

Collaboration: the key to collective success

The only way companies can achieve the next level of improvement in supply chain performance is by working in concert with their trading partners.

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On paper, business looks simple: a series of transactions that starts with raw materials and ends with the sale of a product or service. But in reality, commerce is anything but simple: the reality of business is complex, competitive and costly.

The business landscape has undergone a dramatic transformation over the past decade. Supply chains are converging, changing the way companies conduct business. Industries are globalising and consolidating. In the face of these changes, companies are being challenged to increase market share while simultaneously improving efficiency. It is a truly daunting task, which supply chain management cannot achieve on its own.

The term 'trading partner' has now become widely accepted in the vocabulary of commerce. Years ago, these companies were simply known as vendors or suppliers – and information was not shared. The business was usually price-centric and had an adversarial focus. It is no surprise that business relationships were far from productive or efficient.

Culture of collaboration

In recent years, there has been a dramatic revolution in business. Vendors and suppliers have become trading partners in a growing culture of collaboration. Today, collaborative commerce has become a major feature of business. Companies around the world now recognise that there are limits to the efficiency they can achieve if they limit their focus to their own organisations. It is clear that improved supply chain performance can only be accomplished when companies and their trading partners work in concert.

The Uniform Code Council and its global partner EAN International have been strong proponents of the value of collaborative commerce. Evidence shows that collaborative business partnerships deliver superior savings. For example, collaborative planning, forecasting and replenishment (CPFR) has become a globally accepted business process. It has gained acceptance in retailing, consumer goods, over-the-counter drugs and a growing range of other industries.

Seeking standards

While collaborative processes such as CPFR are providing new ways for companies to grow sales, improve efficiency and profitability, and use working capital more effectively, collaboration cannot

occur without common data standards. They are the foundation and lifeblood of efficient supply chain management.

Standards are at the core of every technological and business innovation. And the development of open, global standards is a key goal for the Uniform Code Council. For three decades, it has dedicated itself to educating industry on the value and importance of standards. When implemented in industry-wide collaboration with trading partners, standards provide a common foundation for conducting business and make global trade possible and more efficient.

Standards are the building blocks for all business processes, providing a common business language to help companies trade and communicate. The range of business benefits and supply chain benefits provided by standards include:

- ❖ **Reduced costs.** Effectively implemented standards have a proven economic benefit. Standardisation ensures that a company is never a sole supplier, which helps keep costs competitive. Standardisation also reduces the expense of supporting multiple trading partner variations of a single business process.
- ❖ **Simplified and standardised business processes.** Standards eliminate redundancies in the supply chain and reduce, or limit, variations in a business process and its related activities. This helps companies reduce the costs associated with supporting multiple platforms, technologies and applications.
- ❖ **One-to-many communications.** Business efficiency cannot be achieved when communications protocols and applications facilitate only limited communication between potential trading partners. Standards provide a common communications bridge that enables companies to share data with multiple trading partners.
- ❖ **Technology stability.** The introduction of new technology has dramatically increased in pace since the late 1990s, adding greater complexity to business. Using standardised technologies and business practices protects investment in systems and provides a migration path that greatly reduces the threat of obsolescence. Standards also specify a base level of performance, making it easier for companies to make valid comparisons between products and between suppliers.

Identification is at the heart of any supply chain. A company must have processes that identify its trade items, assets and logistics units. If it is not capturing this detailed information quickly and accurately, the chances are it is not operating at optimum efficiency.

The most dominant system of standards is the global EAN.UCC System. It provides the universally accepted means to uniquely identify items, assets, locations and logistics units with developed standards that are open and global. With standards that enable physical identification and electronic communication, the EAN.UCC System provides the supply chain engine that drives every major business process. Over one million member companies, in 23 major industries, use this system to conduct business in 140 countries around the world.

While standards are essential to the achievement of the full benefits of collaborative commerce, many companies fail to fully take advantage of standards. At the heart of this issue is education. Standards are not effective unless they are correctly implemented.

Human resources are one of the most important, yet overlooked, aspects of the implementation process. A standard

that is implemented incorrectly acts like a supply chain virus, impacting business processes and infecting them with incorrect information. It causes a ripple effect that is costly and time-consuming.

The way forward

To achieve the full benefits of standards, a company must create a culture that accepts and embraces change. Studies have shown that leading companies make innovation an organisational priority.

Standards organisations, such as the Uniform Code Council and EAN International, are invaluable business resources that can help companies develop standards-based solutions that improve business processes. The EAN.UCC Global Standards Management Process (GSMP) provides an open, neutral forum for users from all industries to come together and develop supply chain standards and solutions.

By making standards and collaboration part of the culture and business strategy, a company can eliminate many of the costly roadblocks, bottlenecks and inefficiencies in the supply chain. ❖

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