

The ultimate 4PL guide to the supply chain

→ Part 2

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**Your supply
chain is
evolving fast
– are you
ready to move
forward?**



Introduction

When building a supply chain, we often start from an established blueprint and stick to the comfort of tried and tested methods. But today's world demands more than shipping goods from one destination to another. An effective supply chain must enable operations to evolve constantly, ready to adapt and react. Companies are no longer competing exclusively over their products or services but also over their supply chains.

For this next instalment of our supply chain guide, we look at three key capabilities of high performing, future-ready supply chains: **visibility**, **resilience**, and **sustainability**.

These three fundamental elements are a natural consequence of a constant rise in customer expectations.

This guide will show you how real-time, robust data **visibility** across the supply chain gives teams the power to think and act fast, driving better decisions. The goal is complete transparency of the entire supply chain with customers getting the products they want, where they want and when they want.

We will also explore how this data visibility is one of the factors contributing to supply chain **resilience** from factory to consumer. Recent global events have brought this into sharp focus. We will discuss how to respond with agility and data-driven insights, turning disruption into opportunity, and developing supply chain management from a necessity to a source of competitive advantage.

The third essential driver to move your business forward is supply chain **sustainability**. Just as the customer expects the supply chain to be flawless in terms of how they get their goods, they also expect it to be sustainable. We will take you through the steps for meeting ambitious yet achievable carbon footprint targets. And how you can implement cost efficiencies along the way.

This guide provides valuable insights gained by our experience and expertise within our teams. It should inspire reflection and discussion within your business and help you understand what actions to take now and what strategies you need in place.

Build a proactive supply chain with data-driven decision-making

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The ability to make fast, informed decisions is essential for business agility. Supply chain managers need access to accurate, real-time, actionable data. Without it, companies stay stuck in reactive mode. With it, there is competitive advantage.

Digitally enabled supply chain is now a priority

Digital is a driving force in the future of the supply chain. In a global economy, supply chains become more complex as interactions increase. Data points grow, and the flow of information becomes a flood. The pandemic has further highlighted how a series of fast-moving events can fundamentally change the dynamics of supply and demand.

Technology becomes the best tool to make sense of it – which is why **digital progress is the number one priority for supply chain stakeholders**. They want to drive improvement in integration, visibility, insights and collaboration. By making better use of digital, organisations anticipate becoming more agile and resilient, cutting costs and improving supply chain efficiency.

Getting data right

Data integration is the biggest challenge facing supply chain managers working in a global ecosystem of suppliers, service providers and customers. Multiple departments, systems and processes, often working in siloes with varying tasks, responsibilities, conflicts of interest and enterprise resource planning modules, create a patchwork of data points.

This makes it difficult for supply chain managers to access and analyse information that gives them both the ‘big picture’ and granular detail. There are multiple reasons for this – fragmented data, unstandardised message types, process differences or low rates of tech adoption.



With restricted visibility, effective decision-making becomes a challenge. Thankfully, digital solutions have evolved to solve these challenges. **4PL providers are helping organisations manage resources, technology and infrastructure** – integrating and directing every supply chain component.

Capability driven by technology

A robust supply chain system needs core elements working together to provide visibility and drive efficiency. This requires a system that allows automatic data exchange and structures communication workflows so that **the right people have the right data at the right time**. In addition, system architecture needs to include demand planning, predictive analytics and supplier management capabilities.

Together, these components **improve data-driven decision-making in a 3-step process**. The organisation must quickly and reliably gather, store and share data from every relevant source. Then the system should quickly make sense of that data and present it in an actionable way. Finally, action should be taken based on

real-time data. Take a look at this [checklist](#) to guide you through the process:

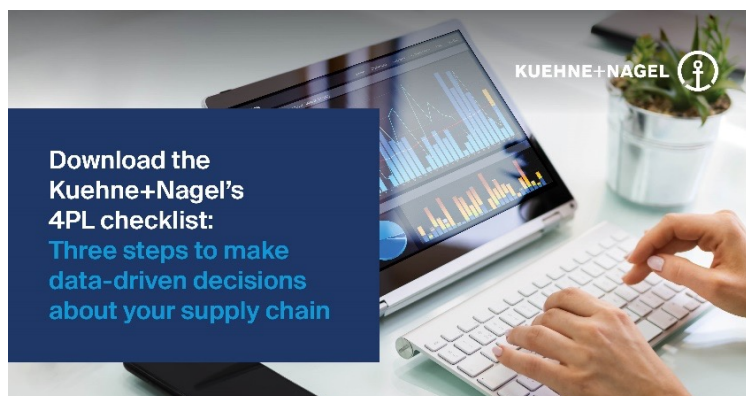
“Where disruptions risk supply chain effectiveness, ensuring that you get, make sense of, and act on data, is crucial to a fast and effective response.”

Time is of the essence

Supply chain professionals know that almost every action they take is time-critical. In his work Perishable Insights, Mike Gualtieri-Forrester demonstrated that data-driven insights have a limited shelf life and, after time, will go stale. At that point, acting on old data is worthless.

The adage “prevention is better than cure” chimes well here. The quickest responses prevent disruption. The next best option is reacting fast enough to find solutions to existing issues. Act too **slowly and it’s too late to make any difference – but not to address issues in future**.

Proactive analysis of data and pre-emptive action can transform the supply chain. Real-time visibility of robust data ensures teams are not constantly chasing



Download the
Kuehne+Nagel's
4PL checklist:
**Three steps to make
data-driven decisions
about your supply chain**

status updates but instead focussed on improvement. It empowers the coordination of upstream and downstream activities, increasing speed and resilience.

Enabling cohesive teams

The speed with which data is obtained, interpreted and acted on relies as much on the people involved as the systems in place. The collective experience and knowledge of project managers, analysts, technology innovators, functional experts and network engineers is crucial for customer success.

It is essential to bring them together in a coordinated manner. **Although they may be working in specific roles** - from operational teams to suppliers and logistics partners - **they must become part of a broader decision-making process.** This will ensure a more comprehensive view that demonstrates connected thinking.

Turning insights into action

The vast amount of supply chain data generated reveals valuable insights. When acted on these will create a more efficient, resilient and cost-effective supply chain. Customers and companies will enjoy beneficial and more rewarding experiences. Achieving this takes an integrated combination of advanced technology and

supply chain expertise that brings together insights, intelligence, metrics and the digital workflows to know your options, create scenarios and collaborate effectively.

The most effective way to implement this is by leveraging the services of an experienced 4PL provider. This will deliver faster solutions and a better return on your investment, as data-driven decisions optimise performance throughout the business.



Key take-aways

- Data is like crude oil, it needs refinement to become usable
- Technology needs to be paired with supply chain expertise
- The right people need to have the right data available at the right time

How to build and maintain a resilient supply chain

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It makes sense for businesses in every sector to carefully balance supply and demand for their goods and services. In a global economy, buyers, sellers, suppliers, retailers, producers and shippers all form a complex, interconnected supply chain. The essential factors for success are keeping costs down, timings tight, inventories low, and customer satisfaction high.

The challenge in this 'just enough, just in time' world is that when the carefully managed balance between cost and performance is disrupted, the effects can be severe. Of course, the Covid pandemic is an example of this. However, the Suez Canal blockage, which held up 12% of the world's trade that usually passes through it every day, is perhaps a better example of the type of disruptive event that seems to be on the increase.



A recent [McKinsey report](#) found that disruptions that last longer than 1 month are expected to return every 3.7 years, while disruptions of 1-2 weeks are expected

to occur every 2 years. Major supply chain shocks, such as the COVID-19 pandemic, are expected to happen every 5 years.

Against this backdrop, business resilience becomes a crucial factor not just for success but for survival. This article looks at **what resilience means for integrated logistics** teams and technology and where potential exposure points can be found in the supply chain. We also explore what best practice means in the context of supply chain management.

What does resilience really mean?

We all have a good idea what a resilient individual is like. Someone with a resolute, calm, positive and proactive attitude. For business, the story is somewhat different. [Gartner](#) describes business resilience as the **ability to adapt to structural changes by modifying supply chain strategies, products and technologies**. It doesn't sound quite as admirable as the individual's traits, but beneath that definition are a multitude of layers made up of business insight, anticipation, planning, clarity, quick thinking, collaboration and the right technology. When these attributes are integrated into a supply chain strategy, every business is able to prevent and deal with disruption quickly and dynamically.



Why resilience matters

The Covid pandemic, the Suez Canal blockage, the tragic Beirut Port explosion, the Sydney Port Strike, Brexit ramifications, trade regulations and sanctions, oil price shocks - disruptions to the supply chain can be many and varied. However, the risks they constitute for a business are undeniable. Increased shipping costs, failure to deliver orders on time, lost sales, shortages of components and raw materials all

reverberate throughout a business. McKinsey's report into **supply chain disruption** found that companies can expect to lose 42% of one year's EBITDA every decade due to supply chain shocks.

With the right tools, processes, mindset and experience in place, resilience enables a business to keep inventory at efficient levels and fulfil orders on time and in full. A fortified supply chain offers more opportunity for teams to act fast and prevent

disruption and activate recovery in parallel, such as planning for increased sales, reducing lead times, streamlining inventory costs, and improving cash flow.



What does a resilient supply chain look like?

Building an operation with a forward thinking, pro-active approach to supply chain disruption takes a **combination of the right tools and the right team**. Your processes, tools and available data can be

used to leverage past learnings to predict potential future disruption. They can also be used to access robust, real-time data to give you clear visibility of any disruption and enable faster, better decision making. In practical terms, when disruption occurs, this means logistics and supply chain teams will know where shipments are. They will be able to identify what risk they may be subject to and then use data to define and decide how to manage the disruption.

From a team point of view, you need to have **experienced people supplied with the right information** to anticipate and resolve disruptions. This takes strong leadership, empowered teams, continuous learning and development, pro-active problem-solving mindsets, and strong end-to-end collaborative relationships with supply chain partners.

Proactive disruption management

So, the theory and elements of supply chain resilience are established, but what does best practice look like, and what steps can you take to start building better resilience?

It's important to know what options are available. Have the **data and processes for handling disruption** not just documented but communicated to all



stakeholders, so they know where to source, what partners to turn to, what routes to switch to and what equipment you'll need.

Prepare **your crisis response in advance** and have them designed into agile workflows so that roles, responsibilities and actions become second nature in a crisis. Ally these with clear, concise crisis communication processes.

It is vital to act quickly and decisively when disruption occurs. It is also key to establish the right balance between rapid response and hasty actions. Establish **trigger points for actions**, ensure your teams know both what's expected in terms of reaction times and when the right time to escalate plans are. The key is to act fast, act soundly and to always remember that 'perfection is the enemy of good when it comes to emergency management', [Dr Mike Ryan, WHO](#).

Key take-aways

- Resilience will continue to remain a key success factor now and longer-term
- Resilience is not established when disruption occurs but before
- Building resilience is not a one-time fix but a continuous process.
- Every crisis is a learning opportunity



Learn more about our approach to 4PL integrated logistics how it builds supply chain resilience for your business.

Drive an effective sustainability strategy in supply chain operations

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The pandemic brought supply chain resilience to the attention of the mainstream, let alone the board room. But with the present-day risk of climate-related events disrupting the supply chain, business leaders understand that taking real action to reduce our impact on the environment can also create cost benefits, as well as operational efficiencies.



Actions speak louder than words

Customers today expect that sustainable practices are applied across all business units. 70% of consumers say they are willing to pay a 5% premium on price for sustainable products.¹ So, it's little wonder that **companies aiming to reduce the CO2 footprint of their supply chains** do so against the background of end-consumer demand for sustainable products.

A business that can prove its commitment to its carbon-neutrality targets and show measurable and tangible results can significantly improve its brand reputation and customer loyalty. Effective sustainability measures mean being compliant with global standards on emissions and ensuring supply chain partners meet requirements set out by the Climate and Clean Air Coalition and The Global Green Freight Project. Embarking upon a programme of improvements

means working with reliable partners with experience and expertise. The visibility of data helps identify gaps and devise an action plan.



In the logistics sector, we are experiencing how **informed decisions contribute to a better environment** and leverage operational and economic efficiencies. The shipping industry is a good example. Shipbuilders have taken the Paris Climate Accords to heart and are leading the way in terms of new design. 71% of new ships already comply with the terms of the Paris

Agreement, with 10% of those ships boasting double the efficiency required by the treaty.

Leveraging sustainability data to facilitate action

With all these considerations, how can we start to formulate an effective action plan to improve sustainability? **The best place to start is benchmarking** how current supply chain operations compare to where they need to be to achieve company specific targets. Ensuring the right data is available that teams can interpret effectively is essential for making informed decisions.

The most effective approach for complete visibility on areas for improvement is to **collect end-to-end supply chain data on emissions**, that are derived from actual operational data. These insights are then pulled into specialist reporting systems that use well-defined algorithms to **calculate realistic metrics for success**. This enables supply chain teams to analyse areas for improvement set ambitious but realistic targets to reach reduction targets goals.

When cost metrics are included in reporting dashboards, we can see how reducing CO2 emissions and financial savings often go hand-in-hand. An experi-

enced experienced 4PL partner partner can also bring an outside perspective. For example, they can neutrally challenge commercial agreements that may have been overlooked in the myriad of logistics operations or opportunities to optimise historical routing arrangements from factory to customer.

Creating a sustainability culture in your supply chain

Effective data visibility provides clear guidance for ongoing areas for improvement, but it should also offer a more **strategic outlook** to plan more extensive projects such as review of transportation networks or service provider portfolio. This could tackle more significant emissions gaps.

Alongside implementing projects to increase sustainability within existing business operations, carbon footprint gaps can be closed by taking part in initiatives to offset emissions. Adopting appropriate schemes which align with the core values of a business can boost reputation and brand loyalty. Working with a logistics partner who can source and arrange relevant projects mean there is visibility between monitoring carbon footprint, developing a hands-on reduction program and ensuring the offsetting is consistently on target. Schemes can range from forest protection and

tree planting to clean energy initiatives in communities across the globe.

It's not just about having the tools and data but a **reliable partner** who allows organisations to move towards more sustainable supply chain management. An [Integrated 4PL solution](#) provider with the right experience in sustainability optimisation can bring significant value. A proficient team will work in the background of the day-to-day operation, measuring and analysing the data to reduce and offset carbon footprint. While the business continues to focus on delivering customer value and their strategic growth.

Key take-aways

- Consistent analysis of the as-is situation marks the start of sustainability improvement programs
- Internal targets and external benchmarks support the definition of effective measures
- Target achievement needs to be driven by continuous monitoring and adjustment
- In supply chain, emission reductions and cost savings can go hand-in-hand

→ [McKinsey & Company](#)

→ [Client & Clear Air Coalition](#)

→ [Transport & Environment](#)

Conclusion

When your business moves forward, integrated logistics moves with you.

One clear element emerges from the three themes we have explored in the second part of our supply chain guide. **Movement** in supply chain is constant. The world moves forward; your business must move with it. And having a sustainable supply chain with clear visibility and resilience will boost your growth.

Whether it is insight-driven decision making, building resilience into the DNA of your supply chain, or adopting a comprehensive approach to sustainability, **data is at the heart of effective, joined-up and agile best practise.**

Successful businesses should embrace a culture where they can see the big picture and the granular detail throughout the supply chain. Accessing, analysing, and using this data effectively takes intelligent, integrated, and innovative systems and software. These tools empower collaboration, cooperation, and understanding at every step of the supply chain, benefiting your brands and entire supply chain.

Visibility, resilience, and sustainability are three significant themes affecting both businesses, customers and the environment. These are areas where 4PL providers are ideally placed to make a substantial and positive contribution by using their knowledge, scale, expertise, and access to information to create intelligent and integrated long-term solutions.

A reliable 4PL partner can play a pivotal role in this evolution. They operate from a neutral position plus have unparalleled access to key stakeholders across the supply chain. A capable partner facilitates logistics operations. A pioneering partner enables strategic development and helps you address climate change and environmental protection, whether through consumer demand for sustainable products or government legislation. And that mindset, that ability to recognise change when it happens, embrace it rather than resist it, and respond rapidly when the circumstances demand, will be the key to supply chain success now and into the future.

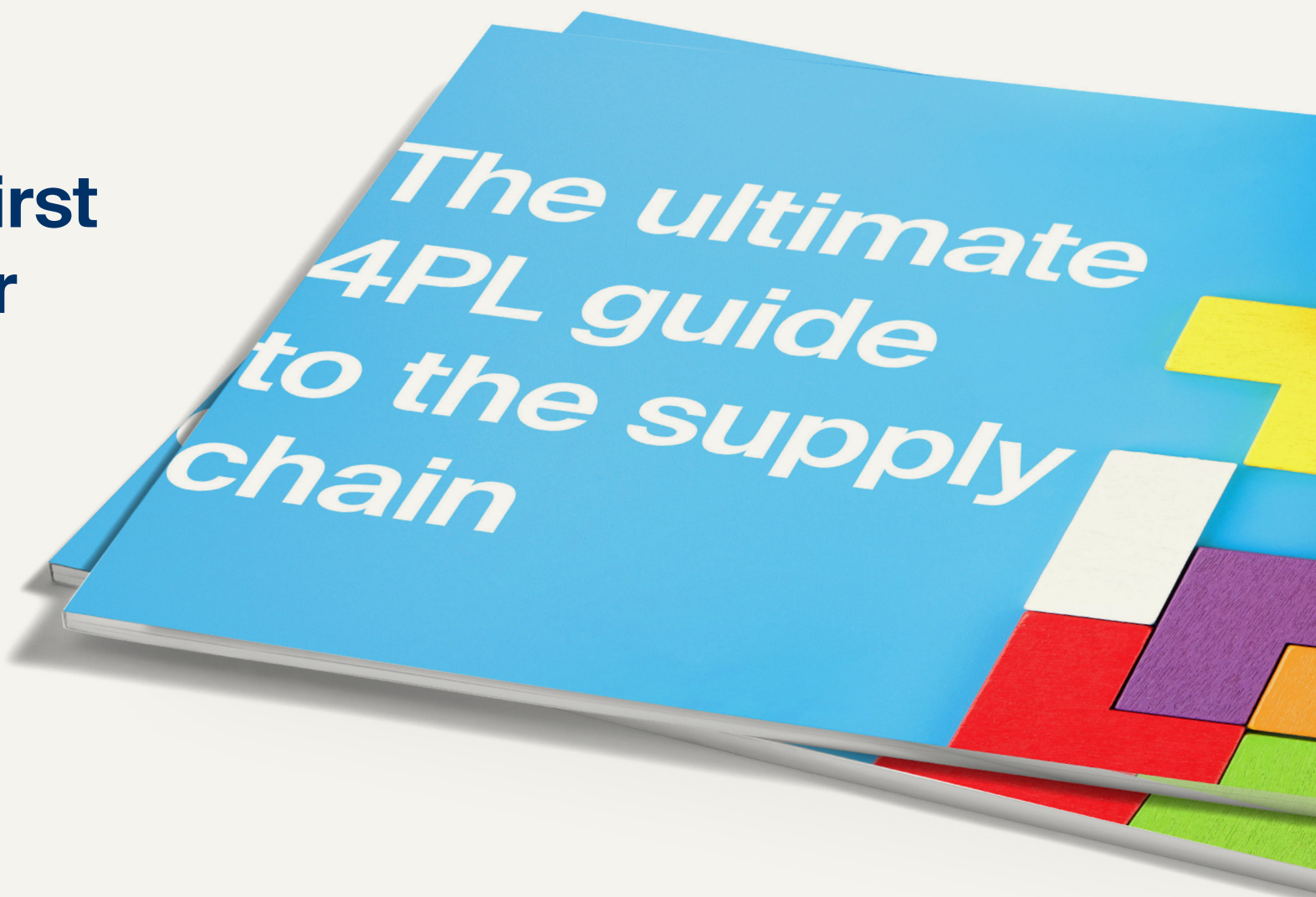
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