

Altum Quarterly

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New Generation of Supply Chain Models

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As **omnichannel** shopping is becoming the new norm, consumer and retail companies must be ready to deliver fast, impeccable omnichannel service. Doing so requires a new supply chain network approach.

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Traditional supply chain networks are often not built for **same-day delivery** with excellent service.

3

In an ever-volatile environment, **speed of implementation** and efficient use of resources are crucial.



**STRESS
TESTING
YOUR
SUPPLY
CHAIN**

STAND UP A DIGITAL CONTROL TOWER:

Navigating the manifold disruptions will require retailers to maintain an end-to-end visibility to quickly identify issues and collaborate across functions to resolve them.

BUILD LONGER-TERM SUPPLIER PARTNERSHIPS:

Across supply-chain segments, investing in longer-term contracts (18 to 36 months) can reduce price volatility and enable suppliers to prioritize certain strategic accounts over those perceived to be more short term and transactional.

OPERATE CROSS-FUNCTIONALLY TO CHANGE BUYING AND PLANNING BEHAVIORS:

Retailers will need to make longer-term decisions on how better to coordinate buys, optimize assortment, and ensure they are minimizing disruptions to deliveries.

CONSIDER INVESTING IN DEDICATED OR PRIVATE FLEET CAPACITY:

If external suppliers and internal productivity improvements together cannot bridge the gap to secure the required capacity, retailers with large, dedicated contract fleets can consider taking their operations in-house.

STRATEGICALLY ALLOCATE INVENTORY IN THE NEAR TERM:

Continuing to pull levers such as prioritizing markets for inventory deployment and ensuring promotional plans align with the pipeline of available and expected inventory can help retailers mitigate immediate disruptions and shore up resilience through the holiday season.

REDUCE RISK THROUGH STRATEGIC SUPPLIER FRAGMENTATION:

Fragmenting the supplier base can help mitigate capacity constraints at the individual supplier level and create opportunities to augment capacity as demand continues to fluctuate.

CLEAN-SHEET THE END-TO-END NETWORK:

Since the network of the past will no longer be able to serve the needs of a more volatile future, retailers must remap supplier mix, locations, geographies, and existing assets (including distribution-center locations and routing).

INVEST IN AUTOMATION AND ANALYTICS INVESTMENTS:

Retailers can explore investments in advanced-analytics technologies and automation (including robotics) to improve service and reduce TCO to the network.

OPTIMIZE AND PRIORITIZE PURCHASE-ORDER FLOWS BY MODE:

Taking a TCO view of supply-chain decisions can help retailers identify and appropriately prioritize critical inventory.

DOUBLE DOWN ON EFFICIENCY:

Optimizing operational performance to make the best use of existing capacity at each leg of the supply chain can help mitigate constraints in the near term.

