long Run

Taking the time now to focus on network design and to ensure the flexibility, resiliency, and effectiveness of your supply chain can prepare your business to better implement changes, if and when you need to, in order to continue meeting your customers' needs while maintaining your lowest possible cost-to-serve. Having supply chain experts weigh in on network design—whether they are internal or outside consultants—can help you consider all of your options and identify opportunities to better tailor your supply chain to serve your customers and support your own business needs.

Learn More About How to Prepare Your Supply Chain for Anything

Our new Supply Chain Readiness Research report provides details on the potential impact of impending governmental trade policy, tax reform, and regulatory changes along with insights on the readiness of manufacturing companies to respond to such changes. Download the benchmarking research report now.

TBM and Aberdeen Group Research Report

Supply Chain Readiness For Expected Regulatory Change and Tax Reform

Special TBM Consulting and Aberdeen research report explores the potential impact of changes in proposed tax, regulatory and trade policy changes on manufacturers and their global supply chains. Learn what best-in-class companies are doing to create operations readiness.

[Read it now](#)



Brian Cromer, Managing Director, Global Supply Chain Practice

Brian Cromer is Managing Director of TBM's Global Supply Chain practice where he helps clients to make operational improvements, reduce working capital and improve service levels while lowering the overall cost to serve.