GROWTHSAYER

INFORMATION VELOCITY

LEVEL UP YOUR SUPPLY CHAIN

A Guide to Increasing Profitability by
Predicting Supply Chain Challenges

Setting the Scene

You've just sat at your desk, coffee in hand, when the phone rings. It's the store manager from your flagship store, wondering when the next replenishment will arrive because key products are out of stock. Worry starts to set in: You thought you sent them enough to last the month.

"Let me do some digging," you reply. "I'll get back to you soon."

Trying to understand the problem, you start pulling reports. It doesn't take long to find the culprit: Product sales spiked thanks to an influencer campaign that went viral. Unfortunately, the forecast you built with the marketing team didn't anticipate it being this successful. Now, there's no inventory left in the warehouse and no additional orders placed. When you contact your supplier, they regretfully inform you that the product is on backorder.

Fast forward six weeks, and you've paid triple your normal rates to have the product flown in. But the damage is done. Your customers are pissed off from waiting.

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Buying Yourself More Time

As you're probably aware, the last few years have not been kind to operations professionals. Supply chain management has started to feel less like a vocation and more like playing a real-life version of whack-a-mole. Every time you fix one problem, it seems like another one pops up.

From stock-outs to production delays, it's a never-ending cycle of stress and scrambling. Your team is in perpetual damage control mode, trying to stay ahead of the curve but always feeling one step behind.

Even if you feel confident about your supply chain now, events are already on the horizon, heading your way, that will bog down your resources and keep you distracted from solving these problems completely. Before you know it, the accumulated weight of all these challenges will be too much for your systems to bear, and the whole network will come to a grinding halt.

We wish were being hyperbolic. But unfortunately, this kind of situation is not a matter of if but when.

What separates the teams that navigate these breakdowns better than others is how they respond to these challenges. And more than anything else, the factor you should focus on to reduce the impact these challenges pose to your business is time.
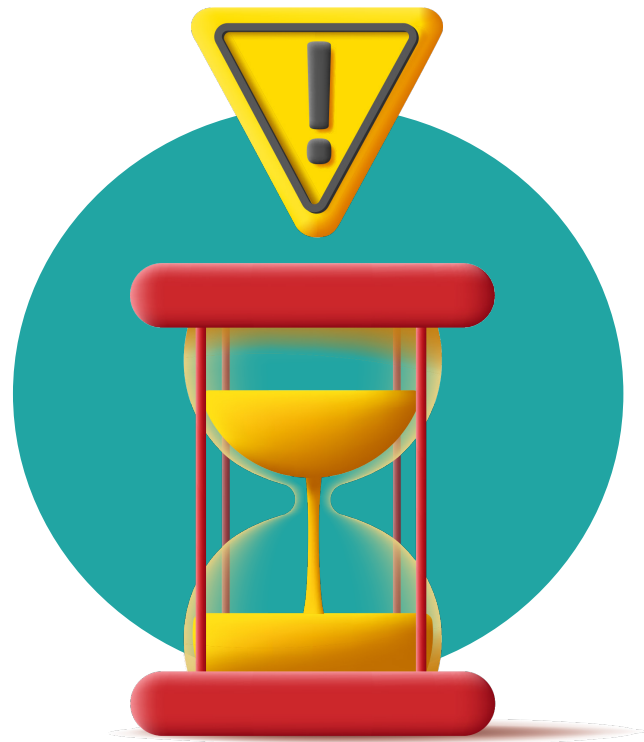
Buying Yourself More Time: Continued

In an ideal world, your team has enough of a heads-up to avoid every supply chain dumpster fire before it happens. After all, once the dumpster is burning, the problem becomes much more complicated and expensive to resolve.

So, here's the million-dollar question: How do you make more time for your team to identify and mitigate these breakdowns before they get out of control?

The answer is straightforward: You have to uncover these problems faster than you currently are.

86% of supply chains will experience at least one key challenge in 2024, incurring loss of profit.

Introducing: Information Velocity

information velocity

[in-fer-mey-shuhn vuh-los-i-tee] (*noun*)

The speed at which you identify potential supply chain breakdowns and bring them to the attention of the right decision-makers. This applies to both proactive or reactive response time.

Let's unpack this concept with a little context. Think of your supply chain as a pipeline through which information constantly flows. That information can include demand forecasts, stock alerts from stores, etc. All inputs that you rely on to make sure things run smoothly.

So, what if your business only gets monthly demand forecasts? It could take thirty days to discover an issue with production delays. Imagine how long it would take if you didn't have forecasts at all. Or if you rely on stores that carry your product to make you aware of stock-outs, are you finding out they run out of your products when it happens or days after the fact?

As you can see, how you manage Information Velocity directly affects the profitability of your supply chain.

The Cost of Slow Speed

Every operations professional worth their salt knows that something isn't real unless there's a graph to back it up. With that in mind, this visual helps to quantify the impact of slow Information Velocity on a given business.

The slower your team's reaction time to a situation, the greater the severity of the fallout.

The Cost of Slow Speed, Continued

You can breakdown slow speed costs into two main categories.

Proactive Costs

Comparatively, these costs are easier to swallow in the long term but that doesn't make them ideal. A prime example is paying to air an inventory replenishment instead of shipping by boat.

Reactive Costs

These costs are more significant, like lost sales, angry customers, and diminished faith in your brand, which leads to losing loyal clientele. All of which could be detrimental to the growth of your business. The lag time between finding out the problem and your ability to address it will determine the extent of the cost.

Information Quality Matters Too

Your objective is to get the right information to the right people as fast as possible. Don't assume that all information is valuable. Having a daily dashboard doesn't matter if it doesn't alert you to problems quickly. Any worthwhile dashboard needs the capacity to deeply analyze data on specific products at specific locations during specific periods.

The Power of Prediction

Let's be clear: Your goal isn't to stop problems from happening. That's impossible. It's to accurately anticipate them and prepare for their impact accordingly.

See, the best-laid communications plans and alert systems can, at best, make you aware of an inventory issue the moment it happens. But often, that's already too late a warning to avoid damage. Your Information Velocity plateaus because reacting can only take you so far.

The only way to keep accelerating your Information Velocity is by predicting challenges before they happen.

Of course, if harnessing the power of prediction was easy, everyone would do it, right? As it turns out, there is something crucial your business has to have in place to see these operations disasters coming down the road: Information Architecture.

Information Architecture empowers teams to leverage historical data, market trends, and predictive analysis to create forecasting models that make navigating the future possible. The more you build out your Information Architecture, the more frequently you can refresh your models and the deeper they can dive into the data, all of which amounts to spotting a change in demand sooner and sooner.

> **The only way to keep accelerating your Information Velocity is by predicting challenges before they happen.**

Information Bottlenecks

Businesses often overlook the human element of their Information Architecture, much to their detriment. The truth is humans are slow. We make mistakes, and our productivity is inconsistent. And the more humans you insert into a process, manually entering or extracting data, the slower and slower your Information Velocity gets until it feels like you're wading through molasses.

So, if Information Architecture defines and dictates your organization's Information velocity, how do you get past the limitations of manual human intervention?

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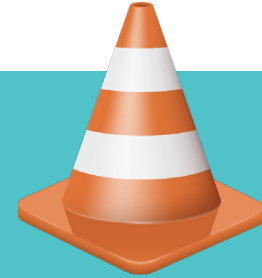
Information Bottlenecks, Continued

This is the part of the story where we introduce our hero — Automated Information Architecture — the holy grail of streamlined operations. A well-designed, Automated Information Architecture minimizes human intervention to hardly anything, transforming raw data into digestible insights that go right to the necessary decision-makers.

Automated Information Architecture isn't a set-and-forget kind of thing. For it to work at its best, it needs to update frequently. We're talking more than once a day. Weekly or monthly updates and analyses are a relic of the past, unable to keep up with the fast-paced nature of today's business landscape. It may seem like a lot at first, but an Information Architecture that updates with that frequency is how you start to detour around problems before they ever happen.

Pro Tip:
If you're updating your business processes, update how you're building reports alongside it. Otherwise, your reports will become obsolete really fast, leaving you with outdated signals and irrelevant insights."

Investing in Information Architecture

Given the direct correlation between investment in your Information Architecture and your organization's Information Velocity, it doesn't take much imagination to understand how a mess of Excel reports and tools — and the dedicated personnel required to sustain that kind of intricate network — would result in a bogged-down, inefficient Information Architecture.

Even if your supply chain team wakes up at dawn every day to sift through data and crunch the numbers, those efforts will always fall short in speed and are susceptible to errors.

Instead, in our ideal state, data and insights would be readily available when your teams start their workday (at a reasonable hour, of course). Let them apply their skills somewhere more productive than churning valuable hours retrieving reports before even understanding what potential issues lie ahead.

When you invest in Automated Information Architecture, alarm bells go off at the slightest indication of a problem, loud enough to break through the noise of daily operations.

If you take away anything from this information, let it be this: By proactively maintaining and enhancing your Information Architecture, your teams can expedite their response time to challenges, ensuring you're always one step ahead of the proverbial dumpster fire. That sounds like an investment worth making.

Closing

Hopefully, this was a helpful explanation of how vital Information Velocity is to your business and the pitfalls of neglecting it. Now, you know what it takes to level up your operations and supply chain systems to a point where you can circumvent the supply chain challenges that nightmares are made of.

Solutions like Growthsayer can help you build the Automated Information Architecture that will remove bottlenecks from your processes and procedures and make your supply chain more resilient. Not to mention, it'll really cut down on the amount of spreadsheets in your life. Everybody wins.

Take the first step in automating your Information Architecture by determining your business' current Information Velocity score with this free assessment. You'll be glad you did.

Level up your supply chain
growthsayer.com/demo

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