Running a Supply Chain Project

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Overview of a Supply Chain Project

The magician's trick of pulling a scarf out of her hand, and as she pulls it the scarf keeps going and going, is a good way to think of planning and running a project related to supply chain. At first you see the initial scarf – the need to plan the logistics flow of a product through a supply chain – and while it may be large you think you understand the scope of it. But as you pull at it, many more scarves – many aspects of the project – become apparent, and like watching the magician, you're not always sure where they are coming from.

Complexities of Running a Project

Any project manager knows the complexities involved in running a project with a specific group – a department, an office, or even across a company. The complexities begin with the nominal subject of the project – for a logistics project, it may have to do with planning and distribution of products and services that are offered by the company. The complexities quickly expand as the "impact points" are identified – who will be affected by the project, what are the mechanical/administrative factors that need to be taken into account, and so on. Finally, the leadership of the project is a critical element of its success – under whose "blessing" will the project function, and when push comes to shove will the project manager get the backing needed to get the project completed as required.

Number of Players in the Project

A supply chain project encompasses all of these elements and spreads them across multiple independent entities, thus incrementing the complexities by orders of magnitude at each step along the way. For example, a logistics project involving supply chain for liquids or other non-discrete products may involve coordinating material and information flow among

- The producer
- The distributor
- The retailer

as the key players, with numerous

- Warehouses
- Shippers
- Handlers and
- Other players

along the way.

In some cases, one of the players plays the role of the "800 pound gorilla" and more or less dictates how the flow will work. Although this may be more painful for some

of the entities than for others, in some ways this is a simpler situation than one in which multiple participants sit down as relatively equal partners and have to thrash through all the issues involved in supply chain coordination.

Inter-entity coordination

Inter-entity coordination along a supply chain occurs at many levels. Some of these levels, starting with the broadest, are:

Inter-Company Relationship

A supply chain connection between companies may be part of a broader relationship between the companies on a strategic or business level. Companies ally with each other for many reasons including complementary resources or capabilities, disparate or shared markets, competitive motivations versus other companies or groups of companies, or other reasons.

For cases in which a supply chain relationship is part of a broader relationship between companies, many of the "rules of the game" may already have been defined in terms of how the companies work together. While this in many ways makes the supply chain Project Manager's job much easier, the Project Manager must be careful to learn the nature of the relationship fully, in order to conduct the supply chain project within the framework that has been defined rather than crossing boundaries that will lead to problems somewhere along the supply chain.

Areas of Responsibility

In one company the supply chain may be handled as part of the Operations department, in another as part of the Purchasing department, and in yet another there may be a separate Supply Chain function.

The Project Manager makes a big mistake in assuming that the other players in the supply chain operate according to the same structure or methodologies used in the "home" company. The pressures, priorities, timeframes, and culture of the different departments that have to interact to make a supply chain project successful may be completely different, making the Project Manager's task even more complex. In cases such as this, there is no such thing as "too much communications" – even the simplest task may be loaded with differing assumptions and understandings that only clear and continual communications can bring into line.

Physical Flow

The details of the physical flow of goods must be complete in order to ensure that the flow is smooth. Package size, pallet size, the placement scheme of the cartons on the pallet, label position and content, aggregate weight, and many other aspects of the physical goods must be defined in order to ensure the most efficient flow of goods through the supply chain.

The Project Manager may need to work at the engineering drawing level in order to ensure that all players in the supply chain are working consistently at the physical level, and that the physical design of the flow is working in favor of each player's efficient operation. For other types of materials such as supply chain for liquids the

level of complexity of project management may be even higher – the physical flow of liquids is impacted by pipe diameter and material, tank size, temperature/pressure, and many other factors. The Project Manager must have a good level of technical understanding in order to properly plan, execute, and monitor the physical flow of goods in the supply chain.

Information Flow

The coordination of data can be astonishingly difficult, given that we are not talking about physical goods but rather computer-to-computer interaction. Making sure that the computers "talk" to each other in the same language requires coordination between the computer departments of the different entities. Computer personnel that have built their entire systems around one approach may be hard pressed to conform to the needs of a supply chain project that requires changes to their methodology. The Project Manager also needs to ensure that the information flow is developed according to a common set of specifications, the "hymn sheet" that all of the players sing to.

Conclusion

A supply chain project is an intricate quilt that has to come together to provide the right results. The Project Manager for a supply chain project may need to be a lot like that magician – continually pulling project management skills from a seemingly endless source in order to address the issues that arise during the project.

Wally Klatch has over 25 years experience in industry both as a management consultant with global and regional consulting firms and in executive positions of production and distribution firms. His primary focus is on the application of innovative techniques and technologies to manufacturing and distribution environments, both within companies and throughout the supply stream. His book *Supply Chain for Liquids*®*: Out-of-the-Box Approaches to Liquid Logistics* is to be published shortly as part of the St. Lucie Press Series on Resource Management. Klatch received his MBA degree from Purdue University and may be reached at Operations@SupplyChainForLiquids.com .

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