



HOW SUPPLY CHAIN MANAGEMENT SOFTWARE HELPS DISTRIBUTORS

This download explains how cloud-based supply chain management software can help distributors

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Every distributor has experienced the effects of the global supply chain crisis of the past few years. In this article, with the benefit of hindsight, we take another look at what caused the crisis, its effects and how technology and in particular, supply chain management software, helps distributors deal with supply chain issues.

CAUSES OF THE SUPPLY CHAIN CRISIS

Over the last few years there have been a variety of supply chain disruptions: the Coronavirus pandemic and the ensuing lockdowns, the war in Ukraine and other geopolitical instability, the slowdowns of all major economies and soaring inflation globally. Together all these disruptions caused the global supply chain crisis of 2021-2023. While the supply chain challenges have eased somewhat there are still ongoing supply chain problems.

CONTINUING SUPPLY CHAIN CHALLENGES

Distributors still face a variety of supply chain issues that they have to cope with, including:

- 1. Product Shortages:** Disruptions in the supply chain, such as factory closures, transportation issues, or labor shortages, led to a shortage of goods. This results in distributors experiencing difficulties in finding certain products and increasing demand for alternatives.

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CONTINUING SUPPLY CHAIN CHALLENGES

- 2. Inflation:** Supply chain challenges led to increased production costs for manufacturers and suppliers. These added costs were passed on to distributors and consumers, leading to inflationary pressures in the economy. These pressures were exacerbated by the out-of-control spending that governments resorted to allow for the extended lockdowns.
- 3. Delayed Deliveries:** Logistics problems and bottlenecks caused delays in delivering goods from manufacturers to distributors, retailers and end consumers. Delayed deliveries are severely affecting business operations and customer satisfaction.
- 4. Price Volatility:** Supply chain disruptions are also being caused by major price fluctuations for raw materials, components, and finished products. Businesses are struggling to stabilize prices, leading to uncertainty in the market.
- 5. Economic Impact:** Industries heavily reliant on global supply chains, such as manufacturing and retail, experienced economic slowdowns. This directly impacted production capabilities and economic growth.

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CONTINUING SUPPLY CHAIN CHALLENGES

- 6. Inventory Management Challenges:** Businesses found it challenging to manage their inventory effectively due to unpredictable supply chain conditions. Maintaining optimal stock levels and preventing overstock or stockouts was almost impossible during much of the 2021-2023 period. Distributors are still struggling with these backlogs 2 years later.
- 7. Environmental Implications:** Inefficiencies brought about by the supply chain turmoil led to excess transportation and significant wastage as products that were stuck in the supply chain were damaged or spoiled.

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WHAT SUPPLY CHAIN MANAGEMENT SOFTWARE CAN DO

There has been some easing of the supply chain crises of 2021-2023, but problems still remain. Supply chain management software can play a vital role in helping distributors deal with the continuing issues and strengthen their supply chains going forward by enhancing visibility, efficiency, and responsiveness. Having access to real-time data through supply chain management software can assist distributors to take initiatives to deal with supply chain challenges. Here are some of the steps that distributors should evaluate:

- 1. Diversify Suppliers:** To reduce dependency on a single supplier or region, distributors should seek to diversify their supplier bases. This strategy involves sourcing from multiple suppliers in different geographic locations to mitigate the impact of disruptions in one area. With the right supply chain management software, distributors can send RFQs to multiple suppliers to optimize availability of goods, terms and pricing.
- 2. Evaluate Suppliers:** Distributors can use their supply chain management software to assess how various suppliers performed over the last few years. Understanding the resilience of different suppliers helps distributors determine how vulnerable their supply chains might be to future disruptions.
- 3. Collaborate with Suppliers:** With better data, it is possible to establish stronger collaboration and communication with suppliers to facilitate early detection of potential issues and enable joint problem-solving.

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WHAT SUPPLY CHAIN MANAGEMENT SOFTWARE CAN DO

- 4. Supply Chain Visibility:** Supply chain management software with real-time tracking systems and advanced analytics, can provide distributors with a comprehensive view of their supply chain. This visibility enables distributors to monitor inventory levels, track shipments, and identify potential bottlenecks or delays in the supply chain.
- 5. Demand Forecasting and Planning:** Better access to supply chain management software data and data analytics can help distributors forecast demand more accurately. By understanding future demand patterns, distributors can optimize inventory levels, avoid stockouts, and reduce excess inventory.
- 6. Inventory Management:** More powerful inventory management software can streamline the process of managing inventory levels, reordering stock, and coordinating with suppliers. This ensures that distributors maintain optimal stock levels and reduce carrying costs.
- 7. Automated Order Processing:** Order management and processing automation can streamline order processing, reducing manual errors and processing times. This allows distributors to fulfill orders more quickly and efficiently.
- 8. Route Optimization:** supply chain management software can optimize delivery routes, reducing transportation costs and improving delivery efficiency. Distributors can use GPS tracking and routing software to plan the most efficient routes for their drivers.

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- 9. Collaborative Platforms:** Cloud-based platforms enable better collaboration between distributors, suppliers, and retailers. These platforms facilitate data sharing, communication, and coordination, leading to a more integrated and responsive supply chain.
- 10. Warehouse Automation:** Implementing automation technologies in warehouses, such as wireless WMS, scanning and batch picking can increase warehouse efficiency and reduce order processing times.
- 11. Data Analytics for Risk Management:** Advanced business intelligence and data analytics linked to supply chain management software can identify potential risks and vulnerabilities in the supply chain. Distributors can use this information to develop contingency plans and mitigate risks effectively.
- 12. Mobile Applications:** Mobile apps enable real-time data access, empowering distributors with critical information while on the move. They can make informed decisions and respond promptly to changing situations.
- 13. Supply Chain Simulation and Scenario Planning:** Supply chain management software can simulate different supply chain scenarios to assess their potential impact. This allows distributors to prepare for various disruptions and make informed decisions.

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SUMMARY

By leveraging supply chain management software in these ways, distributors can enhance their supply chain capabilities, improve customer service, reduce costs, and navigate through supply chain challenges more effectively. Additionally, opting for stronger supply chain management software helps distributors become more agile and responsive to changes in the market and consumer demand.

If your supply chain management software for distributors is not helping you keep up, contact us. We'll show you how Accolent ERP Cloud-based software for distributors can help you deal with the supply chain issues.



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ADS Solutions is a leading provider of Cloud ERP software to small and medium-sized businesses.

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