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How Customer Experience is Driving Supply Chain Innovation

BluJay Solutions

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Educating and Connecting the World's Supply Chain Professionals.™

There are countless examples of companies that were once industry leaders, but today are either laggards or out of business completely. Kodak, Polaroid, BlackBerry and Blockbuster are just a few.

Considering the pace at which industries—including ours—are being disrupted, it's not surprising that innovation and improving customer experience have become key points of discussion for all businesses.

SUPPLY CHAIN INNOVATION DRIVERS

But when it comes to supply chain innovation, there are two misconceptions that we see pop up time and time again. The first: true innovation has to be new. And second: supply chain innovation needs to be disruptive. Some in our industry make the mistake of becoming enamoured with and chasing "shiny, new things" (*ahem blockchain and drones*). Others mistakenly dismiss trends altogether. So, how should organizations approach supply chain innovation?

BluJay Solutions[1] commissioned research firm Adelante SCM[2] for a study and survey to ask manufacturers, retailers, logistics service providers and other supply chain companies throughout the Americas, APAC, and EMEA just that. The resulting research report, 'Competing on Customer Experience: The Driving Force Behind Supply Chain Innovation'[3], explores the links between supply chain management innovation, customer experience, technology adoption and company performance. Here's what we found:

INNOVATIVE COMPANIES ARE PRIORITIZING CUSTOMER EXPERIENCE

For most supply chain organizations, delivering an enhanced customer experience (CX) is a key performance metric. However, it is a notably higher priority among organizations defined as "innovators/early adopters" and "above average performers".

Similarly, innovative companies told us delivering an enhanced customer experience is driving supply chain innovation. In contrast, respondents that identified their organization as a "laggard" or "average/below average performer" are focused more on driving innovation to reduce costs.

What this tells us is placing customers at the center of supply chains is a key catalyst for innovation, with competing on price taking a backseat.

THE BIGGEST BARRIERS TO INNOVATION? OUTDATED IT AND SILOED SYSTEMS

Across all the organizations surveyed, outdated IT systems were reported as the biggest barrier to supply chain innovation. Somewhat worryingly, the majority of laggards and late adopters are still relying on Excel spreadsheets to manage their supply chain.

> "At the top of the list for technology delivering the most value: mobile devices and apps, followed by control tower visibility, and warehouse automation and robots."

While antiquated IT was a problem for innovators and early adopters too, they seem to have matured to the point where they are less concerned about existing systems, instead focused on outward needs including the flexibility and innovation of supply chain partners and working with other functional groups, for example, IT.

These results suggest leaders need to find flexible, future-proof solutions to continue to innovate. For laggards to leapfrog ahead, organizations in this category should look to replace their outdated IT systems with modern solutions that eliminate silos.

BLOCKCHAIN, DRONES AND DRIVERLESS TRUCKS – HYPE OR HELPFUL?

Today, manufacturers, retailers, and logistics service providers are investing in transportation, warehousing and improving supply chain visibility. This is not a surprise, and no doubt these investment areas will remain important as organizations look to optimize their operations, decrease costs, and improve customer experience.

Looking to the future, despite all the hype surrounding blockchain, drones and driverless trucks, these technologies ranked near the bottom of the list in terms of delivering the most innovation to supply chains in the next five years.

At the top of the list for technology delivering the most value: mobile devices and apps, followed by control tower visibility, and warehouse automation and robots. Clearly, these technologies are further along the maturity curve and have been proven to deliver benefits. In contrast, our findings suggest many organizations are taking a "wait and see" approach to emerging technologies.

WHAT THIS MEANS FOR YOUR ORGANIZATION

As the research findings demonstrate, true supply chain innovation doesn't have to be completely new or disruptive. You don't have to refresh all of your systems and processes. (Although if you're relying on Excel to manage your supply chain, that needs to change!) And you don't have to invest in driverless trucks, drones, and blockchain today. But the cost of complacency can be high.

The research suggests it is wise to strike a middle ground—that means, not chasing shiny, new technologies, but not dismissing them either. This requires a clear understanding of your end goal—whether that's enhanced customer experience, cost reduction, or a competitive advantage—and a plan for how to achieve it.

FOOTNOTES

[1] https://www.blujaysolutions.com/

[2] http://adelantescm.com/

[3] http://www.supplychainresearch.info/defaultsite

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