



Bridging the Gap Between Supply Chain Planning and Execution

The Imperative of a Unified Approach

 **Manhattan**[®]

We are operating in the age of instant expectations, with today's consumers sitting at the center of their digital universe, expecting instant purchases—from cookies to TVs—delivered right to their doorsteps. Modern supply chain systems must keep pace, ensuring inventory is available to customers whenever and wherever they need it. Even the best omnichannel and supply chain execution systems can't help if the inventory is too little, too late, or in the wrong place.

Historically, there has been a disconnect between supply chain planning and execution processes and applications. As a result, companies tend to plan, optimize and execute their inventory, labor, transportation, and warehousing operations separately, in a siloed manner.

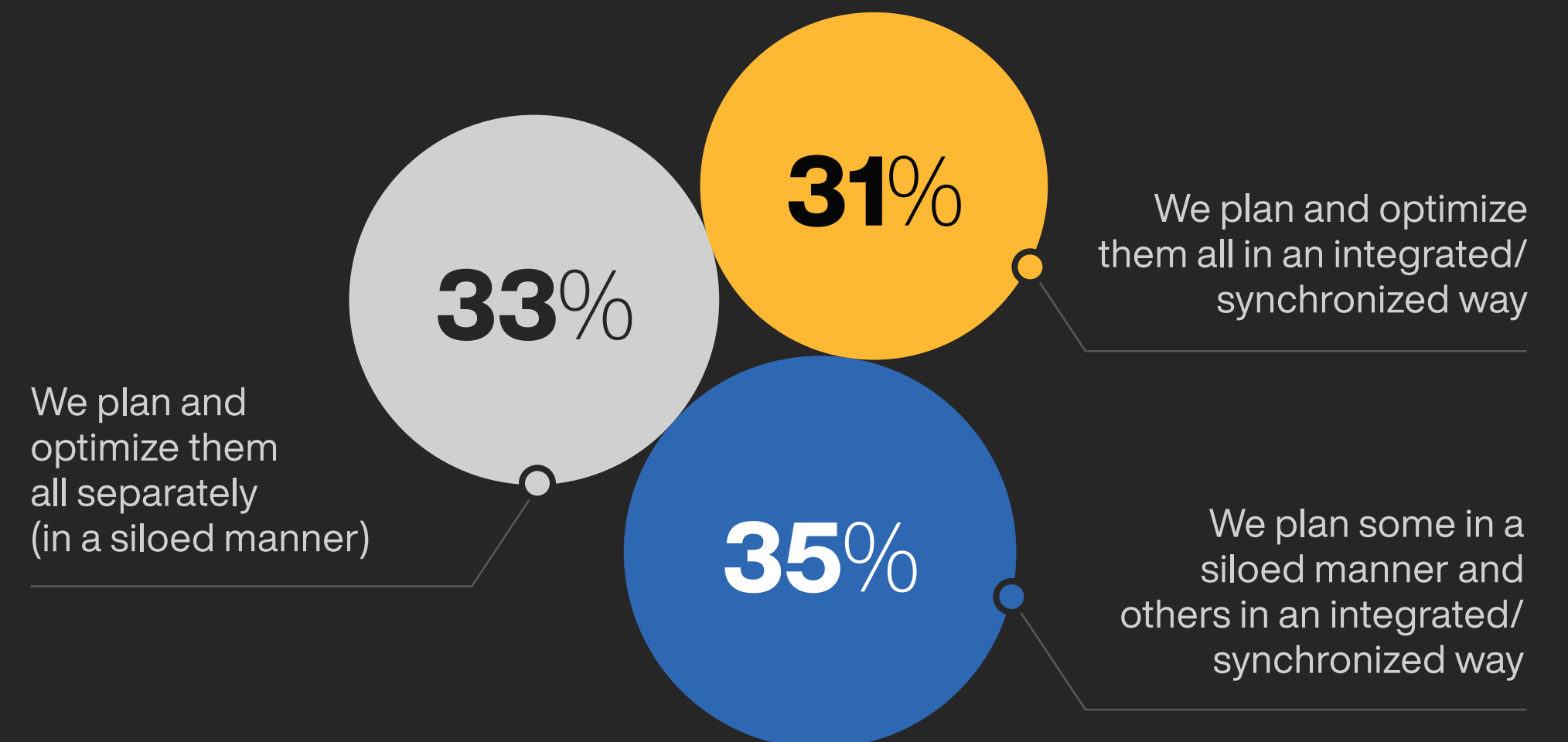
How prevalent are disconnected supply chain planning and execution systems? What problems are caused by poorly integrated or siloed supply chain planning and execution processes? What are enterprises' most significant obstacles in bridging the gap between supply chain planning and execution processes? To explore answers to these and other questions, supply chain and logistics industry expert Adrian Gonzalez, from

Adelante SCM, surveyed members of the Indago research community and Manhattan's supply chain planning product council for their insights, perspectives and preferences.

The survey, conducted with supply chain and logistics executives across manufacturing, retail, and distribution industries, revealed that only a relatively small number of companies plan, optimize and execute their inventory, labor, transportation, and warehousing operations in an integrated/synchronized way.¹ Most either plan, optimize and execute these functions in a siloed manner, or they plan/optimize some functions together and others separately.

¹July 2024 Indago/Adelante SCM survey of 54 supply chain and logistics executives from manufacturing, retail, distribution, and third-party logistics companies.

The Current State



Source: July 2024 Indago/Adelante SCM Survey on Bridging the Supply Chain Planning and Execution Gap.

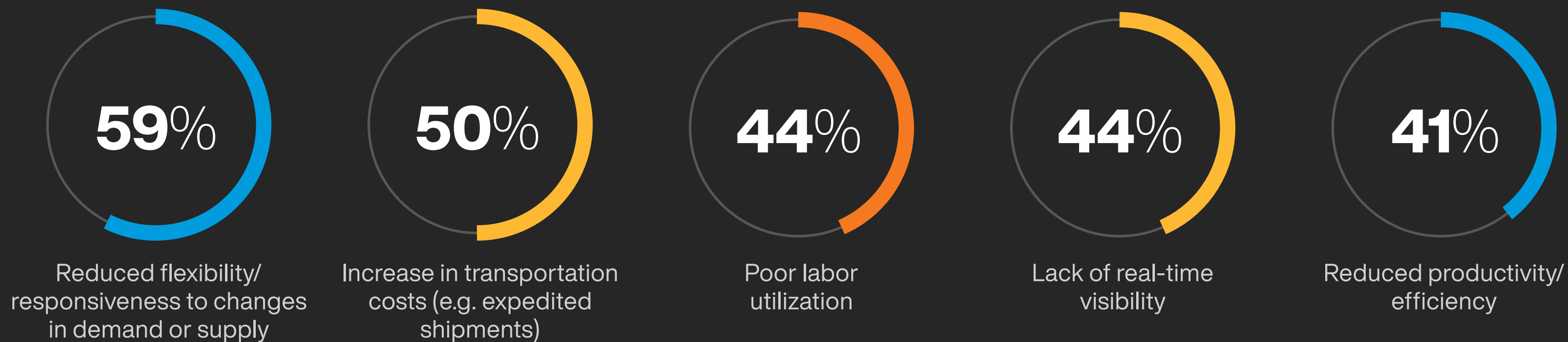
Consequences of Siloed Supply Chain Operations

The disparate systems for supply chain planning (SCP) and supply chain execution (SCE) have significant consequences for enterprises operating in a global supply chain ecosystem. These issues hinder companies from meeting customer expectations of convenience and instant gratification.

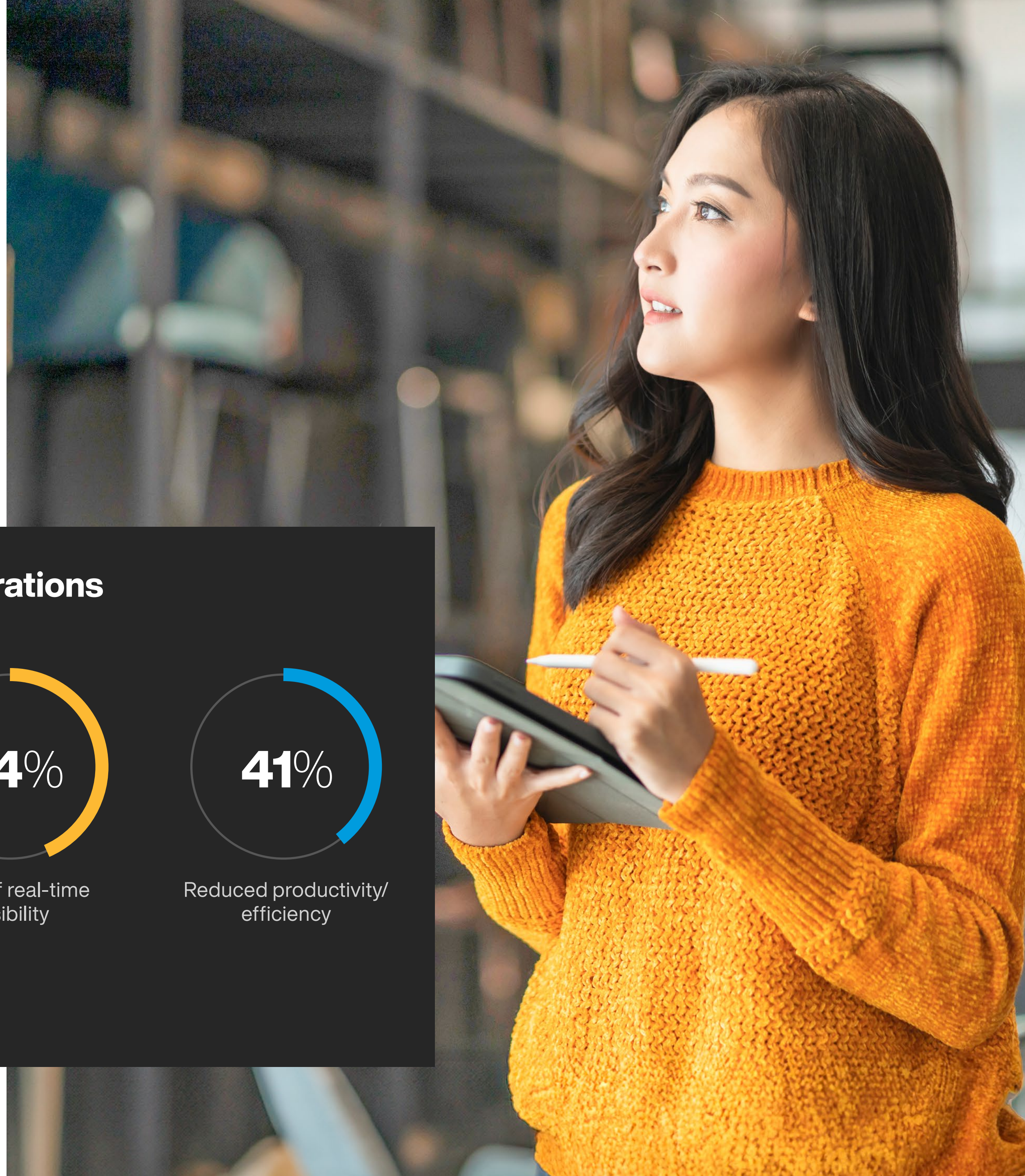
Siloed operations make it difficult for supply chains to adapt and evolve — a necessity for modern enterprises

Adelante SCM's survey respondents identified various issues that can lead to inefficiencies, lack of visibility, and slow response times to market changes.

Five Biggest Consequences of Siloed Supply Chain Operations



Source: July 2024 Indago/Adelante SCM Survey on Bridging the Supply Chain Planning and Execution Gap.



Unification, Not Integration, Will Overcome Challenges

When asked about the most significant challenges they faced in bridging the gap between SCP and SCE, survey respondents identified a lack of cross-functional metrics, use of manual processes, and resistance to change as the top three factors.

However, 4 out of 10 respondents identified integrating many different systems as a critical obstacle.

Many current supply chain planning systems were designed for a store-centric world, where slow, disconnected processes like sales and operations planning (S&OP) and sales and operations execution (S&OE) sufficed. However, with the rise of ecommerce and real-time consumer demand, these legacy systems struggle to keep pace. Therefore, over the last five years, supply chain leaders have advocated for the closer integration of disparate execution systems like warehouse management, transportation management, order management, labor management, etc. – as well as planning tools – in the hopes of ultimately creating a supply chain that is agile, customer-focused and capable of leveraging real-time data to adjust rapidly to fluctuations in supply and demand.

Top Five Obstacles to Bridging the Gap

50%

We lack cross-functional metrics (our metrics incentivize optimizing each process separately)

48%

We rely on Excel or manual processes for some functions

39%

Change management (resistance to change)

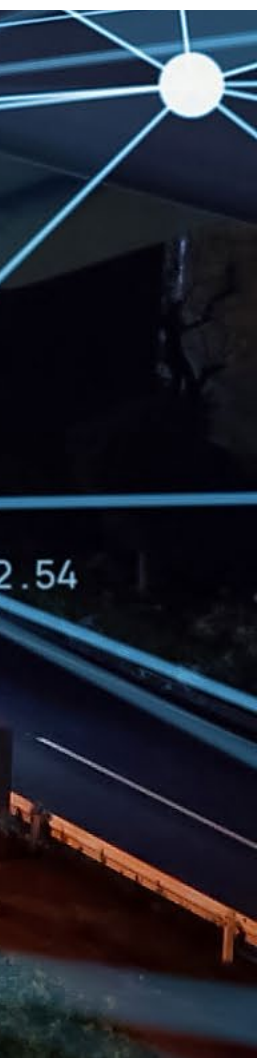
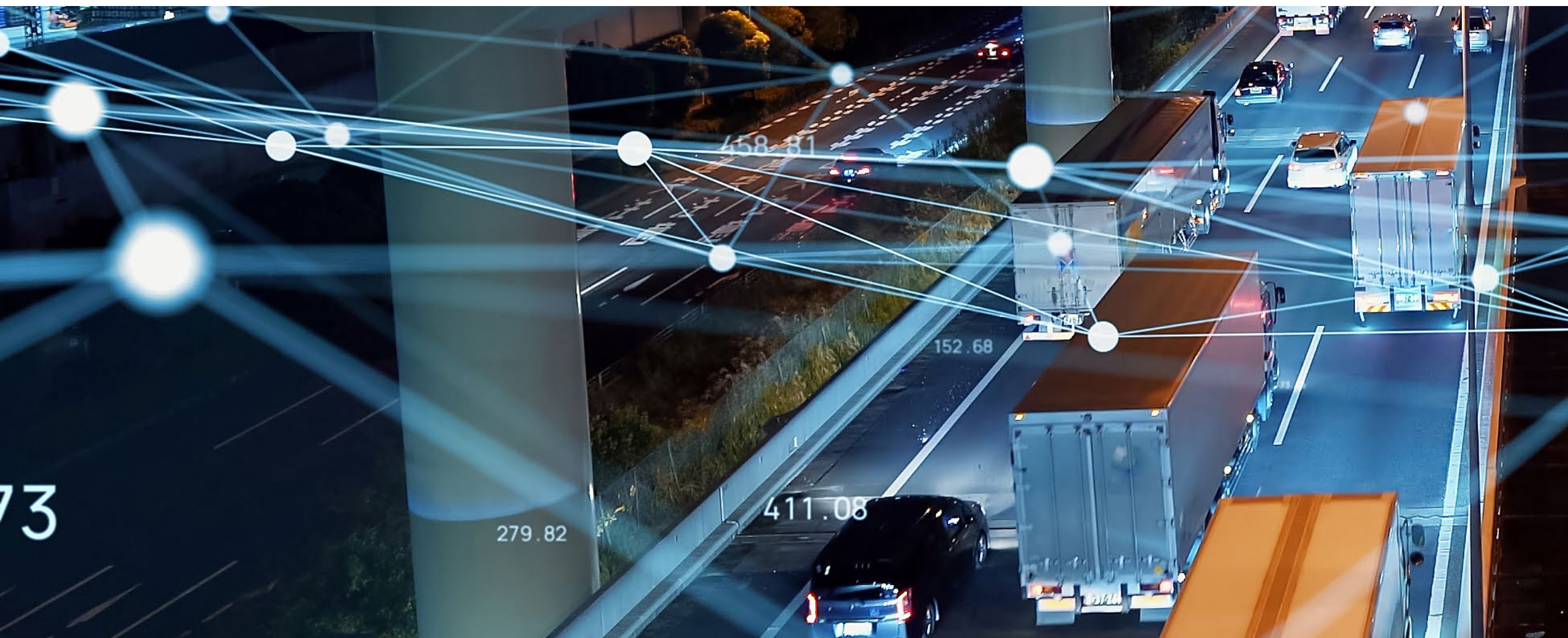
37%

Integrating many different systems

35%

Our data is siloed

Source: July 2024 Indago/Adelante SCM Survey on Bridging the Supply Chain Planning and Execution Gap.



Integration of separate applications, no matter how seamless, still creates barriers to the flow of information across a supply chain. Stitching together WMS, TMS, OMS, and planning tools often results in complex interfaces and data inconsistencies. In other words, integration may provide connectivity, but it doesn't guarantee seamless collaboration or real-time data synchronization.

Today's supply chain must undergo a paradigm shift towards creating a unified supply chain that breaks down barriers between planning and execution.

Unifying supply chain operations from planning and execution allows companies

to operate with a shared vision and common goals. A unified, composable platform is designed from the ground up on a cloud-native architecture to ensure interoperability, consistent data models, and shared user interfaces, which are vital for:

- **Bi-Directional Communication:** Ensuring that changes in one area automatically trigger updates in others.
- **Simplified IT Management:** Reducing the complexity associated with managing multiple integrated systems.
- **User Adoption:** Providing a consistent user experience across all functions encourages user engagement and reduces training requirements.

As one of the executives in the surveys explained:

“Bridging the gap between planning and execution starts with the top of supply chain leadership. Planning and execution need to be aware of what the other is doing and make sure that planning and forecasting is realistic... A single architecture or platform would be ideal; however, I have seen trouble ‘translating’ the same data between different groups of the organization. For example, Sales focuses on revenue numbers, Planning might focus on purchased units, Logistics might focus on cartons and containers, and all these numbers need to be planned and forecasted in the same manner otherwise each department might take liberties or adjust the numbers from the top to translate it into what matters most for them.



Unified Supply Chain Planning Means Being Able to Adjust on the Fly

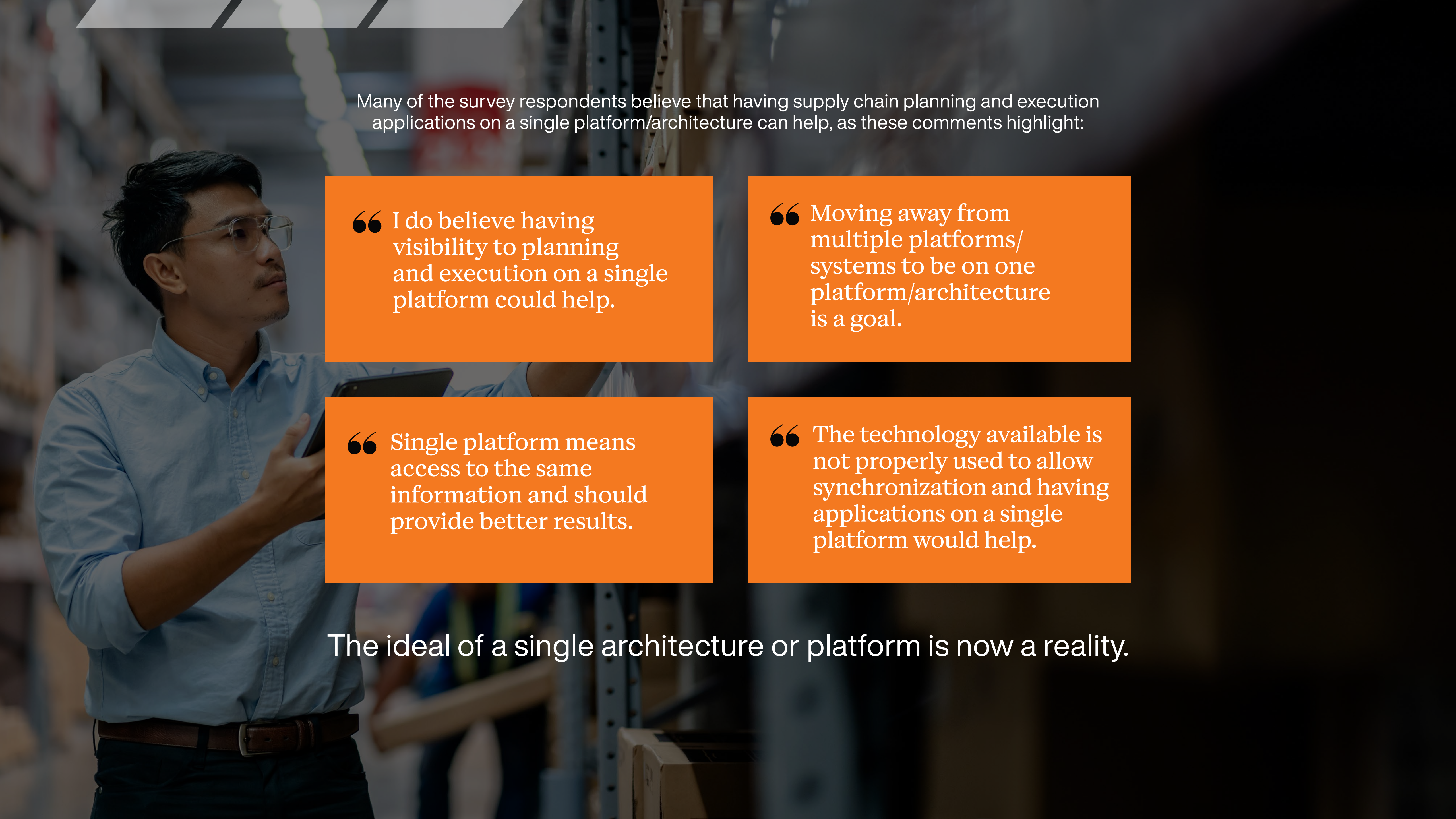
Survey respondents underscore the need for unified supply chain planning.

“ Having a better understanding of future order demand and pending workload to optimize resources more efficiently would be helpful. If applications are able to better predict future workload demand and intelligently plan or assign tasks to different groups or pools, we should be able to have better execution. It would be even better if recommendations or changes could happen automatically based on shifting demand needs. There is configuration that supports this idea, but it is configured with defined parameters rather than being able to adjust on the fly.

Unified supply chain planning systems are not bound by pre-define and inherently limiting parameters, instead they can adjust demand and workload based real-time insights from the enterprise's supply chain network. A unified approach allows seamless integration of external trend data with internal historical patterns and enhances decision-making with AI-driven computational intelligence that optimizes your supply chain planning. Outside-in and Inside-out data incorporates real-time market intelligence with your own operational data, creating a crystal-clear, holistic view of your supply chain.

Unified supply chain planning allows for agile alignment – and continuous realignment – of inventories, labor, transportation, and facilities within a single shared plan. This ensures cohesive and strategic optimization of resources and systems towards common goals and KPIs, avoiding conflicting actions and enhancing overall efficiency..





Many of the survey respondents believe that having supply chain planning and execution applications on a single platform/architecture can help, as these comments highlight:

“ I do believe having visibility to planning and execution on a single platform could help.

“ Moving away from multiple platforms/systems to be on one platform/architecture is a goal.

“ Single platform means access to the same information and should provide better results.

“ The technology available is not properly used to allow synchronization and having applications on a single platform would help.

The ideal of a single architecture or platform is now a reality.

Unified Business Planning Has Arrived

Manhattan Active® Supply Chain Planning (SCP) unites with Manhattan Active Omni and Manhattan Active Supply Chain to create the first truly unified business planning solution on a microservices API, cloud-native platform.

Manhattan Active Supply Chain Planning marks a new era in strategic enterprise planning by continuously optimizing inventory, orders, labor, distribution, and transportation to a single plan.

Consider the case of a multi-channel, specialty retailer of hard surface flooring. The company frequently tests new flooring designs in various regions. When one of its trials is successful, the organization must align resources across the supply chain to rapidly meet demand. Meanwhile, the company's shoppers are impatient. When they have a home improvement project that needs to be done, the flooring design they want must be available now. With Manhattan Active SCP, this retailer no longer has to adjust its inventory plan manually. Instead, the platform itself is the plan. By flipping a switch, they can seamlessly shift from trial mode to complete replenishment, with labor, transportation, and inventory all adapting automatically to the new demand.

This hypothetical yet very realistic scenario underscores the power of unifying SCP and SCE, where all functions within the supply chain are aligned and respond in real-time to changes in demand.

Manhattan Active® Supply Chain Planning



The Bottom Line

In a rapidly changing business landscape, the ability to respond quickly and efficiently to market demands is a significant competitive advantage. The findings from the Adelante SCM/Indago survey make it clear: companies that continue to operate with silos between supply chain planning and execution risk falling behind in a world that demands agility and responsiveness. To bridge this gap, organizations must go beyond integrating different applications. They must adopt both advanced technology solutions and implement cultural and organizational changes that encourage cross-functional collaboration.

By embracing a unified, composable platform architecture with continuous, bi-directional coordination, businesses can navigate the realities of today's consumers and drive sustainable growth.

As one survey respondent aptly put it:

“ Ultimately everyone must share the same goals for success, and the metrics for measuring them. When you realize this can only be achieved through the same resource pool, you will have the ideal situation.

With the right mix of technology and strategy, the once-fragmented supply chain can evolve into a unified, agile system capable of meeting modern market demands.



About Adrian Gonzalez

Adrian Gonzalez, founder and president of Adelante SCM, is a trusted advisor and leading industry analyst with more than 24 years of research experience in transportation management, logistics outsourcing, global trade management, social media, and other supply chain and logistics topics.

In addition to launching Talking Logistics, Adrian established Adelante SCM, a peer-to-peer learning and networking community for supply chain and logistics executives and young professionals. He is also the founder of Indago, a market research service that brings together a community of supply chain and logistics practitioners who share practical knowledge and advice with each other while giving back to charitable causes.

Gonzalez held various leadership positions at ARC Advisory Group, Motorola, Polaroid, and Clare. He is also a member of the Council of Supply Chain Management Professionals and is a LinkedIn influencer.

About Manhattan

Manhattan is a technology leader focused on improving experiences and outcomes in supply chain commerce. We provide leading software solutions for omnichannel commerce, supply chain planning, and supply chain execution.

Our cloud-native Manhattan Active® platform technology and unmatched industry experience help increase top-line growth and bottom-line efficiency for the world's leading brands.

Manhattan designs, builds, and delivers innovative solutions for stores, transportation networks, and fulfillment centers, eliminating silos created by legacy commerce, warehouse, and transportation systems to create seamless operations and optimal efficiency.

To learn more visit
manh.com/unifiedplanning