

Evolution Theory and Supply Chain Planning

You don't have to be an evolution scientist or even a believer to know that being big does not necessarily imply strength and endurance. It does not even guarantee survival. There are numerous examples that indicate the survivors and successful species continue to grow because of two specific reasons that they all have in common: Tools and ability to react and respond. Let me give you a familiar biblical example of David and Goliath. We all know how big Goliath was compared to David and we are told that David had no chance against such a giant of a man! However, what we are not told is that, having a sling shot is far more powerful than any other fighting tool or strong muscles that one might have. Early civilizations survived because of their use of canons and rifles vs. knives and swords. In modern times, air strikes and missiles are much more effective than one on one combat situation. The second factor in growth and survival is one's ability to respond and react. The strongest and biggest animals that we know of, such as dinosaurs and mammoths, disappeared long time ago. However insects have been around since the beginning of time and continue to grow and adapt to any kind of insecticide and/or climate conditions that are adversary to them.

When it comes to humans or animals, evolution theory tells us that it is *the survival of the strongest*. What I believe this translates into is the ability to respond and react in a changing environment and have the right tools available to you. A simple example is the use of a heater in cold climate conditions. In the business world, corporations are no different. Companies do react to change but in the absence of the right tools, their reaction might be too late and ineffective. The ability to react and change comes from the processes that you set up, however the speed at which you react comes from the tools that you deploy. More specifically, how fast do you commit to your customers? How fast do you change your inventory position? How fast do you react to a change in demand? How fast do you ramp up a new product and phase out the old one? And finally, how fast do you know that you need to react and respond? The lag phase comes from slow planning and recognition of demand signals as well as not knowing what the company's "capacity" for the required change is. Implicit in all this is also the ability to predict potential issues (opportunities) and be prepared to address them accordingly. The ability to predict comes from building supply chain models that can show the strong and weak areas and

suggest solutions under given circumstances. Unlike execution systems (ERP, WHM, MES etc), supply chain models deal with the current situation and the expected future scenarios rather than past occurrences and simple data points (transactions) of the present.

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