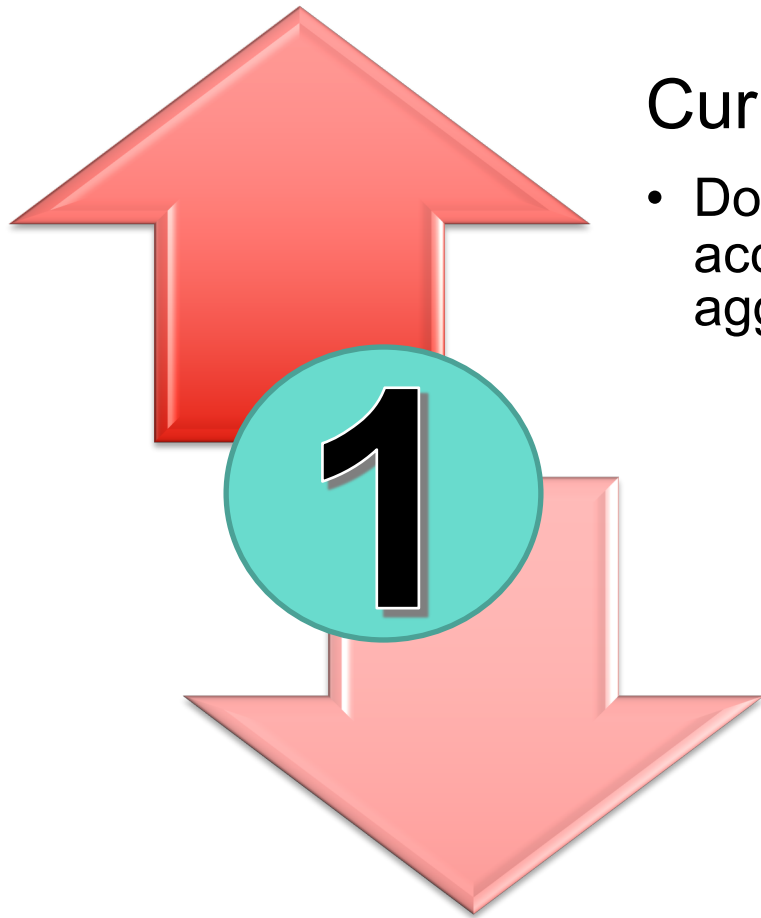


# 4 Mistakes companies make while designing Supply Chain



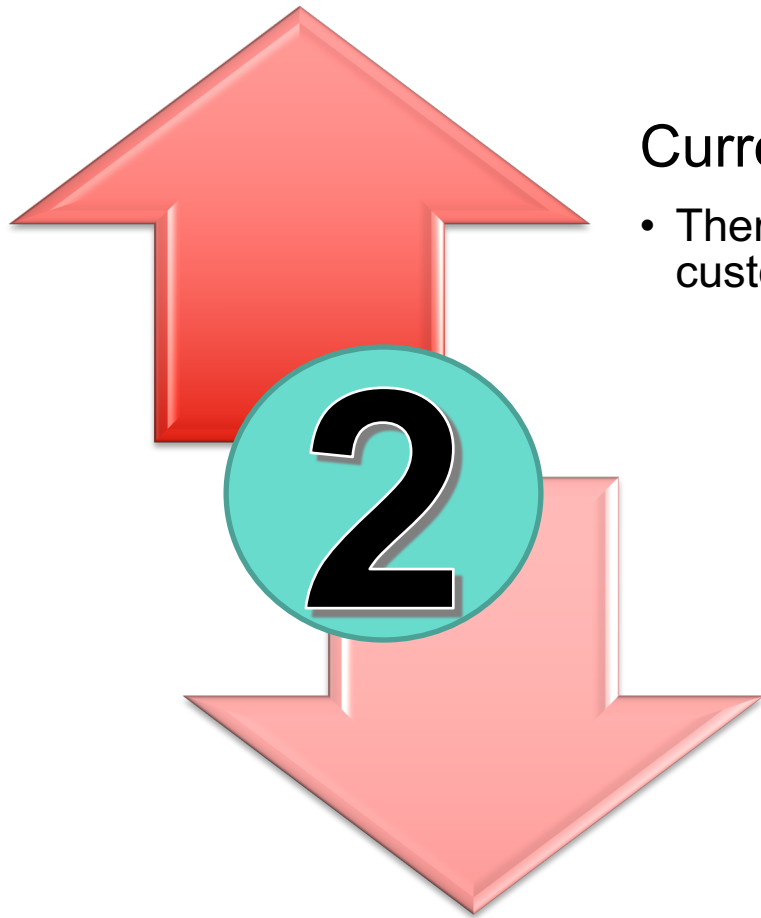


## Current Way of Working

- Downstream demand is usually accumulated and presented as an aggregate total

## Why it doesn't help

- When demand is rolled up, the accumulated safety stock calculations also get rolled up. There will be larger and larger redundant stock in place to cover non-existent demand variance.

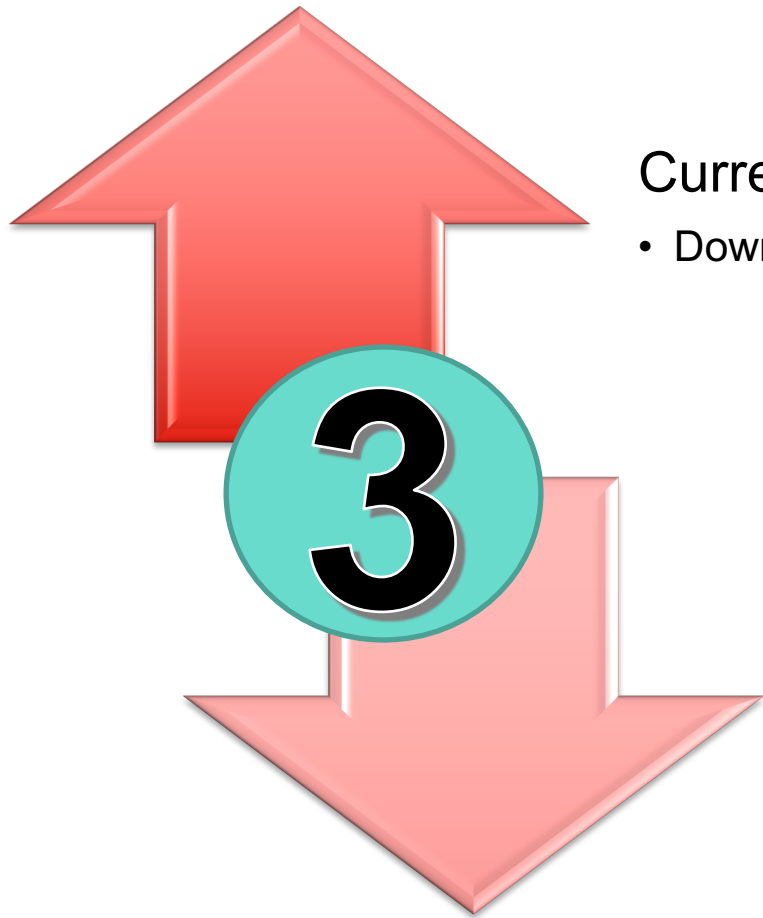


## Current Way of Working

- There is long delay in initial demand from real customer

## Why it doesn't help

- If the demand used for the link in supply chain is not the initial customer demand, there is a delay to accumulate the demand at upstream location. This accumulation creates distortion of time so the forecasted demand is less and less accurate - and also late in arriving!

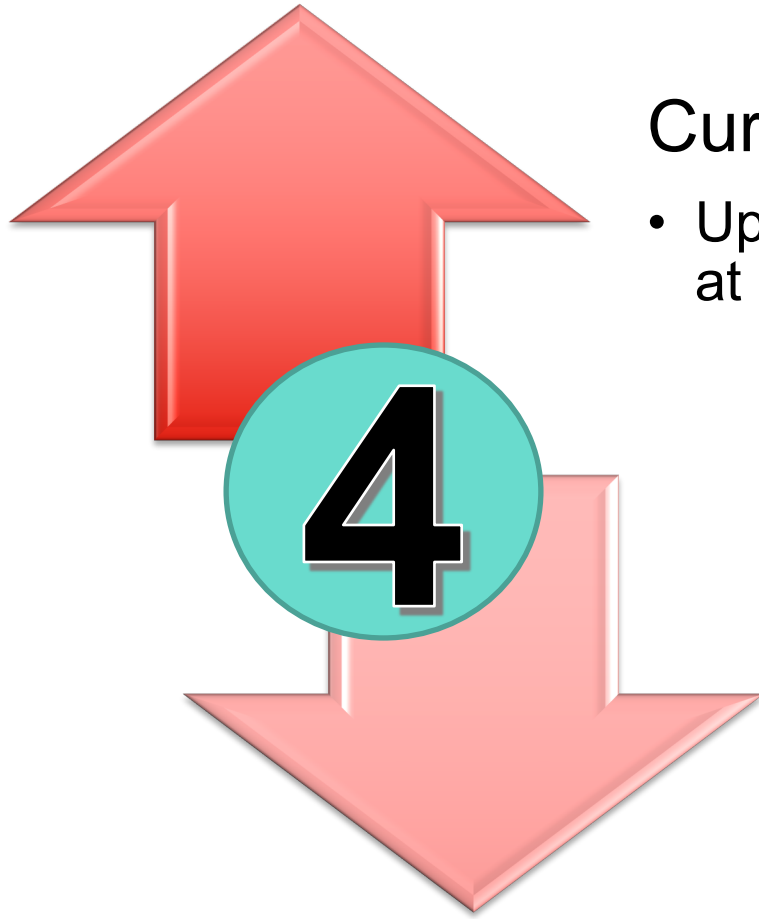


## Current Way of Working

- Downstream service level needs are an average

## Why it doesn't help

- Each downstream link in the chain might have separate service level need, but there is little ability to differentiate differences between products and locations, so an average is used. Companies end up averaging to a small percent of actually correct service level and leave the rest to fend for themselves.



## Current Way of Working

- Upstream supply is expected to be at a 100% service level

## Why it doesn't help

- Late and incomplete shipments take up most of the time a buyer spends time on tactical activities. The natural reaction makes companies hold more stock.



# Thanks!

“Not finance. Not strategy. Not technology. It is **teamwork** that remains the ultimate competitive advantage, both because it is so powerful and so rare.”

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