



IN SIGHTS

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Agility: Successfully designing complex supply chains through agile supply chain management



The vulnerability of global supply chains has been clearly visible not only since the Covid19 pandemic. Regional conflicts, trade wars, protectionism, etc. repeatedly put supply chains, which are very complex in many areas of industry, to the test. The effort to keep them stable for the own company is increasing. The associated risks can under certain circumstances assume existential dimensions.

Global sourcing, which has been propagated in all areas of the economy since the beginning of the 1990s, initially had one goal - cost efficiency.

By including new production markets, which could and wanted to supply at first at low cost and then in terms of capacity and increasingly also quality, this was a strategic focus in order to maintain or expand one's own competitiveness.

Due to the progressive perfection of supply chain management in the companies, from the 2000s at the latest, additional measures from the lean management approach were added. As a result, in large parts of the value-added chains, the approach was rather one-dimensional, since „waste-free process chains“ were and often still are seen as the non-plus-ultra of all corporate activities.

If „waste-free“ is taken as a synonym for „cost-efficient“ or „cost-optimal“ in the actual overall business sense, the complexity caused by the one-dimensional orientation of global sourcing can certainly be questioned.

Of course and as a matter of course, globally networked supply chains will and must continue to exist in the future - otherwise one would question any international export and exchange of goods. However, the pure „lean management

approach“ in the design of the supply chain could be countered or at least set aside by the „agile“ management approach.

Agile supply chain organizations

Agile supply chain organizations are primarily not reactive in their actions, but act proactively in their market environment. Through their process- and organizationally anchored orientation, they anticipate changes at an early stage and prepare or adapt accordingly. This is explicitly not to be confused with arbitrariness and purely tactical behavior. Rather, the principle anchored in the structures of supply chain management is to continuously measure and evaluate market analyses, innovations, company-specific risk management and customer requirements, and to derive and dynamically implement measures. In an agile-organized and managed supply chain, it is usually not the direct external influences that influence actions and decisions, but the objective of demanding the ability to learn from each individual and to promote this ability as an organization.

- Wrong decisions are „curiously“ analyzed and
- Need for improvement formulated from it.
- Vertical structures, which promote silo thinking, are broken up and
- Interaction and communication across departments and companies is encouraged.
- Risk management is not a compulsory administrative event, but
- transparency-oriented, entrepreneurial, proactive action.
- The regular determination and agreement of concrete, measurable goals is
- cross-departmental and cross-hierarchical task of all participants,



- with the explicit inclusion of external value-added partners.
- A special focus is placed on the innovative ability of our own processes and structures,
- which is reflected in the ongoing digitization of previously optimized work steps.

Agility in supply chain management is a response to the challenges of rapidly changing market conditions. It is the opposite of reactive, costly rush jobs. Although an agile supply chain is not the only guarantee for corporate success, it is an indispensable component for maintaining a resilient competitive position.

Agile supply chain management is a prerequisite for the company:

- Willingness to create transparency in its own supply structures and supply chains.
- To define transparent & efficient processes along the entire value chain.
- A management that understands the principle of agility, develops, demands, promotes and exemplifies it throughout the company.
- To understand innovation as a lasting opportunity.
- To initialize an accompanying change management at the beginning in order to transfer the necessary agility from the strategic level to the daily work routine in a sustainable way.

Short- and medium-term cost optimizations in all supply chain processes and long-term safeguarding of one's own uninterrupted, cost-efficient delivery capability are the tangible results of agile supply chain management. The decision to steer the company in this direction is a primary, strategic task of the management.

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