

Support for Formulating and Implementing SCM* Reforms Plan based on the Characteristics of Infrastructure Industry

*Supply Chain Management



It is necessary to create a mechanism that is linked to the entire supply chain so that management and businesses can adapt to the drastic changes in the business environment.

Companies reliant on their employees for all the operations is likely to face challenges

“Now” is the time for supply chain reforms to be implemented at the corporate level

Recently, the environment for infrastructure companies has been changing drastically, including increase in globalization of businesses, rapid development of IT technologies, such as AI, Big Data and IoT, entry of new players due to policy changes such as deregulation, serious resource constraints as Japan faces population decline, etc. and issues that need to be addressed are increasing and becoming more complex.

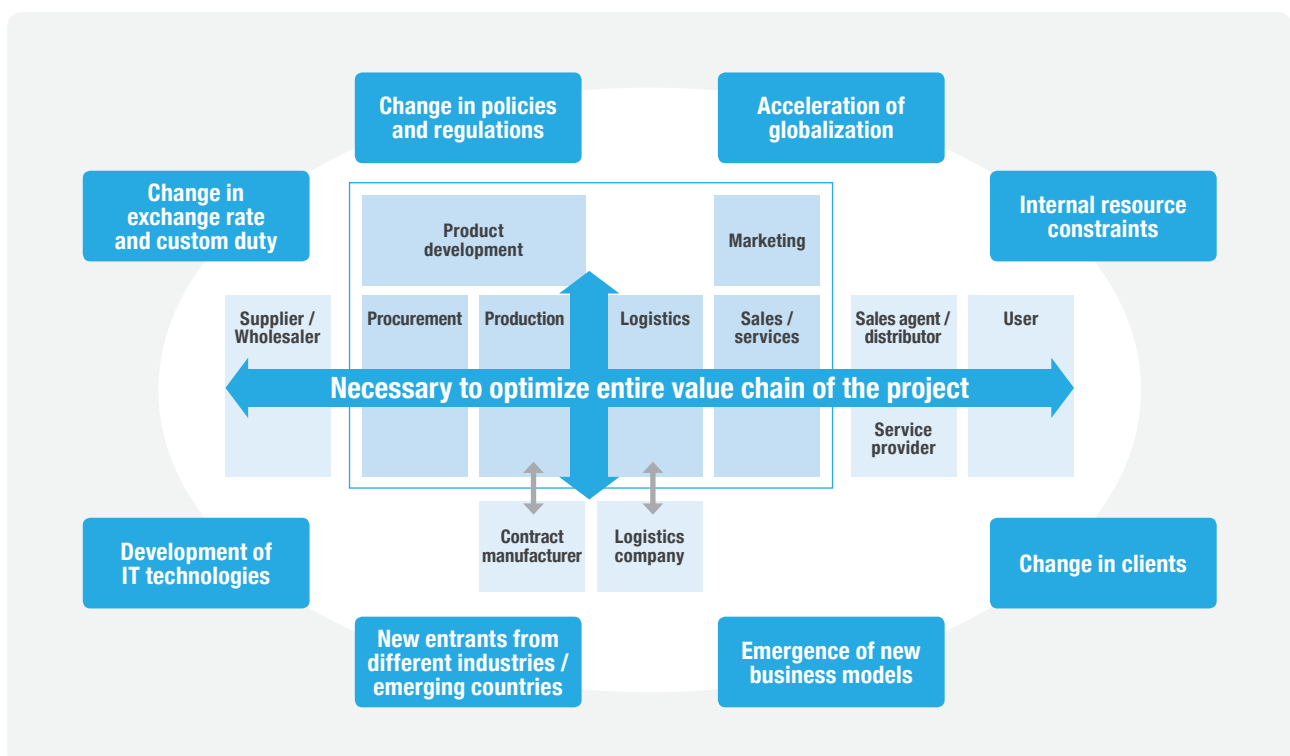
If the business management cannot respond to uncertainty, diversity and complexity, this can lead to a decrease in efficiency, delay in making important decisions from a competitiveness perspective and significant deterioration of management indicators.

In order to maximize the efficiency of management resources (people, things, money and information) and improve sales, profit and cash flow simultaneously, it is necessary to promote reforms at a corporate level under the direction of the management layer.

If the scope of SCM reforms is restricted to extremely narrow domains, such as only in logistics and procurement, the effect of improvement activities will also be limited.

It is the time to optimize the entire supply chain and dynamically evolve it by using more IT technologies, and ensure that SCM reforms are recognized as a top priority management task.

■ Changes in the Environment of the Infrastructure Companies and Issues of Management and Business



NRI provides support for introducing reforms in the overall SCM structure, including changes in the organization, HR system and trade terms with suppliers/customers.

A steady viewpoint can help in implementation of SCM reforms that is considered as a management issue

In order to ensure that SCM reforms generate promising results, it is necessary to carry out examination and promotion in consistency from two perspectives, i.e., from the view of overall optimization and effectiveness of on-site operations. For instance, if we start from Fit/Gap analysis that is restricted to specific businesses, various inefficiencies can be detected, but priorities are not set and resistance from employees towards the changes in business cannot be overcome would not see the maximum benefits.

We have good track record in providing consistent support, including implementation of design by ensuring consistency between management/business strategy and SCM, introduction of business/IT, incorporation of Human Resources (organizational or evaluation scheme) changes at the employee level, as well as data analysis and PDCA at the time of operations. Moreover, we have a team of management consultants who are familiar with the industry, business/IT consultants who are also experts in SCM reforms and engineers from Systems Department for implementing the reforms. We also have a rich network of solution providers that can be used to quickly implement PoC*.

*Proof Of Concept

Case: Developed a mechanism of supply chain that can act as a base for business management

NRI provided support to an industrial machinery manufacturer A, from creating a plan for SCM reforms to designing operations and rules. However, even if the mechanism for overall optimization is created, it is ineffective if the organization and employees are not convinced. In order to prevent this, we also engage in consensus building within the company on the objective and target effect of SCM reforms and maintained a balance between the roles and responsibilities of each organization. Moreover, we created an environment where the organization and employees can get a return corresponding to their efforts by ensuring that data accumulated through SCM operations can be used for other operations as well.

With such reforms, unnoticed inefficiencies become apparent, for example, when visualizing the inventory responsibility. Hence, we build consensus by conducting workshops across organizations. In addition, establishment of a steering committee by the management helped in promoting reforms without any setback caused by “NIMBYism”*.

*NIMBY: Not In My Back Yard

■ NRI’s Approach for Implementing SCM Reforms

