Podcast Episode 21: Harshad Kanvinde on Best Practices for Improving Supply Chain Agility

Key Takeaways

- Supply chain agility is about building an integrative capability across people, processes, technology, and leadership that enables you to quickly sense and analyze potential disruptions and variations from plans.

- It's important to approach supply chain agility dynamically across every part of your organization because different products, segments, and business units have response expectations that vary.

- The most effective supply chain leaders codify best practices, create limited-flexibility options for different situations, and understand their processes extremely well. This enables them to make quick decisions and rapidly identify the root causes of problems that arise.

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The Agile Supply Chain
PODCAST

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The best decision makers often seek to limit their own options for dealing with problematic situations that arise—and this same technique can go a long way toward helping you ensure greater supply chain agility and responsiveness, according to Harshad Kanvinde, Global Supply Chain Practice Leader at Slalom. In this episode of The Agile Supply Chain Podcast, Kanvinde shares several best practices designed to help you **boost supply chain agility across your organization.** He also shares his thoughts on the implications of **The Agile Supply Chain Credo**.

Transcript:

TraceLink's Roddy Martin discusses best practices for increasing supply chain agility with Harshad Kanvinde, global supply chain practice leader at Slalom. That's right now on "The Agile Supply Chain Podcast."

Roddy Martin: Harshad from Slalom, welcome. I am so pleased to have you on the next edition of the thought leadership series that we're doing at TraceLink. Obviously, a very exciting opportunity to get thought leaders like yourself out of supply chain, out of healthcare, to talk about agile.

Agile's a word that is almost overused already in the industry. I look forward to talking about **The Agile Supply Chain Credo**, which I want to emphasize, is not written about any of technologies or any of TraceLink's products. It's agnostic of technology and the vendors, but it gives a really good set of guiding principles to think about.

A lot of them are common sense, but it's amazing how much common sense is not common sense to a lot of people. I'm going to ask you to introduce yourself. As you introduce yourself and your experience in supply chain, talk a little bit around what pops out of you about the credo. We'll carry on from there, but welcome.

Harshad Kanvinde: Roddy, thanks a lot for having me. Super excited for this discussion. I'm Harshad Kanvinde. I live in Seattle and work at Slalom Consulting. I lead Slalom's global supply chain practice. Been with Slalom for about six years.

Prior to that, Amazon for a couple of years, where I led Amazon's North America supply chain for one of the businesses, Fulfillment by Amazon, specifically, helping our sellers at that time with their transportation needs and inventory allocation.

Prior to Amazon, I was with another consulting firm, EY. Pretty unique experience where I was the founding member of a team that started a joint venture with Procter & Gamble. The idea was to codify and commercialize Procter & Gamble's know-how in supply chain manufacturing new product development.

As you can see from that journey, although I'm in consulting, when I think about supply chain or when I think about helping my clients with their supply chain needs, my source of inspiration is not any other consulting firm. It's Procter & Gamble and Amazon. I find myself in that fortunate position where I learn from the best two companies there are.

There are many commonalities between Amazon and Procter & Gamble, how they operate and think about their supply chain. Agility is one of them, definitely. That had shaped my thinking, knowingly, unknowingly. I try to bring that thinking to my clients.

You asked, what guides us. From the Slalom supply chain standpoint, one of the key themes that we have seen resonating really well with the clients, and we firmly believe in it, is helping clients build the agility in supply chain. What we mean by that is, how can their supply chain be more flexible, more responsive, and fast?

With whatever is going on, current situation this year with COVID and lockdowns and the problems with the supply chain, it has come to the surface the need for agility. I would say that, the movement toward agility is not new. It's been going on for at least four, five years, maybe longer.

The intent for becoming more agile in supply chain and that's not driven only by managing disruptions well. It's also driven by the need and understanding that unless you have agile supply chain, you can't go after emerging business opportunities faster.

When people think about Amazon and Amazon launching something like Prime Now, which is one-hour, two-hour delivery service, in a matter of 90 days, 100 days from conception to launch, how can that happen? In Amazon's case, the agile supply chain makes it happen.

It's not only about disruption, it's also about business growth. I'm super excited about that piece of it. Disruption is great. I mean, ability to manage disruption, but business growth and innovation is more exciting.

You asked, the last piece in my long-winded introduction, what speaks to me when we think about agile credo? I think the buck stops at customer obsession. In your case, it's patient-driven. I call it demand-driven or customer-driven.

Understanding really well what your customers want, and understanding also what your customers want, but haven't spoken about it yet. Driving everything back from that, that's what excites me. That's the real crux, how you build your agile supply chain. It sits in those details.

Different customer segments, different needs. You're going to need different supply chain designs and execution for that. Agility makes that happen or it's one and the

same. I would go ahead and say that.

Roddy: You're my best friend because I now remember that you also cut your teeth in Procter & Gamble. If anybody understands codifying best practices in a system way like IWS, it's Procter & Gamble. I loved it when you said to me when we were talking that, at Amazon, it was about taking options off the table.

If you're an engineer, you think you clever when you give people lots of flexibility. Actually, you hurt them in the supply chain. The more flexibility you give somebody, and the less codified the best practices are, the more you cause potential variability. That's a very powerful starting point.

The second thing that I love about P&G is the simple idea of the two moments of truth. It starts with an obsession about the customer to use your words, or the product's always available when they say it's available. In the credo case, everything is an obsession about the patient. Systems, the network, are an obsession about orchestrating at the patient.

All systems are orchestrating decisions towards the patient. Any event that you sense that could disrupt the outcome at the patient, you have to find and solve very quickly. If you've got too many variable things, you're never going to be able to find out what the root cause of the problems are.

I love those perspectives. That makes me even more pleased to talk to you. In a sense, where do you think the biggest challenges are because you don't hear P&G talk about agile? P&G it's embedded into that IWS. It's embedded into the DNA of the way they operate.

When you go into a company and start talking about agile. Immediately, they think, "Here comes a new methodology." How would you approach that at the leadership level?

Harshad: I'll take a step back and explain what we mean by agility further. You're absolutely right. It's methods galore. There are so many buzzwords and consultants are definitely to blame for it or take credit for it. There is a benefit to codifying and putting a name to it. At least you can start using the same language. You're absolutely right.

A company like P&G or a company like Amazon, where it's ingrained in the way of thinking, ingrained in the way of doing things, part of culture, you won't see them talking about agile at all. It's just the way of doing things. It takes common sense if you think about it.

The way we dissect agility, and this is at least over the last four years, when we started focusing on it as a way of doing things and way of helping our clients to build agility in their supply chain, three things become super important.

You need to really become agile in your supply chain, flexible, responsive and fast. You need to have end-to-end visibility. You need to have predictability. Most importantly,

those insights that you get from visibility into your supply chain and predictability in supply chain are useless unless you figure out a way to build mechanisms to deliver those insights to the right decision makers at the right point in time.

Ultimately, it comes down to, are you able to empower your decision makers and the thousands of operational decisions they are making day in, day out throughout your supply chain in your warehouses, in your transportation hubs, in your planning, procurement decisions and so on?

Unless you have that complete chain from visibility, predictability and action or decision mechanisms, agility doesn't happen. Although as a concept, no one denies that agility is important.

When we are talking to Chief Supply Chain Officers and this is across the industries, it's not just CPG, retail or pharma. You talk to aerospace and heavy industries and so on. No one is denying that agility is important. Things start falling apart on the how part. That's the most important part.

This is our way of dissecting things. Look at visibility where you are. Look at predictability and most importantly look at the mechanisms for decision-making. Another key thing we emphasize when we talk to the leaders. First, agility comes at a cost.

You drive efficiency over the years, and everything is hunky-dory. When you bring complexity into that multiple products, some products are going to have different volatility in their demands, some products are not, so you don't necessarily require agility across all segments of your supply chain, first of all.

If you try to bring agility in all the segments in your supply chain, that's going to come with an associated cost increase. There is a trade of that. Second most important thing and it's common across all the sectors and I would say, even beyond supply chain and this is the management thinking problem.

Although people on one hand agree that agility is important, flexibility, speed responsiveness is important, but somehow they also like to not make things messy and the crux of the thing is agility, by inherently, may look on the surface, messy.

You're going to think that things are chaotic. If you go into Amazon and look at the 10 different teams seemingly working on the same things, why is that let's drive alignment and let's drive more documentation. That's not agility, those two things intersect. There is some commonality but taking this notion to heart that agility comes with a price and agility may seem messy.

You're not going to have this clean cut, I have this great methodology, nice chevrons and nice Venn diagrams and now you train your people on that and boom, agility happens. That doesn't happen in practice. It comes with a price and it reports a mindset shift.

That's the most difficult part as we talk to our clients. No one denies with the notion of agility. No one even denies with the notion that digital innovation plays a key role in driving agility but that final jump of making messiness OK, that's what things start falling apart.

Roddy: I love that perspective because, here's the deal. If I've spent a billion and a half on your favorite ERP system and I've got all sorts of other IT systems that I have, not a clear data's governance structures, I've got multiple versions of the truth and I get a disruption that takes me days to see the disruption and another few days to solve the disruption.

In that period of time, somebody could have died if you're in the healthcare system scenario. What I love about the fact is, you've raised the subject of complexity. I've participated with Procter & Gamble in studies on complexity and upfront in product design, they decide on what's acceptable complexity and what's not acceptable about complexity.

In other words, complexity is a differentiator, because if I make something so difficult for you to copy but I make it easy for myself to manufacture that way, it's going to be a differentiator until somebody finds out how I get it done. I love the fact that by understanding and aggressively targeting an understanding of complexity, that's a really key part of supply chain design.

That's point number one. Point number two is, you alluded to the customer back design. When I design to a [inaudible 14:04] , to a patient or to a hospital, I've done hundreds of insurance policies. I can put inventory in lots of different places, and I can guarantee you that it's going to get to where it needs to get to.

If I say I'm a CBG company, I only have margins of less than 50 percent, not 80 percent, I got to restrict that amount of inventory lying around. I got to think about the point at which the product is chosen, used, purchased, all the way back into the supply system and that's a very different way of thinking about the constraints in the supply chain.

Unfortunately, it takes experienced consultants like yourselves to roll up their sleeves and not go and say, "I think you need this new version of this new software" and simply go and whack it in and two years later, the business says but I thought the problem was going to go away.

That's not the way that it works. I'm really thrilled that you brought up the subject of complexity, the fact that it's outside in segmentation, because that's what it is. If I'm making toothpaste versus I'm making spun brushes and hair brushes, it's different segments. These products have different life cycles, they also have different manufacturing cycle times and supply chain cycle times.

I'm thrilled that you brought that up. Harshad, if you was sitting, giving a leadership team, one of your clients, some really hardcore, hard kidding advice on what do they

have to stop thinking about and what do they have to start thinking about.

What do you think is insightful as a "Wow, I never thought about that stop." What would your stop be?

Harshad: I would say the discussion so far already, it all comes together in that stop and start and it's the two sides of the same coin, what they need to stop and what they need to start. I would say, one of the core tenets there is bias for action, more than anything else.

I see a ton of times, lot of times spent on thinking, discussing and building foundational elements but not solving the problems. Somewhere there is that inertia and it goes back to earlier comment around complexity and messiness because agile is messy. You can't have clean cut, black and white, everything is laid out in front of you and then you can act and there is a certainty of result.

That doesn't happen. It's philosophical but one of the things I often find myself urging my clients, follow 80/20. You're never going to have complete set of information. It's never going to be pretty the way you had imagined six months back.

Start somewhere, agree on the directional aspiration of agility and know that what needs to happen but quickly go to a localized problem that you need to solve. Unless you're defining that problem in the fashion, how it impacts revenue, cost or cash. I wouldn't even say customer experience because ultimately, customer experience needs

to roll into either revenue or cost, given sufficient period of time.

Unless you can identify a problem and lay it out in a way that it clearly shows that how it impacts revenue, cost to cash levers, you don't know what you're talking about. Do that quickly and once you identify that, don't worry about whether solution that I am going to build for solving that problem, it's scalable at enterprise level. It could be scalable on one factory level or one business unit level and that's fine.

Act on it, because what happens is as you solve these problems repeatedly and fast, you are going to find new problems to solve, you are going to get new ideas for improving that, if you wait to make the design perfect on paper, although let's assume that you understand the complexity in your supply chain and you understand your customer really, really well.

It's like I'm saying there are three frogs sitting on the tree branch. They all intended to jump in the water. How many did? None. You can talk all day long. You can have these agile transformation and digital transformation sessions with consultants all day long. Unless you act and do something, none of that matters.

You might get a promotion for trying. Who cares? At the end of the day, that's not going to solve your customers problems. That's not going to take your business in the right direction. Act. Stop wasting time on foundational. There is a place for that.

I'm not asking you to jump without thinking. Think, but there is a fine balance in-between. That's the stop piece, that is the start piece, start acting. As Bezos says again, one last thing. Type one decisions and type two decisions.

Most of the decisions are reversible. You try something. You see that doesn't work. You can come back and learn from it and go out again. There are type two decisions which are irreversible. Funny enough, in reality what happens is people exactly act opposite ways.

The type two decisions where you need to spend enough time, people act fast without thinking. Type one decisions where there is no need to do analysis, paralysis, precisely those things, you spend a ton of time because those are the easy things where you can spend a ton of time and chill a lot and not go anywhere.

Roddy: Everybody knows a little bit about those type one decisions, and everybody chimes in. I have a brilliant story about two companies who shall remain nameless. One is a European headquarters consumer goods company. The other one is a North American company.

In the North American company, they spend all their time doing. The European company spend all their time thinking.

Now, the European company spend their time building flexibility and they never get anything done. The North American company has done such a great job codifying best

practices so that 98 percent of the problem is well-understood. It's the two percent you got to figure out at that last minute.

You can make those decisions quickly because you know exactly pretty well what the real problem is. If you have all this philosophical approach and what's the flexibility, you never get down to making a decision.

It's a great point because you and I both know who I'm talking about. They know exactly. I used to tell both their leadership teams. They all used to grimace whenever I tell them the story, but they knew what I was talking about.

It's a great note to finish because in the journey to agility, if you have really codified and understood your capabilities, you're in a position to make decisions fast, to constitute agile process teams to solve problems fast.

If you haven't thought about your processes, you're going to spend all your time in that messy mess that doesn't come together. You never resolve the right problem.

Roddy: This has been a really good discussion. Not only have I enjoyed this, but it's been a pleasure to talk to you. Thanks for taking the time. I certainly look forward to working all with you in the future, if we have that privilege. Thanks for the time.

Harshad: Thank you, Roddy.

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