



SUPPLY CHAIN

The Urgency of Better Strategic Insights: Why It's Time To Act

The ability to analyze data to see important patterns in your operations is a game-changer.

David Pate | Jul 27, 2017

The inclusion of a dashboard from a 1980s or 1990s economy sedan in a modern hybrid sports car would catch your attention for all kinds of aesthetic and technical reasons. The incongruity of the dashboard and the rest of the car are easy to imagine, as are the potential issues with the setup. Sure, you could get the speedometer and odometer to work. But invaluable features like driver assist and navigation would be unavailable, so you would never be able to operate the car to its full potential.

Making an equivalent comparison with complex manufacturing operations isn't so straightforward, but even in 2017 many manufacturers are using "old-school" tools to guide what needs to be increasingly fast-paced and dynamic operations. Consider that nearly half (49%) of respondents to an Aberdeen survey rated responding to market volatility as their top challenge. Yet many companies still rely on disparate systems and spreadsheets for tracking near-term performance and making strategic decisions. That means their data is often incomplete or outdated, or both, which can result in missing near-term opportunities for performance improvements, and misguided strategic planning and decision-making.

Adjust Your Perspective to See Important Patterns

The ability to see your data from different perspectives is invaluable under any circumstances, but especially in the face of rapid marketplace evolution.

Just consider how once-strong retail brands such as Macy's, J.C. Penney, Radio Shack and Sears are struggling to survive against relative upstarts and new business models. How might their strategies have changed if they had started looking at and responding to the right indicators much earlier?

On the other end of the spectrum, manufacturers in safe positions, but without strong enough lenses into their data, may be unaware of all kinds of opportunities for generating new growth or improving performance and profitability. That's unfortunate because a delay in capturing opportunity is opportunity lost—and it provides an inroad to potential upstart competitors. And that's why, regardless of current marketplace circumstances or position, it pays to make better use of data sooner rather than later.

Of course, it's possible to get a view of what's happening in the business this week or this quarter using manual-based approaches, but the views are limited, it's a drain on resources, and there is also a high potential for human error. The reality is that the ability to integrate and analyze data from disparate sources can completely change the game.

With the right analytical tools, manufacturers can not only view consolidated data faster, but they can view it through different lenses (to see detailed data from a broad perspective, for example). And what you see may surprise you.

Consider a simple example of a manufacturer that was manually keying data into spreadsheets from various systems, including an enterprise resource planning (ERP) solution. After implementing a comprehensive operations management solution, they discovered that there was typically a plus or minus 10% discrepancy, compared to the spreadsheet analysis, on what they thought they produced in any given period versus what they did produce. So the automated solution not only enabled them to access their data more easily and cost effectively, but they were able to almost immediately start making better decisions.

Another manufacturer wasn't aware that outages in a key machine were due to regular pump failures that could be avoided with proactive maintenance. Although the outages were costing several hundred thousand dollars per year in production downtime, they simply didn't have an efficient way to pull and analyze historical data for trends.

What It Takes to Be Successful

Today, there are many dashboard and analytics data presentation tools available that enable you to do three key things:

- 1) Integrate data from disparate sources.
- 2) Preserve data in a central location.
- 3) View data from select time slices in different ways to identify important patterns that have been hidden from sight.

But you need more to be successful. Regardless of how easy an operations management solution is to implement and use, it's important to remember that discovering new patterns is only helpful if you do something with the knowledge. Where many solutions fall short is in providing capabilities for helping you make adjustments and change processes based on what you discover. Ideally, a solution should have features that make it easy to create an activity based on what you are seeing and then perform root cause analysis, take countermeasures, and manage and track the activity through completion.

Going back to the car analogy, just the ability to see data is not enough. Features that enable you to "drive" or advise on "alternate routes" to the right destination based on data analysis are also vital. While it's certainly possible to manage activities related to what you are seeing in separate systems, you would have your work cut out for you in developing processes and fostering discipline to make quick decisions and act on the problem areas.

Beyond carefully considering features and capabilities, it's also critical to be strategic when implementing an operations management solution. That means carefully considering what data is important to measure and why, and ensuring that your teams will be able to understand what the output means and how to respond. Unless you or someone else on your team has deep operations management experience with strategy deployment, process, data and technology, third-party operations experts can be a great resource for keeping this strategic initiative on the right track.

Start Now to Compound Your ROI

Compared to robotics, automation and many other types of technology, an operations management solution is a relatively small and non-disruptive investment that can quickly begin delivering value and help you better serve customers. The insights and benefits from your data build on themselves as you get new perspectives on opportunities and threats and establish or modify strategic plans.

Ultimately, it means you can accelerate your operations down the manufacturing highway with a clearer view of what's ahead, rather than focusing on the equivalent of a bumper in front of you and crossing your fingers that you don't crash.

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