

OPINION

# Why businesses must look for more than supply chain visibility

By Blake Shumate • Jan. 24, 2018

*Editor's Note: The following is a guest post written by Blake Shumate, Chief Operating Officer of American Global Logistics.*

**B**usinesses today have more resources and technology than ever to manage their logistics processes. So why did a recent Business Continuity Institute report state that two-thirds of them lack end-to-end visibility into their supply chains?

Juggling logistics providers, inaccurate data and outdated processes are all prime culprits behind poor visibility. As more global shippers rely on multiple carriers to mitigate risks and costs, establishing a single source of truth for all logistics information is a challenge.

Many shippers check three or four carrier systems directly for updates or circulate error-prone spreadsheets via email, slowing down their workflow and causing confusion. Information supplied by carriers can also be riddled with errors, yet incorrect data often slips through unnoticed by time-strapped employees and makes supply chains even more opaque.

True visibility into each step of the supply chain is essential for peak operations, particularly in today's uncertain global landscape. The Business Continuity Institute's 2016 Supply Chain Resilience Report found that 70 percent of businesses had experienced at least one disruption over the past year, ranging from IT outages to supplier insolvency.

To remain competitive, businesses need the technology, processes and systems to identify where products are and redirect them quickly around the globe.

## A focus on real-time technology

As shippers seek greater visibility and control over their freight movements, the supply chain tech industry has seen several notable acquisitions this year aimed at delivering a new level of service to customers. “Real-time visibility” is the promise for many of these providers, offering businesses the ability to see every SKU’s path through the supply chain as it occurs.

But technology is only one piece of the solution. How helpful is total visibility if you can’t manage the massive amount of data produced? Does it matter if you receive real-time carrier updates if the information is wrong?

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*COO of American Global Logistics*

A better approach involves combining the right technology with the human capital to establish and support effective logistics processes.

A holistic supply chain partner combines systems, logistics expertise and service to ensure you can see and manage everything you need to — and nothing you don’t. Here are two areas where the right solution can help you go beyond real-time visibility.

### **1. Gaining transparency, not just visibility.**

While visibility means having a full view into your supply chain operations, transparency means empowering the right people at

the right time with the right information — and the ability to adjust as needed. This requires building your supply chain platform around your business rules, so you can manage by exception, rather than having to wade through a deluge of data for every shipment.

One often overlooked area is the actual production process. As shippers use just-in-time methods to pare down inventory levels to the essentials, an overseas factory that doesn't hit its manufacturing target can mean delayed shipments and unhappy customers.

For one business with a five-step production process, a lack of information about what was perceived as insignificant to production progress resulted in significant ongoing issues downstream.

By working with a supply chain provider to establish a platform that offered complete insight starting with the purchase order, the company was able to spot any items that didn't meet expected lead times, adjust shipping timelines where necessary and identify long-term trends that allowed it to operate more efficiently.

While a robust technology platform is the backbone of a successful supply chain, businesses need to devote ongoing resources to determining which areas they can manage via exceptions and monitoring new areas for potential cost savings.

For lean internal teams, a third-party provider can offer the industry knowledge, such as sourcing international carriers for a company for the first time, that enables greater supply chain transparency and control.

## **2. Ensure data accuracy, not just speed.**

Aggregating real-time data is a major focus for today's supply chain tech players. But without the assurance that a carrier's estimated time of arrival or spot rate is accurate, receiving data fast doesn't do shippers much good.

The carrier industry is not historically known for attention to detail, a critical component of the data communication process. Claims by many providers to provide visibility alone, without accountability for its accuracy, is often misleading and, in many cases, irresponsible.

For example, Maersk reported that 12 percent of its shipper invoices had errors in 2013, according to JOC.com, while several industry observers estimated overall error rates of up to 25 to 30 percent. For businesses already overloaded with logistics tasks, poring over each carrier document in an attempt to glean data and determine their validity is neither reliable nor feasible.

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A supply chain provider with the right resources, technology and commitment to service can scrub data in near-real-time, using algorithmic intelligence to determine whether it's correct. If it's not, they're responsible for following up with the carrier to reconcile errors and omissions, enabling your business to make data-driven decisions.

For example, if one of your carriers consistently delivers later than stated, having that information at your fingertips can help you choose a better alternative for the next shipment.

### **Beyond visibility**

Achieving true supply chain visibility starts with understanding not only what's possible, but what's best for your business. By working with a supply chain provider, organizations can build a more transparent supply chain that offers unprecedented control over operations, allowing them to deliver a better experience to their own customers.

*As Chief Operating Officer of American Global Logistics, Blake Shumate brings 15 years of experience to the logistics industry.*