

Supply chain optimisation - getting the clearest view

Optimisation is a term that is often misused. Supply chain optimisation is not about making better supply-chain decisions – it is about making the absolute best decision.

Supply chain optimisation is the solution to one of the big questions for manufacturing and distribution businesses – How do you effectively balance supply and demand to gain maximum business benefit? Well-utilised supply chain optimisation can ensure the optimal operation of your supply chain – making sure that supply meets demand at minimum cost and maximum profit. Unfortunately, most businesses have not been able to utilise the benefits of supply chain optimisation to get the best results at an operational level.

Balancing supply with demand sounds simple enough– make sure you have enough stock to fulfil demand requirements, but as we all know, business is not simple – there are many constraints, and the environment changes constantly. Because of limitations in technology, optimisation was, until recently, limited to long-term tactical/strategic planning

The changing landscape of optimisation

Now the landscape has changed - because of advances in computer technology, optimisation is now available for detailed operational planning. Today with general availability of 64-bit multi-core systems, there is virtually no limit with what you can do with optimisation.

Using optimisation to apply perfect decision making *is* the future of operational planning. To stay competitive in this new business landscape it is imperative to take advantage of this trend.

Benefits at the operational level

Supply Chain Optimisation will bring great benefit to a range of different operational areas:

MRP/replenishment planning – cater for finite capacity constraints such as production, purchase, and storage constraints to get a realistic supply plan.

Dynamic Stock Balancing – used to find the most optimal way to redistribute your stock across warehouse facilities to balance surplus stock with shortages.

Optimised Delivery – link your business rules into the delivery process to ensure that in the case of supply problems your most important customers and products are given priority.

Only one “best solution”

Using optimisation is about being able to take snapshots of your supply chain and be confident that you can provide the absolute best solution in line with your business rules. Businesses who use supply chain optimisation to constantly respond to fluctuating supply and demand will reap tremendous benefit – costs will come down, and revenue will go up.