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*Whitepaper*

# **Growing Supply Chain Advantage in 2021**

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# Executive Summary

In order to win, a company needs to get the end-consumer what they need, when they want it, faster than the competition. This happens when the company has a strong competitive advantage. This paper will provide tips and tricks on how successful companies are winning.

Supply chain competitive advantage continues to be a popular buzz term amongst transportation and logistics professionals. Years ago, Amazon found their competitive footing when they promised select products would ship for free and arrive at the customer's door within 2 days. Fast forward and Amazon now owns the e-tailer space as the largest ecommerce site in the world. Amazon used their supply chain as a strategic lever to outperform competitors- especially in the last mile.



Another supply chain success story is Walmart, now the largest publicly owned retail company in the world. Their supply chain competitive advantage began when they eliminated the middleman, and began working directly with manufacturers/ suppliers.



Suppliers became responsible for managing their own inventory in the Walmart warehouses, and they happily obliged. These strategies freed up Walmart staff to focus on other transportation projects, and generated massive savings which and passed on to the end customer.



Both Amazon and Walmart are unique in their own way. What remains constant is that the supply chain is fully optimized and has the ability to deliver goods faster- and cheaper- than the competition.

Today, a company's supply chain can account for the lion's share of its total spend. Profitability rests heavily on how the supply chain is managed and performs. It impacts every department across the company because it influences the end customer, the main source of revenue. Gaining an advantage has become difficult because the supply chain has shifted from a tactical business effort to a strategic one. Supply chain strategy, execution and risk have become standing agenda items in most board rooms across the country.



Some analysts have positioned the supply chain as what drives a business, while others take it a step further saying supply chain now is the business.

The supply chain is a very complex ecosystem, with many interdependencies. There are multiple areas, within the supply chain, that should be reviewed for on-going excellence and optimization to ensure the current procedures are as effective as possible. The recipe for success is to streamline and reduce rework, duplication and waste. Technological advancements, and smart software, continue to disrupt transportation and have made major impacts on how shipping, freight and supply chain management operates.

**This paper will uncover common areas where technology, along with market intelligence, can help optimize the supply chain for a competitive edge.**



# Tip #1

## *Inventory Management*

Inventory mismanagement is a BIG source of logistics delays. Telling signs that a shipper's inventory is not optimized are when warehouse shelves are empty or overflowing. The secret is to know how to effectively manage changes in supply and demand. Unfortunately, there are no crystal balls that provide a look into the future. However, there are demand forecasting tools that leverage internal and external data sources to help predict trends.

Other ways to proactively manage supply and demand are to understand the competitive landscape by uncovering new threats entering the marketplace, and staying connected with the product and marketing teams to know if there are new product releases or promotions on the horizon. As mentioned in the Walmart example, software keeps suppliers in the loop on potential supply and demand impacts so they can stay ahead.



## Tip #2

### *Routing*

Poorly routed deliveries can stop a truck dead in its tracks, which costs a shipper time and money. Major software advancements have provided a gateway into real-time routing activities so important decisions can be made on-the-fly to keep goods moving. Dozens of routes can be developed in seconds. Plus, cross-functional teams remain in the loop as last-minute scheduling adjustments, and driver check points, are shared in real-time.

## Tip #3

### *Primary Carrier Network*

Shippers typically procure a large percentage of their trucking services through long-term contractual agreements. Contracted capacity can- and will- be broken as market conditions change. To keep goods moving, there is [a new software solution](#), that supplements primary/preferred carriers and helps shippers avoid costly brokers and the volatile spot market.

[New software](#) also turns the outdated, static tender process dynamic. It plugs directly into a shipper's TMS, and generates immediate truckload capacity and savings.



## Tip #4

### Freight Rates

Analysts continue to predict bigger peaks, valleys and frequency of freight cycles. It's become difficult to know when to run a bid, when to leave it, and who to trust. [New software](#) now provides access to data that has been blocked by brokers. Shippers now have access to actual carrier cost, and because the middleman has been eliminated there are no hidden margins. Understanding true market cost on specific lanes empowers shippers to make stronger, informed decisions.



## Conclusion

When the end consumer gets what they want- faster than the competition- a company has a supply chain advantage. With new technology disruptions, and actionable data, companies can gain or lose their advantage more quickly than ever before. **It will be important to keep an eye on technological advancements, which optimize the supply chain.** It will also be important to understand what type of data sets will help feed stronger, informed transportation decisions.





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