



An Inconvenient Truth About Supply Chain Planning Solutions

Key findings from 50 direct interviews with U.S. supply chain executives of small to mid-sized wholesale, retail and manufacturing companies.

NETSTOCK



Irreversible Changes in the Supply Chain Landscape That Must Be Addressed:



Reshoring and nationalism



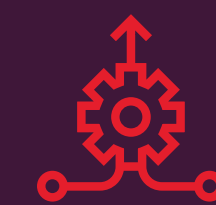
Increased real cost of capital



Volatility in demand

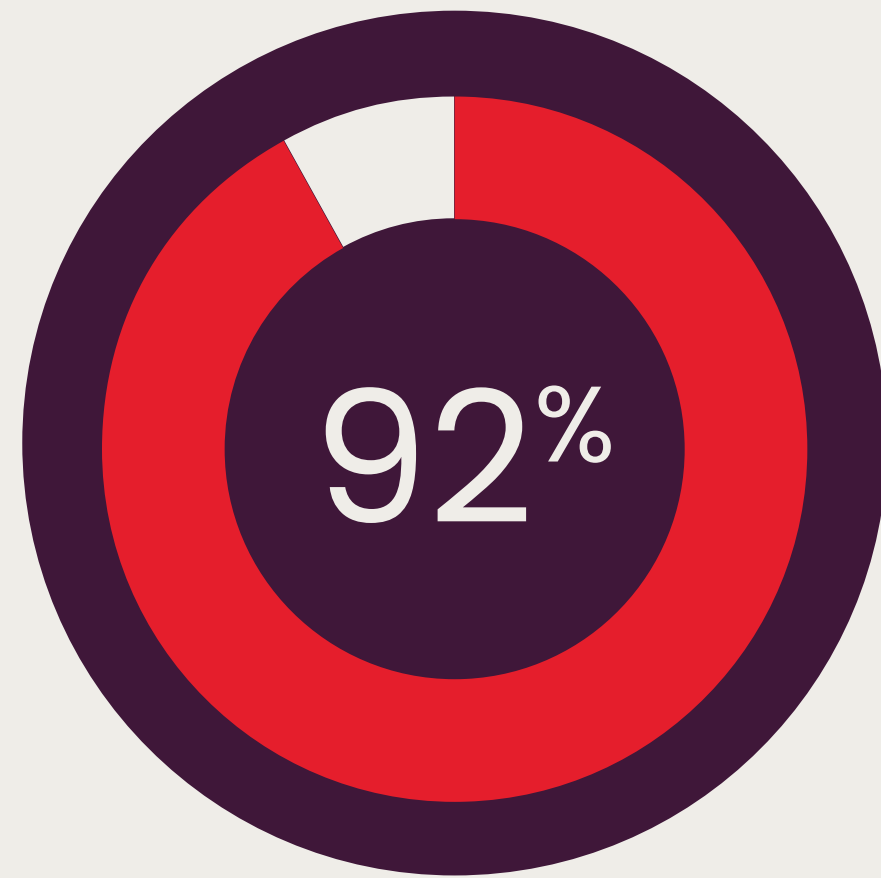


Customer expectations relative to speed of delivery and customization

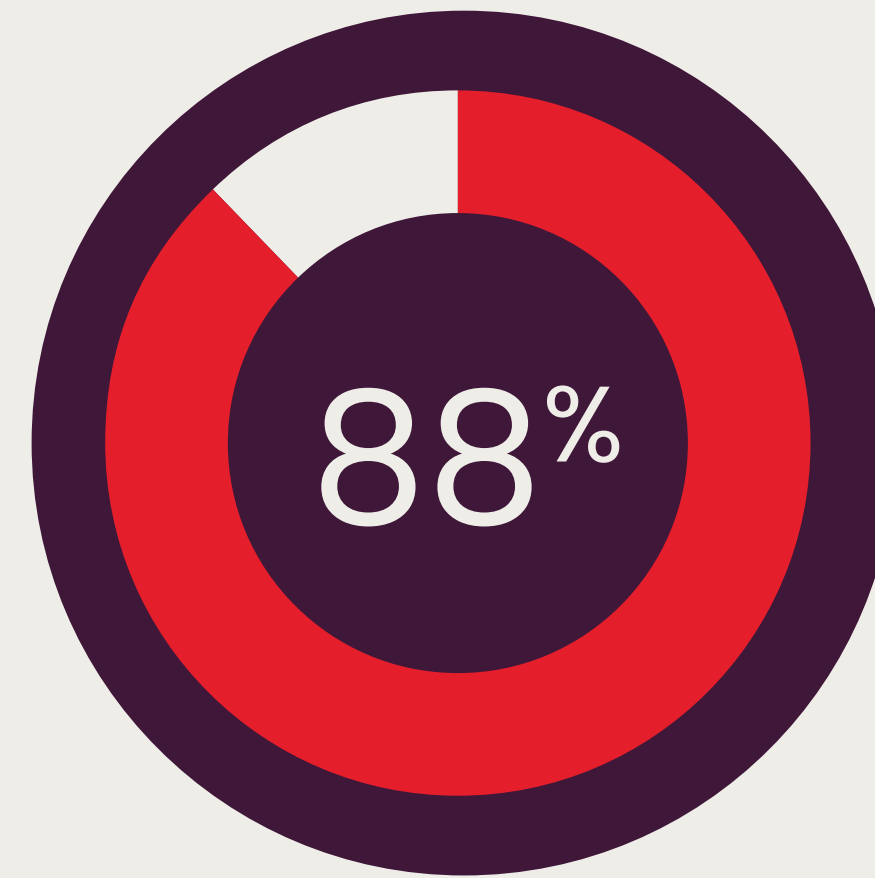


Supplier consolidation in many industries

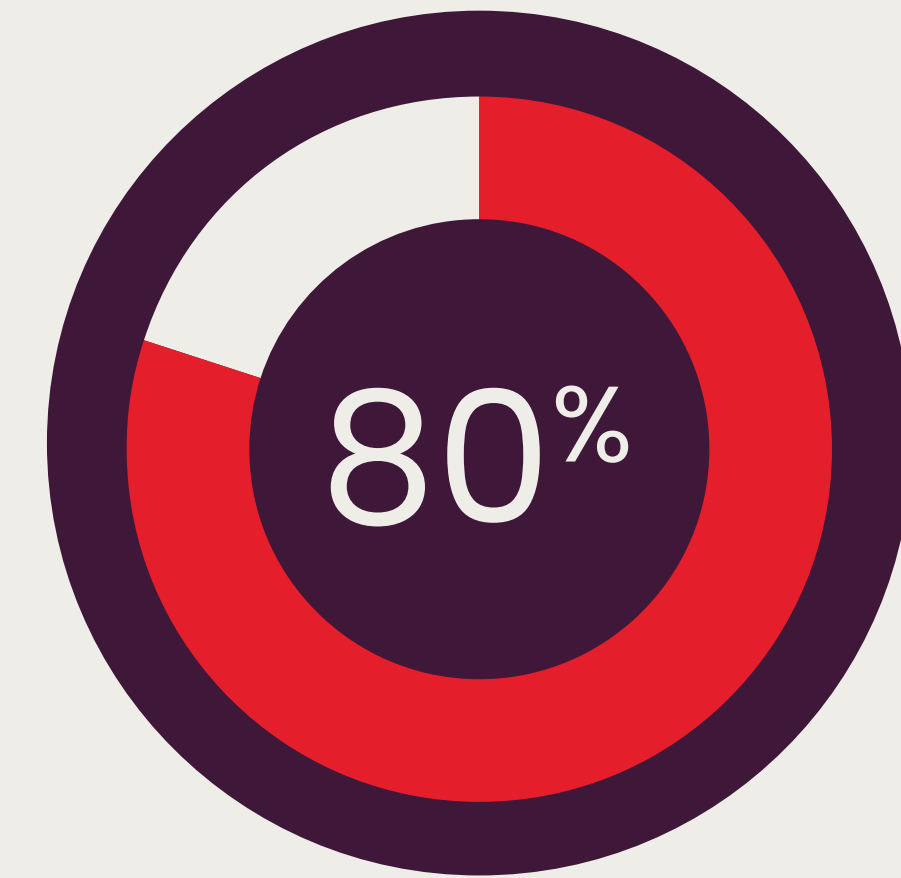
\\ SMB supply chain executives interviewed **agreed across the board** that these basic conditions are endemic.



Of the respondents stated that over the last three years, **supply chain disruptions have caused a significant increase** in the amount of inventory that needs to be kept on hand



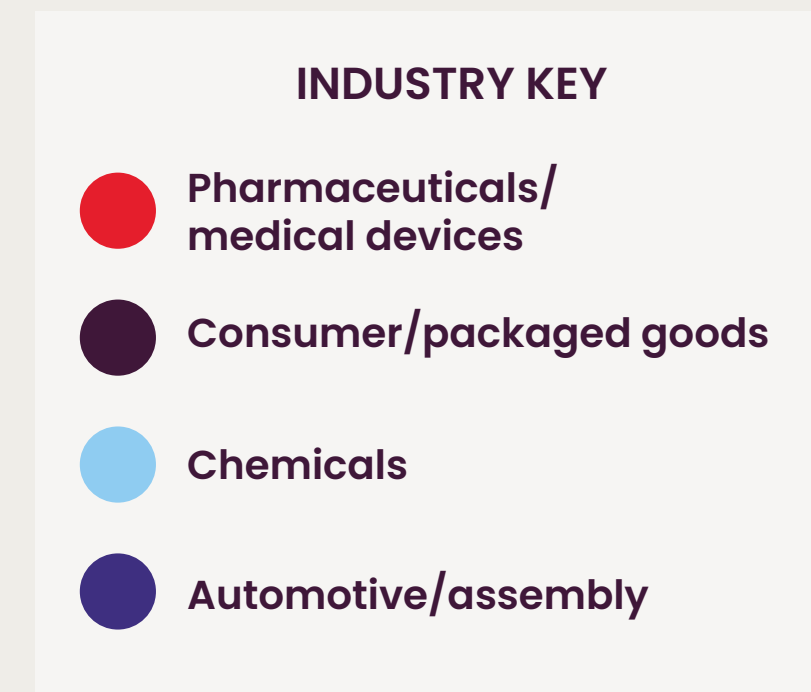
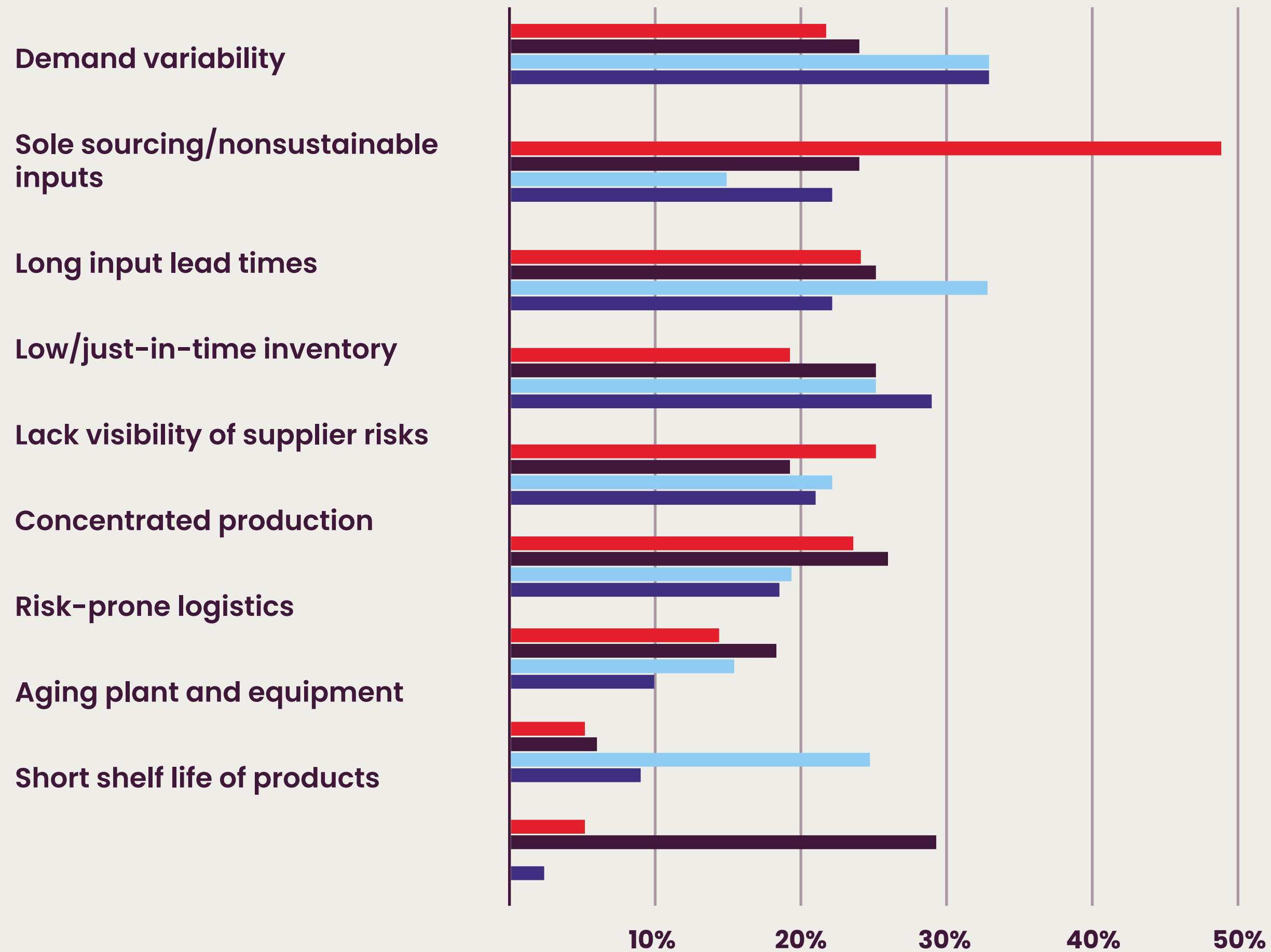
Of the respondents reported a **misalignment between supply chain tools** and supply chain issues



Of the respondents stated that **the cost of warehousing inventory significantly increased** over the last two years

The risk level for supply chains remains uncomfortably high worldwide.

Conditions that make businesses most vulnerable to supply chain disruptions worldwide:



Source: [McKinsey](#)



Deloitte's study reports the top strategic supply chain challenges for clients in 2022:



Supply chain disruptions and shortages



Hiring and retaining qualified workers



Customer demand for faster response times



Out-of-stock situations



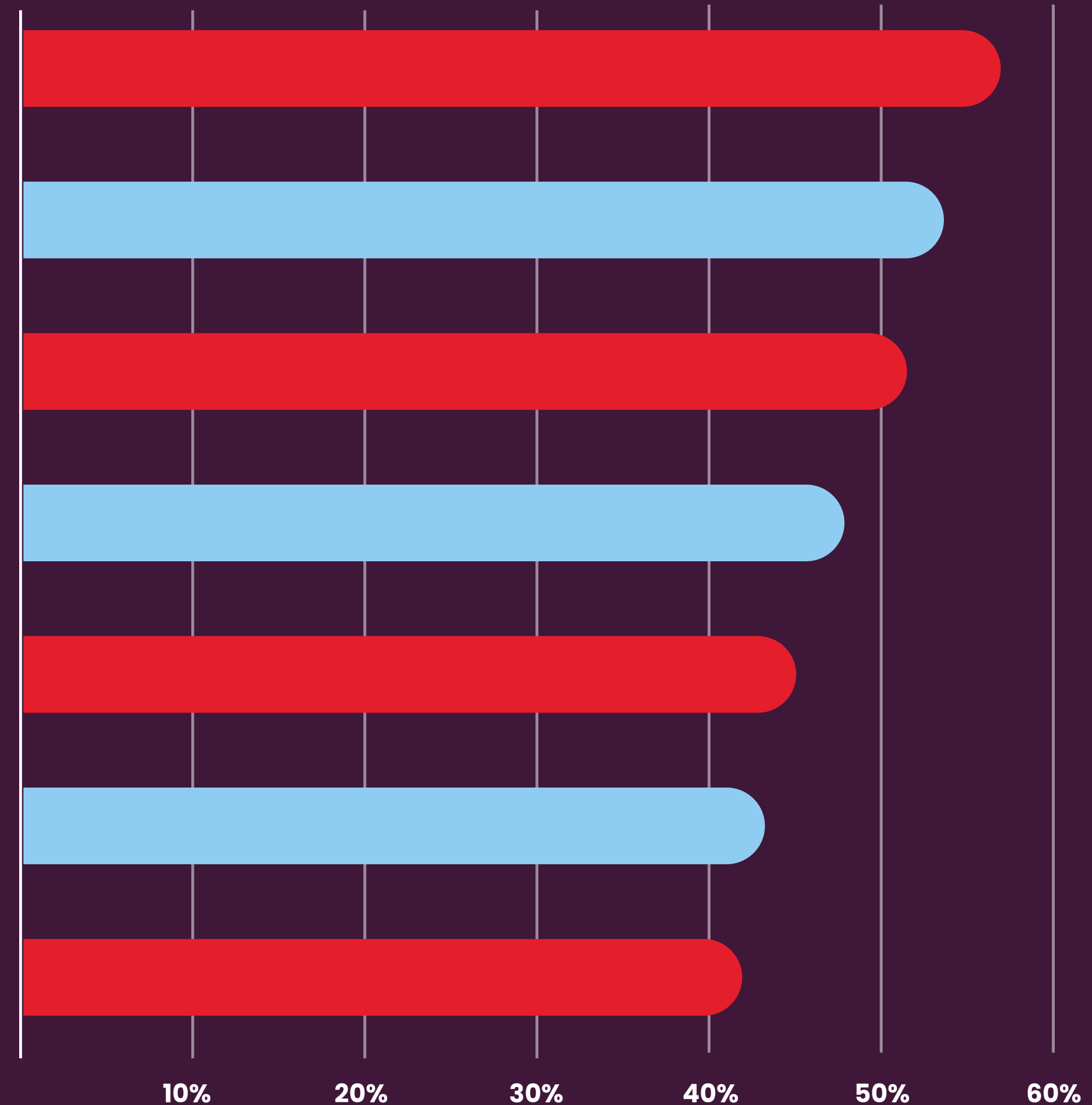
Forecasting



Customer demand on costs



Synchronization of the supply chain

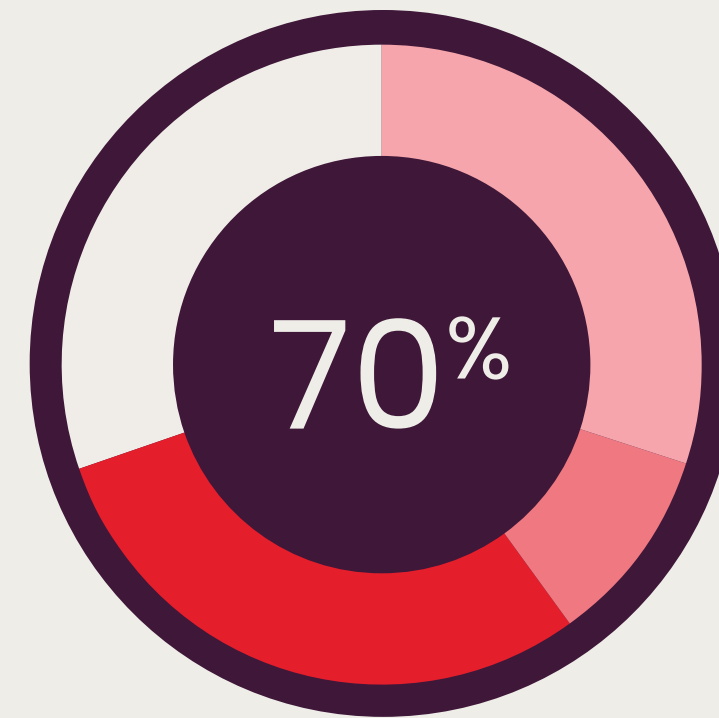


Source: www.mhi.org/publications/report

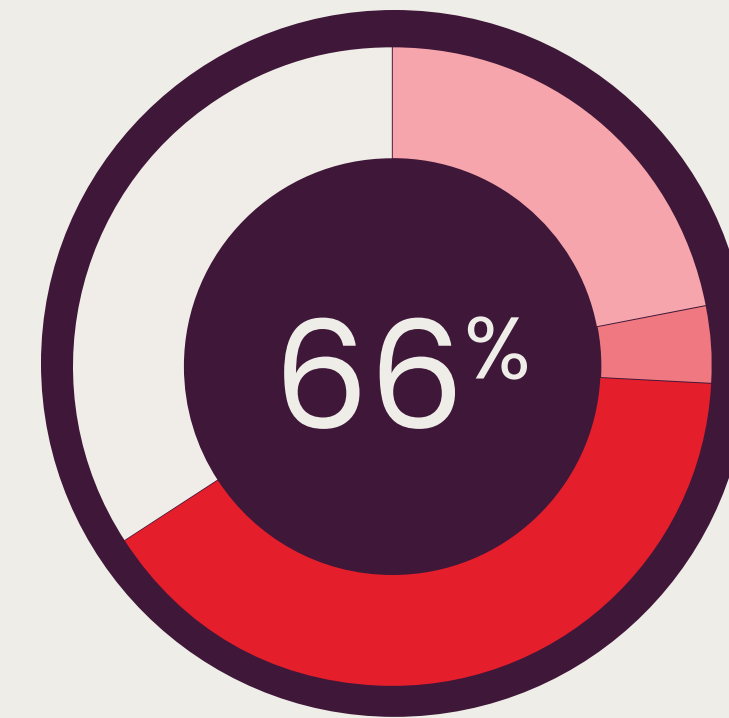


We Asked: On a scale of 1-5 (with 1 being little focus and 5 being maximum focus,) rate the following areas of opportunity for supply chain improvement in 2023 & 2024

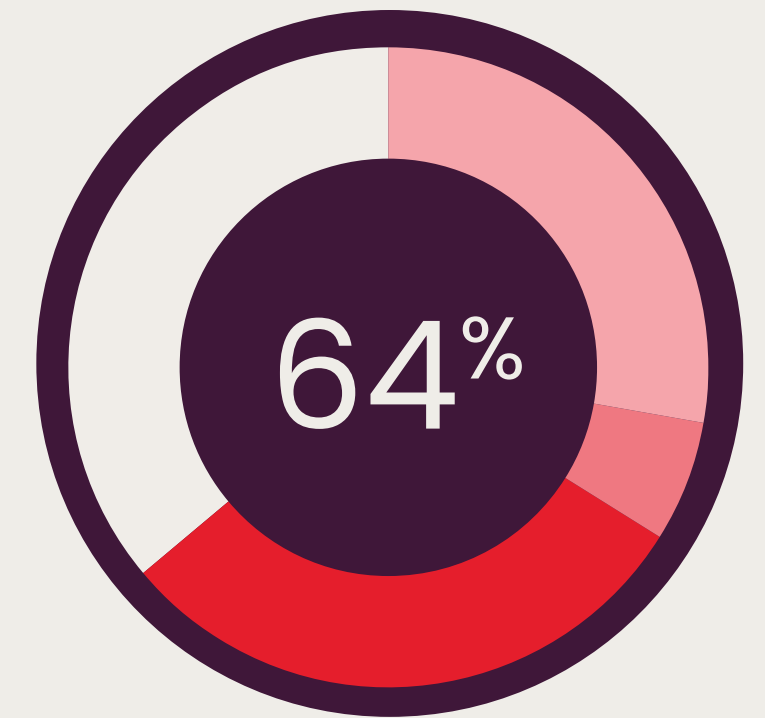
Percentage of Respondents Ranking Concerns at a 3 or Higher:



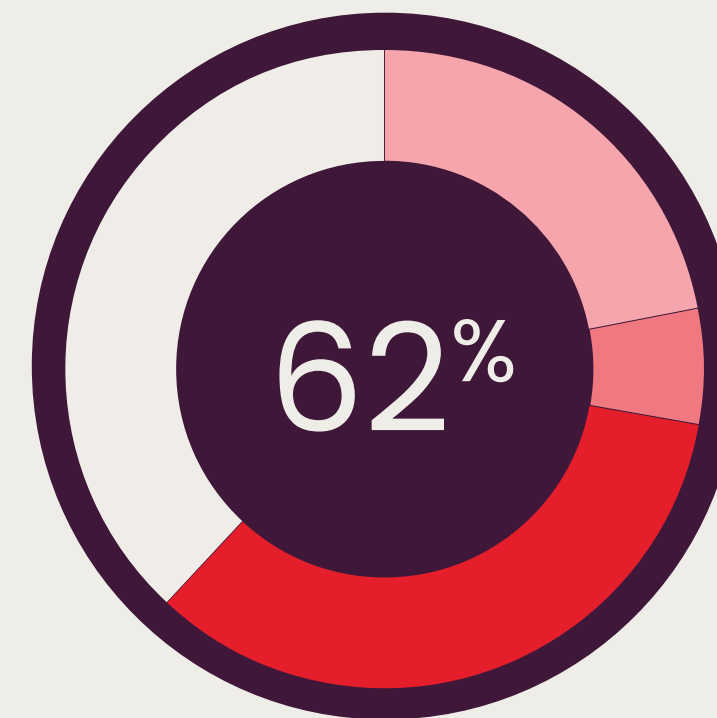
Demand Planning



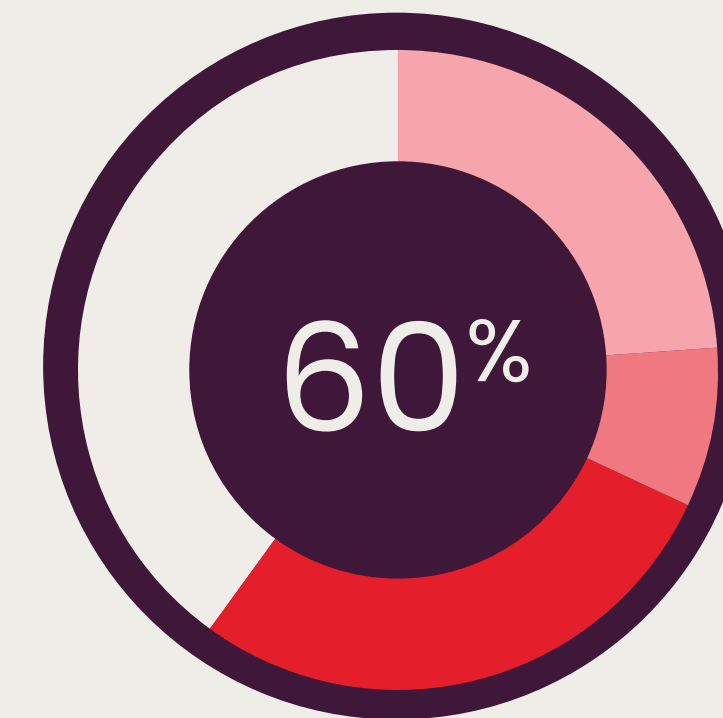
Customer Satisfaction



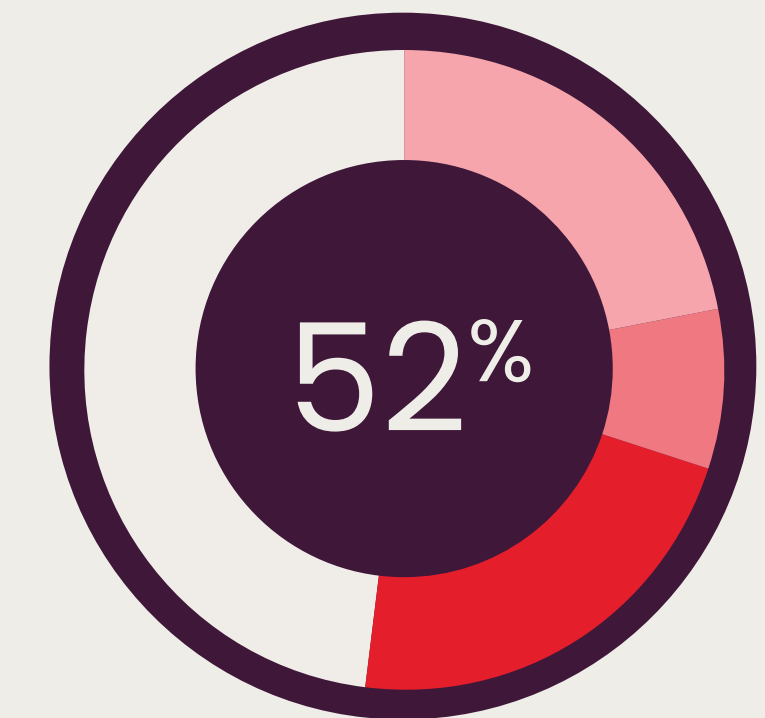
Last Mile Delivery



Inventory Management



Order Fulfilment



Product Sourcing



Respondents' focus issues varied based on their business...however, survey results pointed to the consensus that with enough time, work, and combination of tools & people, companies find ways to improve specific supply chain issues.

But what's the most efficient way to resolve these issues?

Respondents reported supply chain visibility problems when multiple KPIs are required.

Without a purpose-built inventory management solution, the correct path is obscured when two or three disparate KPIs are required to gain sufficient insight.

21 SUPPLY CHAIN KPIs REPORTED BY RESPONDENTS:

- Inventory Investment Cost
- Inventory Production Cost
- Operation Hours Cost
- Quality Costs
- Spoilage Costs
- Service Costs
- Carrying Costs
- Maintenance Costs
- Warehouse Labor Cost
- Distribution Center Overhead
- Inventory Storage Costs
- Inventory Shrinkage
- Taxes Duties and Insurance
- Ordering Cost
- Delivery Costs
- Depreciation Costs
- Transportation Costs
- Cost of Returns
- Cost of Stockouts
- Cost of shortages
- Storage Costs

Two Key Takeaways:

1. There was no agreement on KPI's to best measure progress
2. Actionable analysis proved elusive





82%

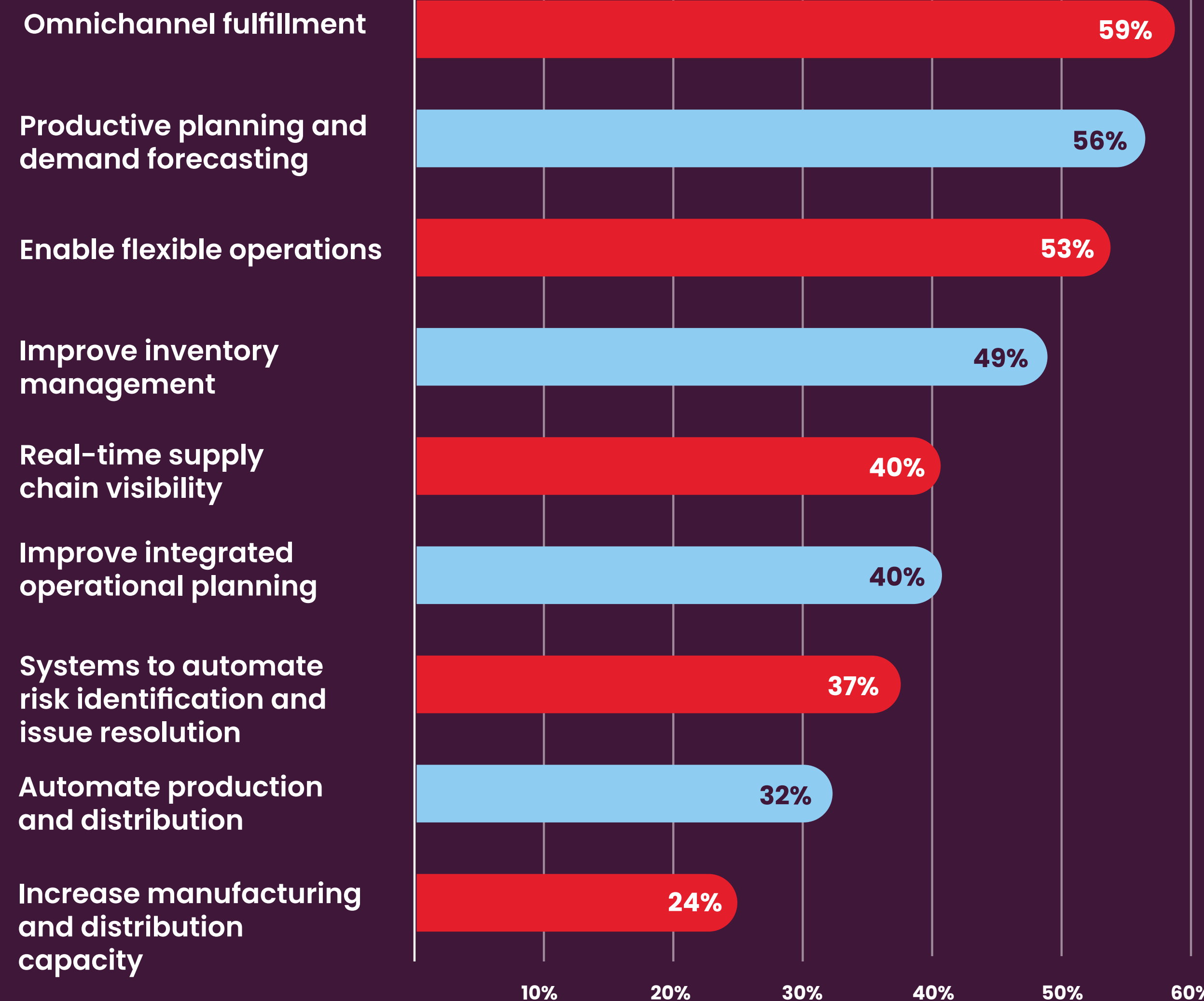
of respondents can't quantify an ROI on their inventory management system—**but they are still spending money!**

There is a level of frustration among mid-market companies with the ROI on older inventory management systems or systems that have grown organically.

However, **massive spending** is driven by tactical problem-solving needs to keep the business operating.



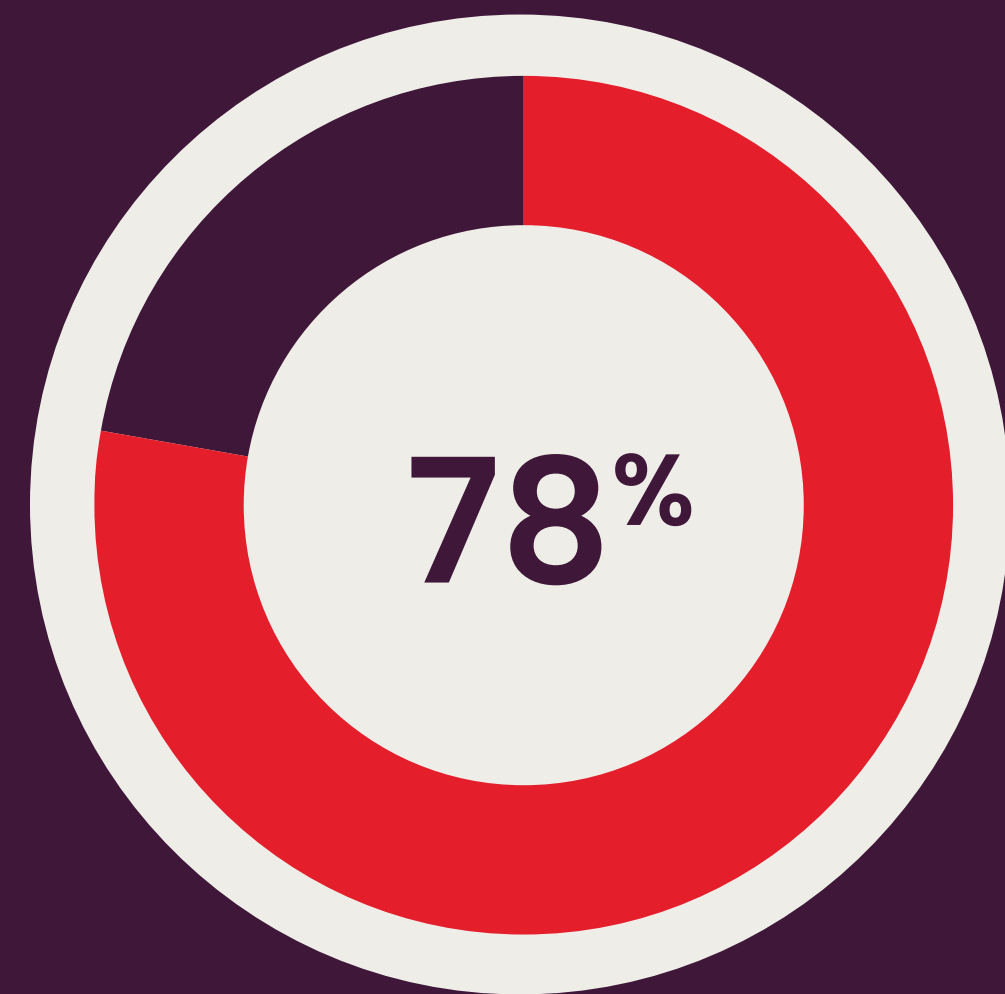
Share of U.S. Retail Supply Chain Executives Willing to Increase Investments in the Following Areas of Concern:



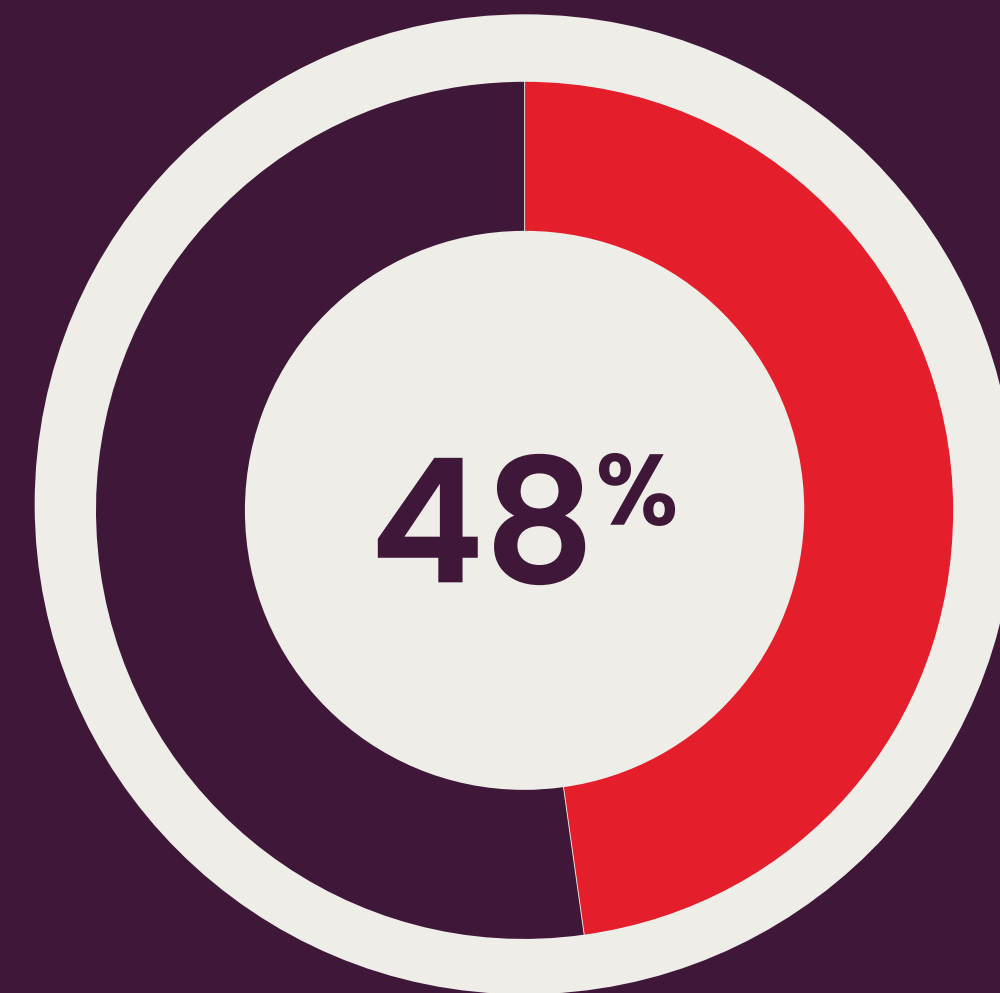
Source: [United States: Increasing Investments in Retail Supply Chain 2020](#) | Statista

Industry leaders believe that investing in supply chain technology should not be approached as a means to “fix” operational problems.

However, the majority of respondents have yet to make strategic purchasing decisions when it comes to solving their supply chain issues.



of respondents are NOT using purpose-built inventory management systems



of respondents are using either spreadsheets or bespoke inhouse systems known only to them




The vast majority of companies that could improve organizational performance with **supply chain visibility** can't effectively access the data, nor can they provide it to the departments that will benefit the most from it.

WE ASKED:

What element of the inventory management process is most in need of automation?

The top answers were critical functions that require **supply chain data visibility**:


28% Demand Forecasting


24% Maintaining Optimum Stock

Sales

- Better RFP Responses
- Accurate Lead Times

Marketing

- Improved Customer Communications
- Targeted Promotions

Legal

- Improved Contracts
- Improved Compliance

Facilities

- Proper Logistics Infrastructure
- Right-Sized Logistics Facilities

Operations

- Accurate Forecasting
- Effective Planning

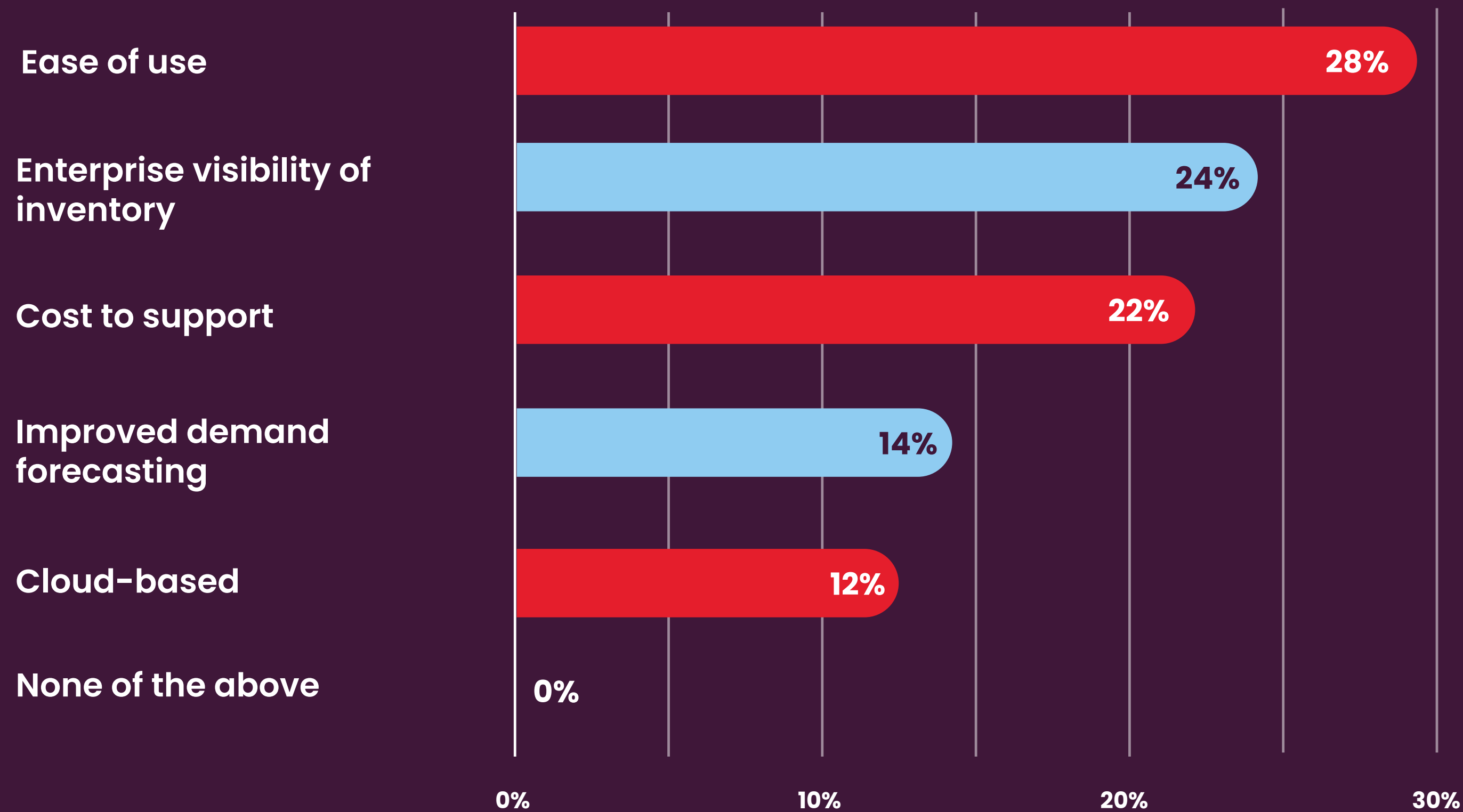
Finance

- Planned Inventory Financing
- Lower Cost of Capital



We Asked: What element of your current inventory management system would you most like to improve?

We see that inventory management, like cash management, is central to the successful operation of all businesses. However, NONE of the respondents were completely satisfied with their inventory management systems in place.





Respondent's perception didn't meet reality when it came to standard features.
Most were perceived as more than standard, when in reality, these are all basic to a robust commercial inventory management system.

Standard Features For Commercial Inventory Management Systems

Omni-channel order fulfillment mixed between online and stores

Optimize for cost and capacity order fulfillment across stores and DC's

Optimize for safety stock maintenance across stores and DC's

System measures the cost to fulfill each order

System automatically adjusts parameters for high vs low velocity items

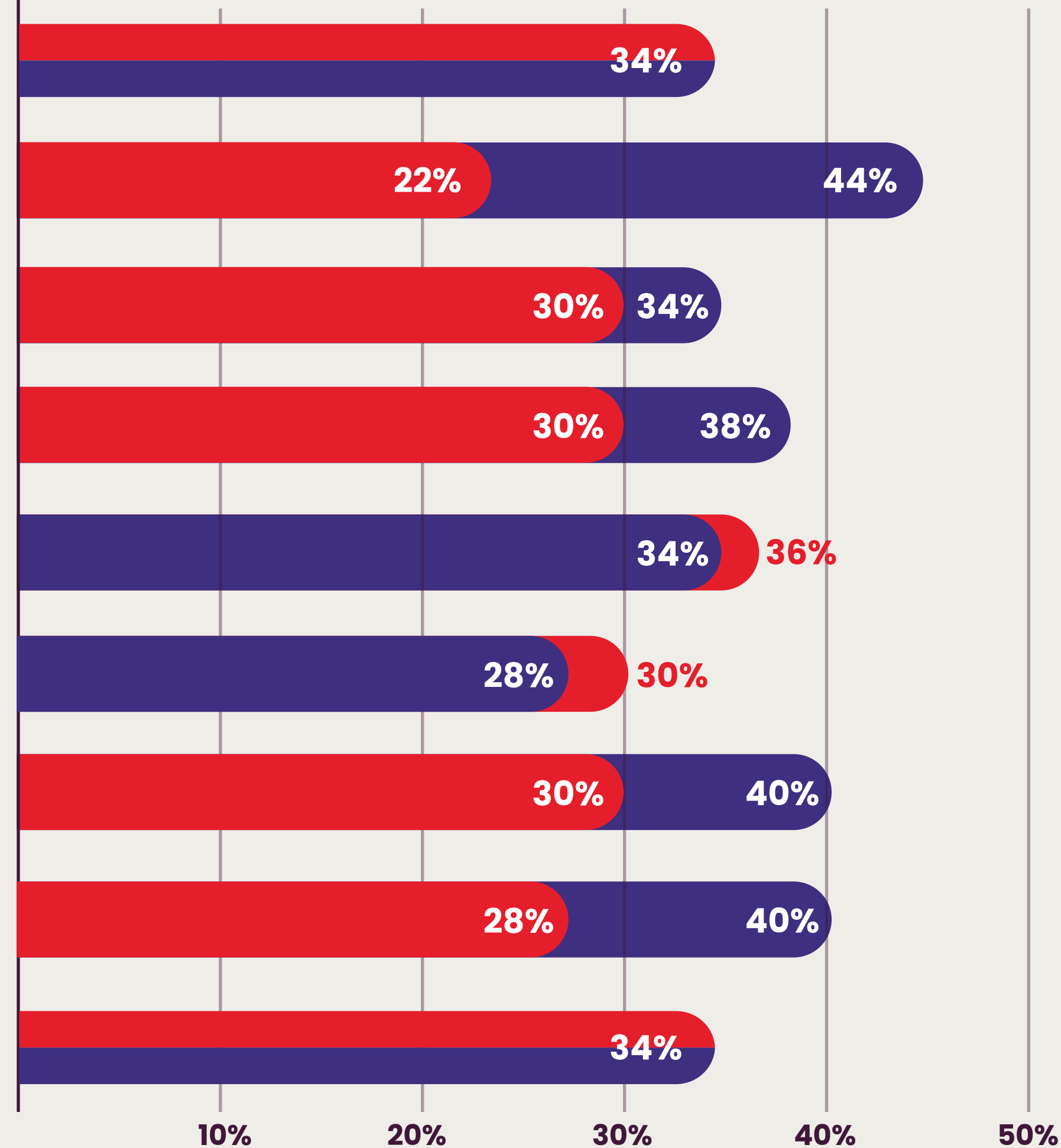
System calculates drop shipments by suppliers as part of inventory mgmt.

System provides visibility into amount and location of supplier inventory

System dynamically adjusts to compensate for supply chain disruptions

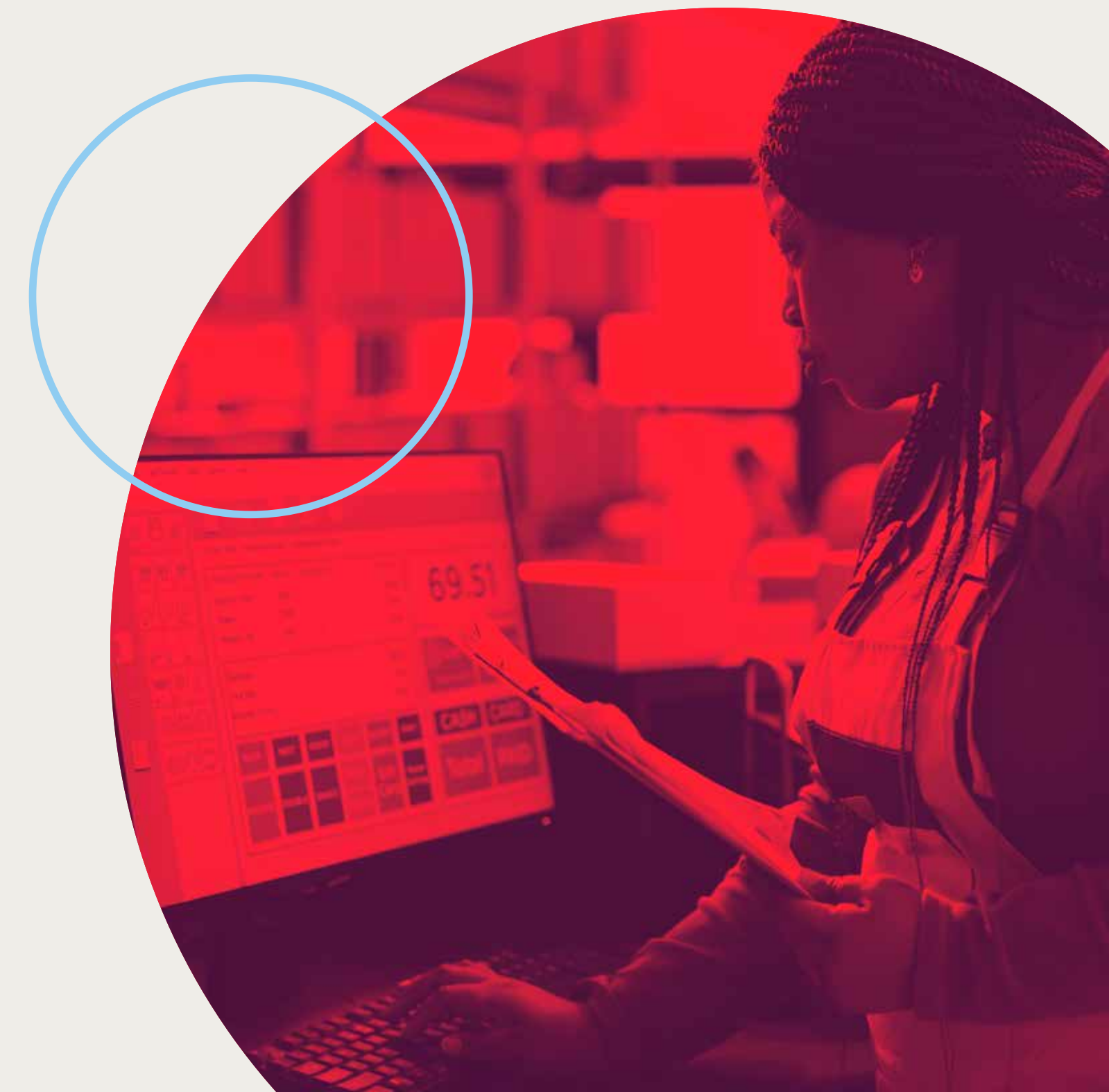
System provides owner a single source of truth for inventory availability

Respondents' Perception of Value of the Standard Feature



VALUE PERCEPTION KEY

- Premium Feature (Pay Extra)
- Custom Feature (Allocate Extra Resources)



In Conclusion...



○ 22% of the respondents are using commercial inventory management software...

○ ...But the remaining 78% are likely facing serious supply chain pains simply because they do not have the right solution.

Don't make the same mistake.





Continue Your Supply Chain Planning Journey with Netstock

Learn about our solutions to optimize your supply chain planning:



Inventory Optimization



Forecasting & Demand Planning



Replenishment & Distribution Planning



Manufacturing & Capacity Planning



Performance Analysis



Sales & Operations Planning



Our Passion is Supply Chain Planning!

Ensure your business remains agile, responsive, and profitable. Let's talk about your unique supply chain challenges and how Netstock can help you accelerate business growth.

Connect with a Netstock consultant to get a personalized demo.

[Click Here](#)

Whether you need to optimize inventory or synchronize business processes with sales & operations planning, Netstock has a solution to fit your organizational needs.





NETSTOCK

www.netstock.com