

## **12 Most Effective Tips For Optimizing Your Supply Chain**

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Supply Chain management is a complex business that requires full focus around the clock. The process is extremely challenging because products and clients change frequently, while new technologies keep making the business faster and more efficient.

According to the research, as much as 65% of executives in the logistics, transportation, and supply chain sectors [report changes](#) in industrial processes. Other reports prove the importance of supply chain management as well:

- Nearly [80% of companies](#) with high-performing supply chains achieve revenue growth greater than the average within their industries.
- 30% of supply chain leaders highlighted the [need to respond](#) to customer mandates for faster, more accurate and unique fulfillment as a top business priority moving forward.
- Almost 50% of supply chain and transportation executives say they are experiencing the need to [reevaluate warehouse locations](#) due to shifting trade patterns resulting from changes in the U.S. economy.

These and many other stats clearly reveal a simple fact – supply chain managers have to stay up to date with cutting-edge trends in order to make their businesses more productive in the long run. The only way to do it is to learn the best industry practices, so keep reading to see 12 practical tips for optimizing your supply chain. Let's take a look!

### **1. Standardize Internal Processes**

The first and by far the most important supply chain optimization tip is to standardize internal processes to make your business more productive. Create a step-by-step guideline that clearly defines operational procedures and explains how to get the job done in each sector of the company.

What makes this step so important? The answer is easy – standardized processes help the entire team to establish professional routines and hence do the job faster and more accurately. It will reduce error rates and maximize the efficiency of your business.

### **2. Identify KPIs**

The second tip is to identify key performance indicators (KPIs) and understand the goals you would like to achieve in the coming months. A goal-oriented approach will help the entire organization to concentrate and do its best to fulfill the expectations. Our suggestion is to make the KPIs tangible using the so-called SMART formula:

- **Specific:** Don't use generic descriptions but rather focus on highly practical objectives.
- **Measurable:** Specific goals should be easy to measure and quantify.
- **Attainable:** Let the KPIs really be within your reach.
- **Relevant:** Don't go too broad. Instead, you should focus on goals that really matter to you and your business.
- **Time-bound:** Of course, you should set the timeframe for each KPI because you don't want to progress too slowly.

### 3. Improve Inventory Management

Inventory management is one of the basic features of a successful supply chain, so you should try to improve it in 2020 and beyond. There are many ways to do it, but here are some of our favorite solutions:

- Set par levels to avoid running out of stock.
- Follow the first-in first-out business model.
- Plan well in advance to avoid overstocking.
- Conduct regular audits to prevent confusion and underperformance.
- Prioritize using the [ABC methodology](#).

### 4. Track Processes in Real-Time

This tip goes for all supply chain-related processes as you have to keep an eye on every procedure and activity in real-time. With so many stakeholders and products involved in the business, it is mandatory to keep track of changes 24/7 because it helps you to identify mistakes and react promptly. Of course, this tactic is much easier said than done, which is why we will move on to the next tip immediately.

### 5. Use the Right Automation Platform

Handling supply chain operations manually is close to impossible, which means you ought to rely on automation platforms to make the job simpler and more accurate. Automation tools enable supply chains to remain active 24/7 and 365 days a year, so the only real issue is how to choose the most suitable platform. The best solution would be to find an all-encompassing platform that covers the following fields of work:

- Shipping status
- Order processing
- Lean inventory
- Warehouse management
- Supplier management
- Demand forecasting
- Compliance management
- Analytics and reporting
- System security

### 6. Optimize the Returns Management

You probably handle thousands of products, so it's natural to see dissatisfied customers returning some of your items. [Returns management](#) is the supply chain management process by which activities associated with returns, reverse logistics,

gatekeeping, and avoidance are managed within the firm and across key members of the supply chain.

First of all, you should make return policies more liberal and visible because it makes customers feel better about your business and usually leads to the sales increase rather than returns increase. Secondly, you should track everything and react as soon as you notice a returns pattern.

If you handle returns quickly and precisely, rest assured it won't hurt your business. On the contrary, it will make you look like a highly credible company and boost customer loyalty in the long run.

### **7. Improve Transportation**

Even the smallest transportation improvement can make your business more profitable, especially if you know that it eats up as much as 70% of all logistics costs. One way to do it is by increasing visibility and analyzing the existing routes.

But if you don't have time or resources to do it this way, then you might as well think about outsourcing your delivery methods. Of course, industry leaders already invest in self-driving vehicles, but it's a major investment that spreads within reach of small and medium enterprises.

### **8. Think about the Risk Diversification**

Supply chains should never rely on one partner exclusively. If your entire organization depends on a single wholesaler or supplier, then your operations are at risk of deteriorating based on the prices or business future of this partner.

Your job is to diversify risks and ensure maximum flexibility. Although not so easy implementation-wise, you should find a solution to engage multiple stakeholders and give your business the chance to flourish regardless of external factors.

### **9. Pay Attention to Cash Flow**

When supply chain managers discuss professional productivity, they rarely ever talk about the importance of cash flow. You should be more careful and pay close attention to financial issues because that's essentially what makes the business more or less successful.

The main idea is to calculate financial risks and evaluate each stakeholder separately. Think about the payment terms and analyze every group or contributor to the supply chain. That way, you will get a clear project of cash flow and learn how to adjust business agreements accordingly.

### **10. Be Ready to Modify Your Portfolio**

We already mentioned that supply chain management is difficult because it forces you to constantly monitor new trends and improve offers. A portfolio of products is particularly significant here as customers' preferences change quickly.

In such circumstances, you should be ready to modify your portfolio and answer users' demands almost instantly. It means that you need to analyze the existing

products continuously to identify underperforming items, while you should also keep track of new trends to discover new products that you have to add to the portfolio.

### **11. Hire Remote Employees**

A growing business should not be afraid of expanding a team, but sometimes the whole process takes too much time and budget. If you are facing these two challenges, we suggest hiring remote employees to help you out.

After all, the year is 2020 and freelancing is far from being a novelty in the business universe. Using a network such as Upwork, you can find high-quality job candidates quickly and hire them within days or even hours. It doesn't only help your business to grow but also maximizes professional flexibility and allows your team members to achieve a greater life-work balance.

### **12. Keep Track of Industry Trends**

The last tip on our list is to keep track of supply chain trends and embrace state of the art solutions that can really give a brand new boost to your company. There are so many ways to stay up to date and learn about new things in supply chain management.

For instance, you can join online communities where industry thought leaders share and exchange fresh ideas. You can also attend seminars, read niche magazines, and subscribe to relevant email newsletters. The number of options is almost limitless, so it's only up to you to engage and invest in lifelong learning and development.

### **Conclusion**

In a world where consumers demand absolute accuracy and speedy delivery, supply chain management becomes one of the most demanding industries. You have to keep an eye on trends and embrace new technologies quickly if you want to stay competitive long-term.

In this post, we discussed the 12 most effective tips for optimizing your supply chain. Have you already tried any of these mechanisms? Which one do you believe to be particularly important? Share your ideas in comments – we would love to see your experiences in supply chain management!

### **AUTHOR**

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