5 Supply Chain Management Habits You Need to Break in 2017

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We're a few days into 2017, which mean it's time to analyze how well your company performed last year. Did you meet sales goals? Did you retain most of your customers? If you answered "no" to both of these questions, you need to break bad habits and brainstorm some New Year's resolutions.

To help you get off to a fast start, we've listed five supply chain management habits that you need to break in 2017. Doing so will help your company operate smoother and more efficiently.

1. Disorganized or Lost Inventory
Manual processing can be fine if you don't have a lot of inventory to keep track of. But as an expanding business, your clientele will increase, which means your inventory will too. If you don't have the right solutions in place to track this inventory, it can get misplaced and cost your company thousands, if not millions, of dollars in lost revenue.

In an OrderDynamics press release, Greg Buzek, president of the retail analyst firm IHL Group, spoke about why businesses, in this case retailers, often fail to improve their bottom lines. It has everything to do with a lack of awareness.

"Retailers all too often focus on a variety of ways to drive revenue and increase comparable year-over-year sales, but retailers can realize huge gains by addressing opportunities that are in hand and slipping through enterprise fingers," said Buzek.

He went on to say these companies can fix these issues by integrating the right data solutions into their operations.

"These problems are within retailers' grasp to solve, but it requires more than data, more than business intelligence," said Buzek. "It requires understanding the root causes of inventory and data disconnects and implementing the technology solutions and operational changes to address these revenue-limiting issues."

Just how much do companies waste each year on out of stocks and overstocks? It costs companies $1.1 trillion each year, according to a survey done by IHL and commissioned by OrderDynamics. Researchers found that disruptions in the supply chain, from poor training to data disconnection, cause companies to lose revenue.

2. Too Many Silos

Automated data collection solutions eliminate data silos, which is when one area of the company has access to information that employees elsewhere don't. As you can imagine, this can disrupt communication, cause orders and shipments to fall through, and result in canceled orders and increased returns.

The study commissioned by OrderDynamics found there was over $642.6 billion worth of preventable returns each year. And while not all of this is specifically because of data silos, researchers found inventory distortion was caused mainly by breakdowns in internal processes, personnel problems and data systems that aren't properly integrated into the company. Of course, these together can all cause silos to form.

Companies need to break the bad habit of forming or allowing silos to exist by using the correct data automation tools. These systems unite departments and enable all employees to access the same information. This improves processing speeds.

3. Poor Responsive Strategies

What happens if a fire breaks out at a factory or a store holding large stocks of inventory? Or what if a lightning strike causes a company's communications to shut down, forcing employees to restart their computers and phone lines, and call back clients?

These types of disasters happen frequently around the world, and the companies that have the correct strategies in place are able to overcome them. That means, these businesses may have a better chance of retaining customers because of quick response.

Companies that have poor responsive strategies can quickly find their supply chains falling apart. This year, shore up your plans by using automated data collection solutions that have cloud capabilities. Employees anywhere in the world will have instant access to real-time information, so they can track everything from inventory and storage to shipment and delivery. This kind of software will come in handy if a disaster strikes.

4. Unethical Practices

The U.S. has strict laws that protect workers from dangerous working conditions, including limiting working hours. However, that may not be the case overseas where workers spend countless hours building products for little pay.

More and more, however, countries and even companies themselves are cracking down on unethical behavior. While this is a good thing, it'll obvious impact supply chains, possibly in the form of higher costs.

Companies that do break this bad habit and build their fortunes ethically will need help doing so. The right automated data collection tool can help companies mitigate higher operational costs (in the form of increased pay and upgraded foreign factories) by allowing them to work more efficiently.

5. Over Reliance on Manual Processing

Some companies have to use some number of spreadsheets or manual processing to go about their daily activities. And there's nothing wrong with this, especially for microbusiness that aren't quite ready to upgrade to automated data processing solutions.

However, problems occur as businesses begin to scale and manual processing becomes too much of a burden and drain on resources like time and money. If you find your business expanding quickly, break the bad habit of leaning on old processes and upgrade them to a data collection solution that integrates with your ERP. This will enable you to easily input and extract data in real time across your entire workforce. All of that manual data entry will be a thing of the past.