



Hitachi Consulting: Few Companies Recognize the Impact of Responsiveness on their Supply Chains

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Results of Supply Chain Responsiveness Study

A recent survey by Hitachi Consulting and AMR Research of 164 manufacturers found that, while most companies understand the need for responsiveness to deal with cost pressures, shorter product lifecycles, increased customer expectations and fluctuating demand requirements, few companies recognize the impact that becoming more responsive has on their supply chain.

Key Findings

- Mature supply chain organizations do experience benefits. Each four year investment in supply chain excellence represents a 1% improvement in return on assets.
- Having visibility across, and the ability to control your supply chain is highly relevant to helping companies become more responsive.
- All industries reported that the key factor driving the need to be responsive is cost pressure.
- Available to Promise technologies, while widely hyped, have limited adoption. Those companies with mature ATP processes have a 35% faster order cycle time.
- The top barrier to improving responsiveness is culture. The larger the company, the greater the need for cross-functional coordination.

Learn more about the drivers causing companies to become more responsive, the levers they use to respond to change, and the barriers and obstacles to becoming more responsive at www.hitachiconsulting.com/study.

Recommended Actions

Developing a more responsive supply chain calls for fundamental change. Companies that have made this shift have designed their supply chain to deliver a customer experience. And they clearly understand their levers for responding to change. It comes down to having visibility and control across the supply chain. To do this, they have invested in:

- Defining holistic processes that include organizational and Key Performance Indicators (KPIs) that reward cross-functional, non-siloed thinking.
- Developing collaborative processes, both within their company and with supply partners and customers.
- World-class sales and operations planning to set the tone for the entire supply chain by analyzing and deciding on demand and supply tradeoffs.
- Transportation management, one of the quickest ways to impact order-to-delivery times and short term customer satisfaction, and it has a large impact on cost metrics.
- Strategic sourcing to establish capacity, flexibility and expectations with the supply base and provide visibility into landed cost decisions
- Implementing information systems to improve visibility and decision-making.

These are the cornerstones of moving to true Supply Chain excellence and market responsiveness. Read the entire survey results at www.hitachiconsulting.com/study.

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www.hitachiconsulting.com