



White Paper

How do you Compare against your Competitors?

Analyzing a study by Aberdeen Group. Visibility and control of your supply chain is critical to your company's success. Learn what tools and technologies are used by best-in-class companies in their logistics strategy to set them apart from their competitors.

Ever wondered how you do relative to other companies? This is natural as it affects your ability to compete and ultimately your profitability. You put a lot of effort into your performance but are others doing significantly better... or worse than you?

The Aberdeen Group* recently studied 209 supply chain companies on performance and their use of Business Intelligence Tools. They found that the Best-in-Class companies (the top 21%) were able to deliver orders complete and on time to their customers 97% of the time versus 82% for the laggards (the bottom 33%). Similarly for purchases, these top companies received their orders complete and on time from their suppliers 95% of the time versus 75% for the laggards.

The study found significant differences between the groups, particularly in their visibility of their supply chain and the level of automated and analytical tools used. The Best-in-Class were much more likely to have on-line visibility into their supply chain with an ability to quickly identify issues and possible disruptions. With dashboards and automated alerts, the responsible party can be quickly alerted and alternative plans put in place. The amount and timing of this knowledge is critical to how it will affect business performance.

Supply chain analytics, such as dashboards, can quickly highlight issues and result in improved response times. For example, a tactical dashboard showing orders that are behind schedule for picking or loading allows the supervisor to immediately focus on just these orders. Similarly, a dashboard showing inventory items that are projected to be short over the next few days and weeks allows decisions to be made on additional supply procurement, moving up production, and/or negotiating with customers for either different timing or items. The decision to ship short then becomes more purposeful and less frequent.

The Best-in-Class are much more likely to use technology to enhance their position. This includes performance dashboards, supplier and carrier scorecards, specialized reporting, statistical analysis, and automated alerts triggered by a data condition. This gives them more timely access to information and more in-depth understanding of what it means. While this technology comes at a cost, it enables them to more effectively manage their supply chain and have a superior performance.

In a recent study of supply chain companies, the Aberdeen Group revealed that the top 21% were able to deliver orders complete and on time to their customers 97% of the time versus 82% for the bottom 33%. Similarly for purchases, these top companies received their orders complete and on time from their suppliers 95% of the time versus 75% for the laggards.

continued on next page >



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White Paper (cont.)

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Why the difference? This study found that *visibility* into the supply chain provided information that allowed the top companies to respond to adverse conditions not only more quickly, but generally to avoid the problem. They use *technology* to enhance their position, including electronic links to their trading partners, dashboards and automated alert processes to warn of exceptions, and scorecards to rate their suppliers and carriers. This gives them the ability to more effectively manage their supply chain and leads to superior performance.

*Aberdeen Group, "Supply Chain Intelligence: Adopt Role-Based Operational Business Intelligence and Improve Visibility." February 2010.

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