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Transparency is Key to an Efficient Supply Chain

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By *Megan Ray Nichols*

via ***Manufacturing Transformation Blog***



There was a time when customers cared little as to how a company or business sourced its products and resources. They didn't think much about a brand's economic and social impact. They cared even less about sustainability and environmental influence. Those days are long gone.

According to a 2015 survey by Cone Communications, **81 percent of global consumers** now consider a company's corporate social responsibility when making a buying decision. That, of course, includes their supply chain and the impact it has on its surroundings.

If you're sourcing materials or resources in a way that has a negative impact, your customers will find out, and that will have a direct result on your performance. This is just one prominent reason for switching to a more transparent, more efficient supply chain.

Why Supply Chain Transparency Matters

For the most part, the industry in which you are involved has determined the need for a transparent — or largely private — supply chain. In food and retail, for instance, it's more important and beneficial to have a transparent system in place. This system allows you to better track goods, especially those that are contaminated, damaged or dangerous.

In manufacturing and construction, however, it's less essential. As long as you know the resources are coming from a reliable source and they're genuine, usually, you're all set. At least, that's how it was in the past.

That's no longer the case, not just because of a perceived technological and social change, but also a greater focus on overall human health. People today care more about the general working conditions, culture and habits of a business they are loyal to. When coupled with a greater sense of social responsibility for most businesses, that creates an incredible potential to make or break a business, based solely on the transparency and reliability of the supply chain.

Things like environmental concerns, technological impact, social changes and repercussions, general health and safety, work culture and even ethics all have a direct impact on the success of your business. And every one of these concepts relates to the modern supply chain.

Then there's the more professional side of the equation, in industries like aerospace, architecture, and engineering. In aerospace, for example, the parts sourced to create a new craft or piece of machinery **must be rigorously tested** for accuracy, quality, and reliability. You don't want something like a torsion meter or torque load cell failing in the field. The consequences could be disastrous.

What Benefits Does a Transparent Supply Chain Offer?

Maintaining visibility throughout the entire supply chain results in several key benefits for companies, vendors, distributors, customers and even partners. Some of the more renowned benefits include the following.

Paper trail for responsible practices: Customers today want to be sure the brands and companies they do business with are being fiscally, environmentally and socially responsible. One of the best ways to prove this to a customer base is by offering a more transparent supply chain. You can provide verifiable data that gives direct insights on sustainability, impact, and outreach and share the information with the public as proof your company is doing the right thing.

Traceability reduces risk: By ensuring supply, maintaining visibility of a source and working directly with vendors, you can eliminate risk almost entirely. Part of an effective risk management strategy involves maintaining oversight for the entire supply chain from beginning to end. You must know where an item comes from, how it's assembled or packaged, how it's transported and stored — and, finally, when it gets delivered and to whom. Take food, for instance. If a food gets transported improperly, it can become contaminated or lose its quality. With total visibility, you know exactly when, where and why things went wrong. You can recall the item before it makes it store shelves — and, subsequently, to consumers — and fix the problem before it gets worse.

More efficient operations: Through improved traceability and visibility, you can identify bottlenecks and slow processes throughout the chain. This knowledge allows you to act, either improving the process in question or eliminating it entirely. By removing unnecessary steps and verifying the efficiency of important processes, you can optimize your entire chain from development and harvesting all the way to distribution. Improved workflow also helps smooth the price of products and eliminate volatility in the market, just by mitigating the need for middlemen and third-party vendors.

How to Achieve Transparency

Of course, the benefits sound great, but that doesn't solve the main problem: How do you achieve and maintain transparency throughout the supply chain? What tools and services do you need to make it happen?

Modern tech seems to be the driving force behind the current transparency movement, coupled with growing consumer sentiment. In the past, something like an entirely traceable supply chain just wasn't viable. A product or good exchanges hands so many times before it reaches its destination, and there are just too many factors and elements involved.

The Internet of Things and connected devices **have changed all that**. With a connected system, you can track information and data along a product's or shipment's entire route. You can see details like stored temperature, transport conditions, the total number of losses and much more.

Then there's the idea of blockchain — initially conceived as a system or digital ledger for tracking cryptocurrency transactions. It's a decentralized platform that remains incredibly secure and can facilitate direct interactions between supplier and distributor, cutting out all the excess. **Blockchain has vast potential** in the modern supply chain network.

Both these solutions deal with more robust data and information collection processes, especially about the items being handled. It's clear improving overall transparency requires this kind of detailed information, but also more collaborative workings between partners, vendors, and suppliers. Today, we can use technology to share best practices, track various processes and procedures, and pass on the necessary information about a shipment.

All in all, your company can achieve better transparency and visibility by adhering to many of these ideas and concepts, deployed through the use of modern technology like IoT sensors, blockchain, and collaborative tools.

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