

# Anglia Business Solutions

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## SHARING INTERNAL BUSINESS DATA WITH CUSTOMERS

Turmoil in global markets continues to shake up business models in the food supply chain. Some retailers, desperate to remove costs from their operations, seek to deal directly with producers in an effort to increase gross margins.

However, stories abound of hiccups experienced by certain supermarkets as they race to replace supply chain partners with direct grower relationships. The outcome could be some appreciation of the value added by so-called middle men in getting product to market.

A recent exercise carried out by Wal-Mart highlighted some interesting points regarding business relationships with their suppliers. The study recognised that the increased complexity of global supply chains has led to product delays resulting in higher management costs. Their focus therefore was on initiatives that enable them to avoid or quickly respond to supply disruptions as a means of meeting consumer demands. They concluded that in order to collaborate more efficiently with their supply partners, Wal-Mart needed more visibility of the partners' supply chain operations. While this is a work in progress at the moment, it will pose some interesting challenges for some of their suppliers.

Providing the required degree of transparency will mean sharing relevant business data with customers. For such data to be useful, it needs to be accurate, up-to-date and available in an easy to access format. It also needs to be enabled with well thought through security procedures in place to protect commercially sensitive information. For those companies with paper bound systems, this will represent a potential barrier to working effectively with that retailer. On the other hand, for those with fully-integrated, secure business management solutions, it represents a significant growth opportunity.

The Wal-Mart exercise was part of a wider global study of over 180 enterprises involved in supply chain activities. It produced some interesting metrics by comparing the performances of best in class, industry average and laggards within the respondents. Among the more eye catching were that the best in class performers had delivered a three per cent reduction in landed costs compared to the previous year. By contrast, the laggards experienced a nine per cent increase.

The exercise carried out by Wal-Mart is unlikely to be the only initiative of this nature undertaken by the UK's major retailers. Driven by the need to increase profits, they will seek to control downstream as well as upstream logistics to reduce costs. Having an all singing, all dancing, state-of-the-art business management solution isn't going to prevent your retailer from exploring the direct route. However, making it easier to do business with you by sharing supply chain information may well make perfect business sense. ■

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