



Avoid marketing and supply chain conflict?

Scenario: To meet customer demands a company needs to maintain a significant level of inventory. But, the cost of inventory deeply erodes company's profits. On the other hand missing an order erodes company's future profits, the forecasts are inaccurate and replenishment takes too long. We are stuck between a rock and an abyss.

Globalization of products and service along with technology enhancement, has resulted in increasingly dynamic markets and greater uncertainty in customer demand. Difference in customer requirements across different regions/countries may require different strategies or different product designs, brands and packaging.

Supply chain management is the systemic, strategic coordination of one or more downstream and upstream flow of products, services, finances and information for the improving performance.

The phenomenon of supply chain has challenged the traditional way of working with introduction of functional departments and division of work. **Supply chain approach is to view the channel as a single entity, rather than as a set of fragmented elements, each performing its own function.** Similar to other functions like procurement, logistics, order fulfillment, Supply chain encompasses Marketing too as a key function.

Primarily objective of marketing function is creating avenues for exchanges, customer focus, customer satisfaction, products and service visibility, revenue generation and maximizing profitability. On the other hand Supply chain management's focus is coordination from suppliers to customers for maximizing product availability, delivery performance, order fulfillment, responsiveness to market demand while minimizing the total cost of the process.



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www.supply-chain.org

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About DecisionCraft Analytics

We provide decision-making solutions to improve operational efficiency and business responsiveness. Our consulting services employ our strengths in industry knowledge, conceptual rigor, and information technologies. Developed using concepts from decision theory; our solutions use robust optimization, simulation, and statistical engines adapted to our client's focus areas.

DecisionCraft Services

Business Diagnostics

We analyze business processes and transactional data to identify underlying patterns, unravel hidden relationships

Conflicts arise between marketing and supply chain due to difference in perspectives and focuses regarding department deliverables.

Marketing stresses on the revenue maximization while supply chain works on cost minimization.

The main areas of conflict between marketing and supply chain can be

- **Control mechanism:** Who encompasses what process, Ownership of functions and activities for better performance.
- **Information and Data availability:** Data unavailability restricts better control, hampers decision-making capability and increase in conflicts.
- **Risk Reduction:** Difference in Strategy definitions for mitigation of risk by maximizing product inventory and inaccurate forecasts.
- **Situation and scenario handling:** Crisis situations and event handling roles definitions undefined
- **Failure mechanism:** Responsibility and ownership in case of underachievement of targets and failure.

These conflicts are very common and widely prevalent in the industry. In the cross functional environment, if the situation is not controlled at the initial stages, it can aggravate in to a fireball giving rise to chaos, buck passing and loss to the company. The conflicts could be handled or rather avoided by

- **Integrated system:** Standardized IT system for data collection and acquisition, for better visibility in the forecasts, customer behavior and marketing effectiveness.
- **Analytical tools:** Usage of analytical and scientific tools for planning processes and policy decisions like Inventory policy (finished goods and WIP), Forecasting models, Logistics optimizations for maximizing product availability and minimizing cost.
- **Role and Job definitions:** Restructuring of the process flows for control on activities of the entire cross-functional areas. Performance linked job and role definitions for process owners and teams.
- **Alignment of KRA:** Linking of Key review areas and Key

and recommend areas for improvement that can improve ROI and reduce costs.

Predictive Analytics

We use historical data intelligently to develop a view of future market trends and help our clients focus on the right audiences thereby developing their competitive edge.

Forecasting

We use advanced time-series and regression techniques for forecasting behavior of critical business variables that allows our clients to plan for their resources intelligently.

Performance indicators of the marketing and supply chain functions for avoiding conflicts. IT based Performance management for visibility and faster corrective actions

- **Strategy formulation:** Supply chain and marketing to work together with Top management in all the strategy formulation in order to achieve company goals.

Next Issue: Enabling SC exchanges through ATP

Previous Issue: Co-Promoting Products
