

Do You Have Bad Strategies or Bad Data?



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Q: *Why do most supply chain strategies fail?*

A: It comes down to data. Most companies have data quality issues. Companies make decisions with no data, partial data or, worse, misleading data. The misleading data is the worst because it looks right, but is inaccurate. Decisions made with incorrect data lead to no cost savings and compounding incorrect data throughout the supply chain.

Q: *What is the definition of data quality?*

A: A quick research project will reveal there are two definitions of data quality. Data is of high quality if:

1. It represents the real world that it describes;

2. It is fit for its intended use.

Really, you have two criteria, not two definitions, because they are not mutually exclusive.

For example, a freight invoice record may have the right data to calculate a rate. If you are talking with the accounts payable team, they would say the data collected is of high quality. The freight invoice has the origin, destination, ship date, weight, and miles. From a financial perspective, this data accurately represents the real world that it describes, and is fit for its intended use.

When the supply chain department is tasked with finding a more cost-effective way to package their products, they ask the accounts payable team if they have high-quality data they can use to perform the transportation piece of the analysis. Based on our above review, the answer would be a resounding, "Yes."

However, the freight invoice is missing data about the shipped product, so it can't be used to do a financial analysis based on changing the packaging of a given product. In this case, the data is unfit for its intended use.

Q: *What is the challenge of creating data quality?*

A: The challenge is the many different uses a company needs for what appears to be the same record. Back to our example, we have two departments with very different needs.

Most companies ultimately create data silos. The accounts payable team will copy the invoice data and match it up to another shipment dataset with product information. The team sorts the data and "cleanses" it by actually removing assumed anomalies. As a result, the company now has partial data at best and misleading data at worst.

Q: *How can a company create data quality? What is the payback to having data quality?*

A: Bad data is estimated to cost companies more than \$3 trillion annually in the United States. Companies have to create a data strategy that defines the different intended uses of their data along with the data elements required to fulfill these uses. With data-quality tools, companies can achieve 10:1 ROI or greater. The payback is enormous.

Battling Through Crisis Together

As society adjusts to the impact of the new coronavirus, COVID-19, many households have stockpiled goods for safety reassurance. With retail stores being one of the few businesses that remain open to the general public, supply chain operations have had to embrace creativity to deliver effectively.

Q: *What are some of the bigger challenges that COVID-19 has inflicted on supply chain operations with respect to delivering into retail?*

A: Well, first off, I want to thank all of the truck drivers out there who are working diligently to deliver goods across the country. They've battled through new regulations such as limited off-road breaks with increased emergency shipments and continue to deliver for our country. It's really inspiring to all of us.

Unfortunately, we've seen multiple retail stores close down as well as some states adhere to full quarantine orders. So that's obviously going to have a huge impact on supply chain operations.

However, we've seen open retailers really embrace creativity to replenish orders. For example, store hours are being limited to give teams enough time to restock shelves.

We've also seen distribution centers prioritize items that are most needed by the general public, which has increased our 'days of supply' (DOS) settings in our replenishment systems.

Some retailers have also adjusted their compliance requirements during this time, which is really encouraging.

We all understand the most important thing on everyone's agenda is to make sure people have everything they need.

Q: *What advice would you give retail suppliers during this time?*

A: My advice would be to prioritize essential items. Some retailers have already suspended non-essential shipments into their warehouse network.

Fortunately, we have already seen our customers exhibit this as we've had to free up capacity to make sure retailers have enough inventory to meet the new demand of the public. We're really fortunate to work with great customers who have adjusted to these trying times.

Q: *What has been Hub Group CaseStack Retail Supplier Solutions' strongest attribute during this period?*

A: The beautiful thing about supply chain is there are many moving parts and sectors that all play a key role in delivering for the public. Without strong business relationships with these companies, you're limited in how effective you will be.

Our focus has always been to form strong lasting relationships with retailers, suppliers, warehouse providers, and carriers. It really does take a village to keep things moving. We try to play our part by assuring we can deliver with speed and precision in a safe manner for all parties. Our team is seeing record shipping weeks to most retailers, and this has been because of our ability to collaborate with these companies.



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THOUGHT LEADERS

Choose a 3PL with a Culture and Vision that Match Your Own



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Transportation has often been considered a commodity. Equipment, fuel, software, and wages are all very similar from a cost perspective. A 3PL's culture can be a competitive advantage.

Q: *Why does culture matter?*

A: Today, cost is just one of many factors to consider when selecting a 3PL. A low-cost provider may produce short-term savings but will not deliver sustainable efficiencies and the level of service shippers expect. Strategic partnerships that are mutually beneficial stand the test of time and drive waste out of shippers' supply chains.

An organization's culture is critically important to attracting talent, creating partnerships, and sustaining outstanding performance.

Q: *How does cultural alignment produce results?*

A: Shippers are looking for long-term strategic partners that are culturally aligned. When company cultures mesh, it is difficult to determine if the 3PL team member works for the shipper or the provider. Trusting a 3PL to manage all or a portion of your supply chain is a big decision—and selecting the right culturally aligned partner makes all the difference.

A 3PL's team members who are empowered to take actions that positively impact a shipper's supply chain stay engaged in the improvement process. The strategic shipper-3PL relationship is strengthened whenever value is created by providing proactive

notification of a late load, producing savings by combining LTL orders into a multi-stop truckload, or eliminating empty miles with a backhaul.

Q: *Is a cultural connection enough to sustain a business partnership?*

A: Culture alone won't sustain a shipper-3PL relationship. But having a culture focused on continuous improvement along with the right people, processes, and technology is a formula for success. A flexible 3PL will customize transportation management system (TMS) software to meet the needs of each shipper partner by understanding the intricacies of their unique freight.

Implementing a TMS as a shipper can be very time consuming and costly, and there is no guarantee the software will produce expected results. Shippers often don't have in-house expertise and may depend on third-party integrators for future configuration changes and upgrades. The right 3PL has a team solely focused on implementation and integration yet closely aligned with operations.

A TMS is a requirement for all 3PLs, but does the 3PL provider bring value with the right people, processes, and platform behind the software?

Find a 3PL that has a culture and vision that match your own. If you are successful at that, you will have a long and mutually beneficial partnership.

Ruan has expertise in transporting and warehousing goods in every industry—and the right people, processes, and technology to meet your transportation management needs.