

# THE STATE OF THE WHOLESALE SUPPLY CHAIN INDUSTRY 2019

Jim Byrnes | Dan Craddock | Scott Luton



**BLUEPRINT 2019**  
PLANNING FOR A FLEXIBLE FUTURE

# TODAY'S PRESENTERS



**SCOTT LUTON**

Supply Chain Now Radio



**JIM BYRNES**

Blue Ridge



**DAN CRADDOCK**

Catalyst Results

# SURVEY METHODOLOGY



Goal: Analyze current state of wholesale supply chain industry



Surveyed: >150 NAW SmartBrief readers + Blue Ridge customers



Respondents: CEO, COO, President, Manager, Sales Manager, etc.

# KEY FINDINGS OF THE STUDY

**1** MANAGING SLOW OR LOW SELLING ITEMS

**2** INDUSTRY LAG ADOPTING NEW APPROACHES

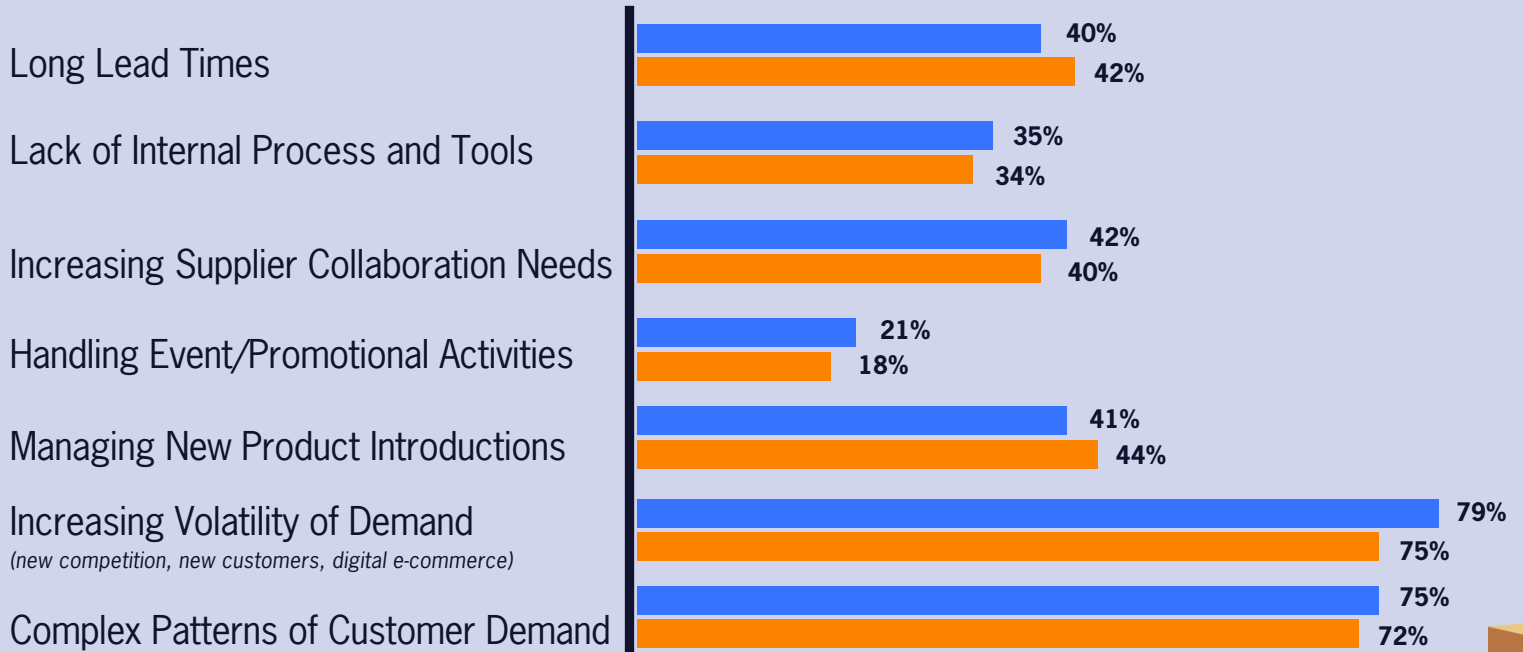


**3** IMPROVING INVENTORY TURNS & PROFIT

**4** SOLUTIONS & TOOLS NOT REACHING GOALS

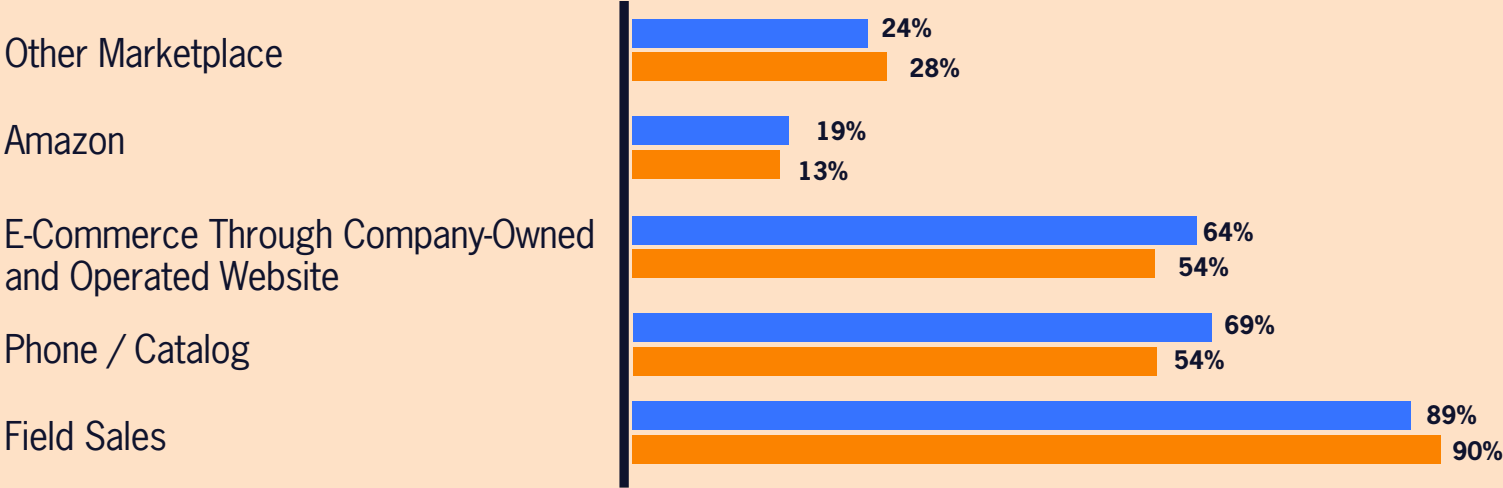
# TOP CHALLENGES SUPPLIERS SAY THEY'LL FACE IN THE SHORT TERM

2018 RESULTS | 2019 RESULTS

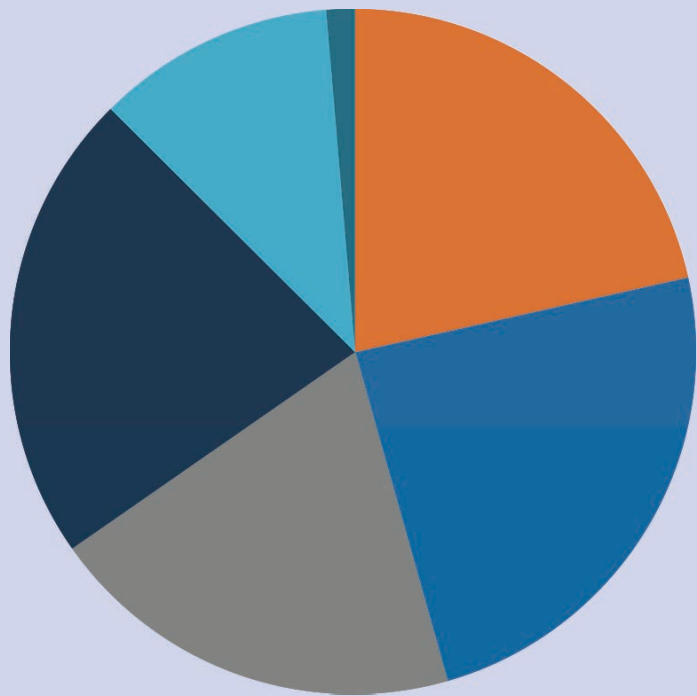


# CURRENT SALES CHANNELS

2018 RESULTS | 2019 RESULTS

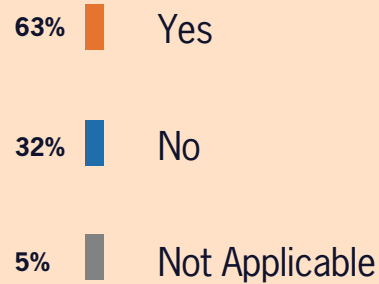
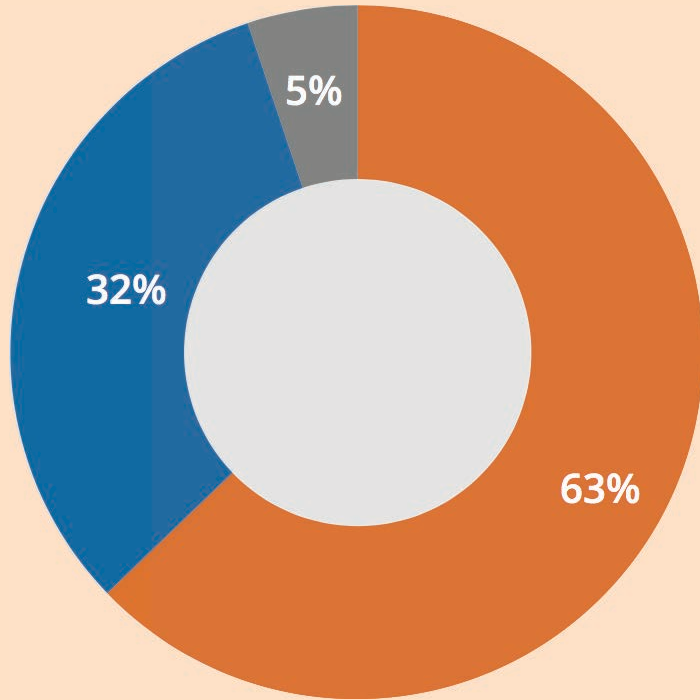


# BUSINESS TRENDS SEEN IN SUPPLY CHAIN IN 2018



- 62% Increased Lead Time Due to Transportation Capacity Challenges
- 69% Higher Increase in Transportation / Labor Cost Compared to Recent YOY Increases
- 56% Higher Lead Time Variability
- 63% Higher Increase in Item Cost (Purchase Price) Compared to Recent YOY Increases
- 32% Pricing Power to Pass on Increased Cost to Customers
- 4% None Apply

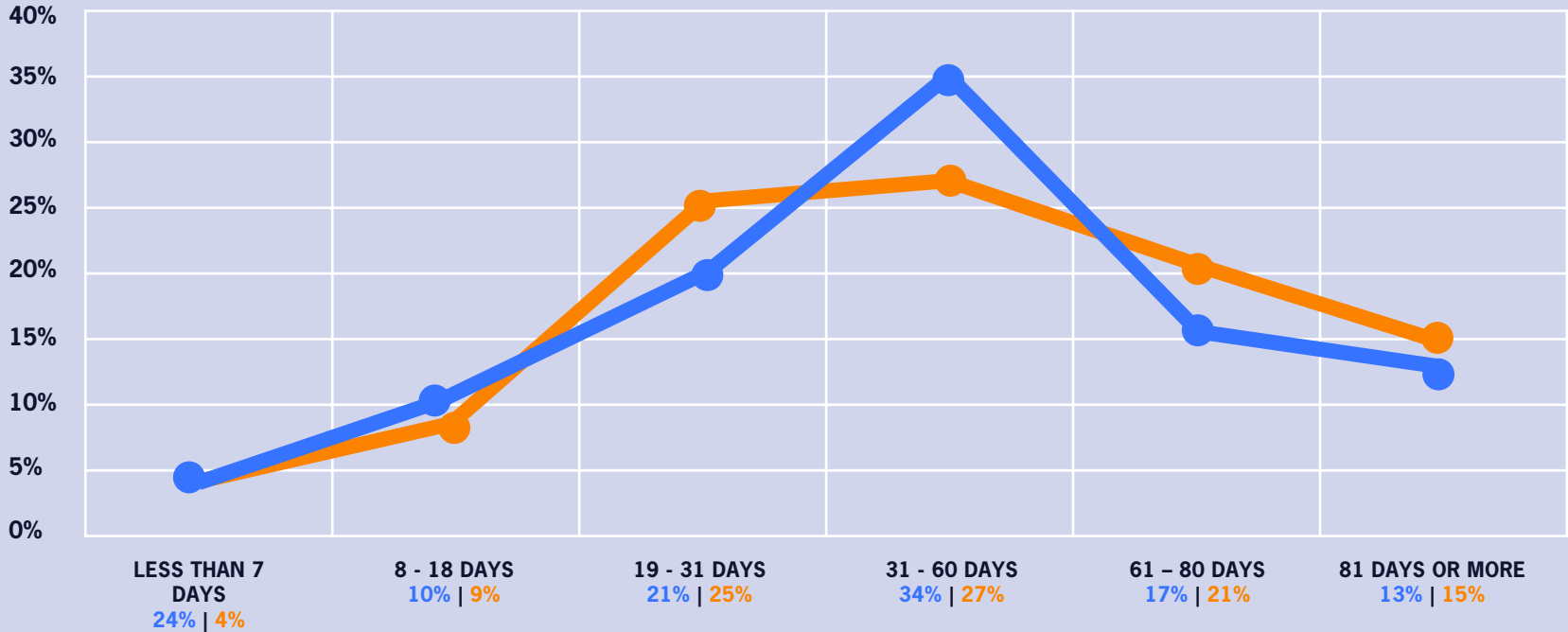
# THOSE WHO HAVE MODIFIED INVENTORY STRATEGY DUE TO TRANSPORTATION COSTS





# CURRENT DAYS OF SUPPLY ON HAND

2018 RESULTS | 2019 RESULTS



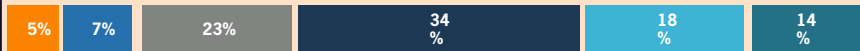
# COMPANIES ARE CARRYING MORE INVENTORY ACROSS SEVERAL AREAS OF CONCERN

OH- LESS THAN 7 DAYS | OH- 8 TO 18 DAYS | OH- 19 TO 30 DAYS | OH- 31 TO 60 DAYS | OH- 61 TO 80 DAYS | OH- MORE THAN 81 DAYS

Long Lead Times



Lack of Internal Processes and Tools



Increasing Supplier Collaboration Needs



Handling Event/Promotional Activities



Managing New Product Introductions



Increasing Volatility of Demand

*(new competition, new customers, digital e-commerce)*



Complex Patterns of Customer Demand



# PERCENTAGE OF DEMAND THAT COULDN'T BE FILLED BY INVENTORY

Always had the Quantity

0.1 – 2%

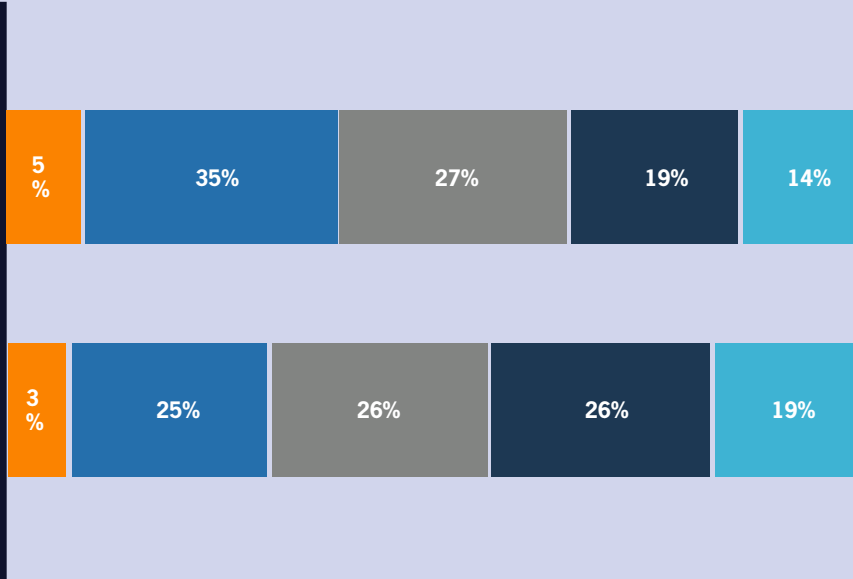
2.1 – 4%

More than 4%

Don't Know

2018

2019



# PAIN POINTS IN ACHIEVING BUSINESS GOALS

Slow Mover Management



66%

Seasonal Profile Management



45%

Product Lifecycle Forecasting



39%

Multi-Level / Top-Down and Bottom-Up Forecast Reconciliation



36%

Integrated Business Planning



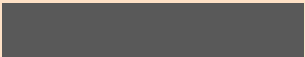
36%

Demand Classification



34%

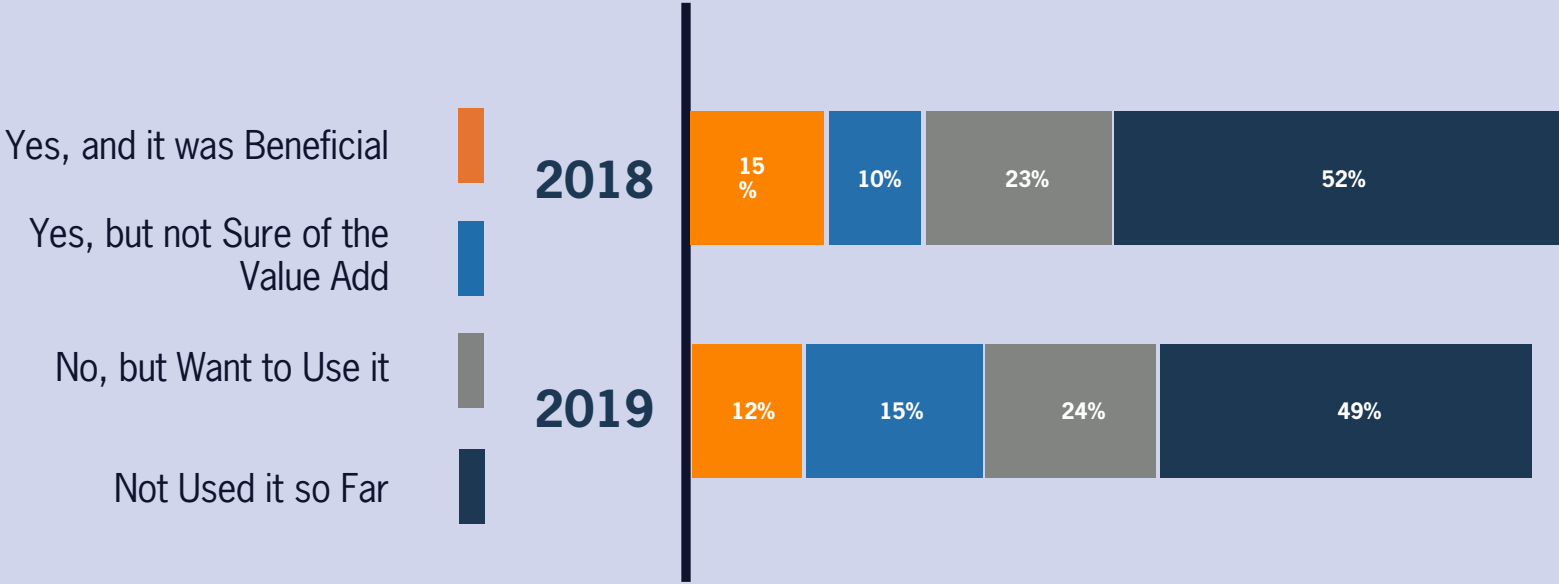
Event / Promotion Forecasting



24%



# PERCENTAGE OF COMPANIES USING MACHINE LEARNING TECHNIQUES FOR FORECASTING



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## A FEW KEY QUESTIONS TO ASK:

- Can your system accurately adjust forecasts for seasonality?
- Does the seasonal adjustment make the forecast more accurate?
- Does your system measure the effectiveness and accuracy of the seasonal adjustment before making the adjustment?

## LEVERAGING MACHINE LEARNING:

- Customer demographics (even if the customer is another business)
- Sales price of items for each transaction
- Item promotions
- Competitor information
- Weather

# QUICK TIPS TO IMPROVE FORECASTING

