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# SYMPTOMS OF AN UNDER-PERFORMING SUPPLY CHAIN

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Supply chain networks have grown increasingly complex, involving many functions in the organization.

This unavoidable complexity creates challenges that sometimes make it hard to determine its weaknesses and pinpoint improvement opportunities.

To keep up with the speed of changes in the modern business world, supply chains must be faster and more agile than ever. Consumers today expect items to be delivered quickly and seamlessly regardless of where they purchased the goods.

There are indicators, symptoms, that indicate inefficiencies in the supply chain network. These symptoms, properly identified and analyzed, indicate which areas and functions in the supply chain must be evaluated and improved.

Following is a short list that indicates supply chain problems that can become real killers if not treated properly and timely:

1. Supply chain strategy is not fully aligned with the general business strategy.
2. Communication between the different departments in the supply chain is inefficient
3. Information flow is too slow
4. There are no written processes
5. There are no Best Practices in place
6. Your forecast of requirements is way off target
7. You run multiple forecasts (just to be sure)
8. Materials reorder points and quantities are not well defined
9. Inventory levels in your DCs are too high. Too much capital tied to inventory.
10. Stored products in warehouses are not trackable
11. Registration of transactions in control system takes too long thus records do not match reality
12. Production schedules are changed constantly due to lack of raw materials or components
13. Production is far greater than sales
14. Production quality varies out of control due to inadequacy of raw materials or components
15. Stock out in your point of sales occur frequently
16. Your inventory becomes obsolete faster than you can sell it
17. Physical inventory does not match system records
18. Lack of a product location system in your warehouse
19. Inventory rotation is too low and creates lots of dead and slow-moving inventory
20. Deliveries from vendors are not on time
21. Vendors do not comply with terms in purchase order. You regularly detect differences vs what was agreed with the supplier. Anomalies like:
  - a. Price changes
  - b. Lead times
  - c. Quantities ordered

- d. Product characteristics
  - e. Product quality level
  - f. Payment terms
  - g. Delivery schedules
22. Procurement savings do not show up in your financial statements
  23. Operations are not focused on the end customer
  24. Lack of visibility across your supply chain
  25. Response time to changing customers demands is too long
  26. Inadequate returns management strategy
  27. Elevated number of customers claims
  28. Installed supply chain technology does not meet requirements.
  29. Personnel training is nonexistent or deficient
  30. There is no S&OP strategy in place. Communication between sales and operations is deficient.

The supply chain is a system that is constantly evolving, this needs to be so in order to meet efficient and effectively every new market trend and challenge that comes up. **Change is a constant in supply chain.**

If you see any of these signs then, there is room for improvement. Not addressing them will take away your supply chain flexibility and visibility and consequently you will lose your capacity to adapt and add value to your customers.

From sourcing to procurement, from inventory and warehouse management to distribution and everything else in between, understanding the supply chain network determines the difference between experiencing great profit losses or achieving significant savings and improved efficiency.

**SCM Consulting Services** can provide the expertise, guidance, and solutions to perform diagnostics activities and implement adequate processes to help your organization produce major profits and savings.

Find out how we can help you by contacting us today!

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