LeanDNA

2024 SUPPLY CHAIN MANAGEMENT

READINESS INDEX

Lack of predictive view leaving
organizations vulnerable to disruption

76%
of supply chain execs

admit to having critical blindspots, lacking predictive data

A survey of 250 supply chain, inventory, and planning executives by Wakefield Research on behalf of LeanDNA reveals supply chain workers spend an average of 35% of their time manually entering, tracking, or managing data. This represents nearly 14 hours—almost two full workdays each week. These are outdated and unnecessary manual tasks that take away from proactive supply chain management—raising concerns that they'll be unable to keep up in the turbulent 2024 ahead.

While most supply chain executives plan to increase investments in preparing for the next major supply chain disruption (92%), over three-fourths (76%) cannot prepare due to not having a predictive view of supply and demand.

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9 in 10 executives are focusing on resiliency for the inevitable next disruption

In a new era of supply chain management, executives are focusing on resiliency for the inevitable next disruption. But achieving this means balancing the push/pull of preparedness and avoiding excess inventory.

Supply chain executives are eager to the learn the lessons of the past and be prepared for whatever supply chain disruptions lay ahead, which is why an overwhelming 87% cite resiliency as a high or even top priority in 2024. And this focus is more than just an ethos, it's showing real action: 92% work at organizations that have already somewhat increased investments in preparedness for major disruptions in an effort to be more resilient.

But just as resiliency means learning the lessons of the past, it also means adapting to present and future needs. Many supply chains have resorted to holding excess inventory to be able to weather another major disruption.

However, this approach does not generate the resiliency organizations need and may actually undermine it, which is why nearly **all (96%) supply chain executives say their organization is under at least a little pressure to balance preparedness for a major disruption and avoiding excess inventory.**

96%
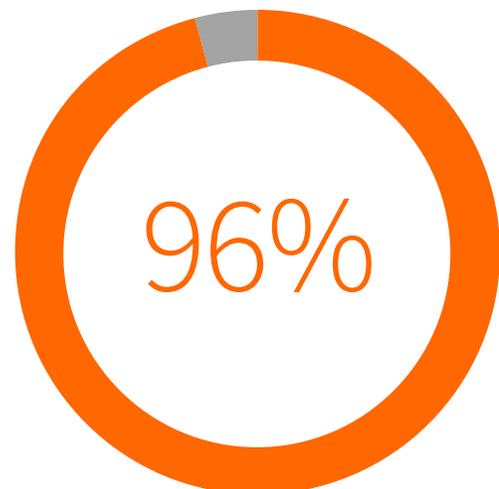
76% of executives don't have a predictive view of supply and demand, turning to technology for solutions

Past disruptions have led organizations to change their approach, if not completely overhaul their tech stack. These investments have led to welcome improvements, including greater visibility. However, even with this increased capability, most still lack a predictive view of supply and demand.

In the wake of the COVID-19 pandemic, and in the face of future disruptions like supply shortages and natural disasters, supply chain executives have set their sights on tech stack improvements, resulting in major changes (53%), if not complete overhauls (33%), to their tech stack.

These changes have resulted in improvements including historic and real-time views of supply chain data, providing benefits like improved logistics and inventory management (47%) and faster identification of changes in demand (45%).

76%
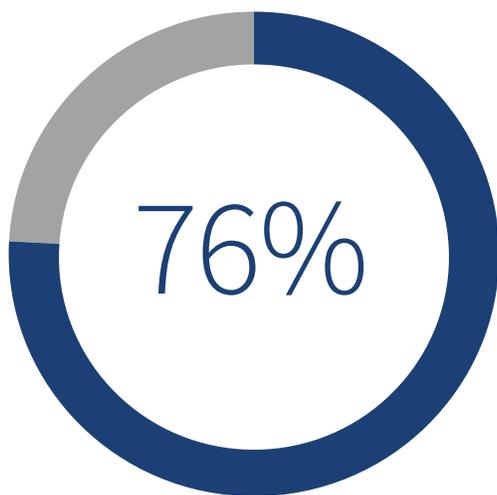
Despite this advancements, **76% of executives lack a predictive view of supply & demand, keeping their organizations more vulnerable to disruptions they can't see coming as clearly.**

92% of executives make blind decisions due to lack of predictive guidance

Lack of predictive guidance is leading to an overreliance on subjective decision-making, as tech stack investments haven't gone far enough to develop actionable insights or root out manual handling of data.

Despite tech stack advancements, supply chain executives estimate supply chain workers spend an average of 35% of their time manually handling data and 73% are relying at least in part on common workplace software. This showcases the need for a more tactical approach to unlock resiliency; and more than 4 in 5 (82%) executives agree efforts to generate real-time data that does not provide actionable insights for decision-making is a waste of time and energy.

With a lack of predictive view of supply and demand, more than 9 in 10 executives (92%) are relying on their gut to make decisions at least some of the time. Efforts to focus on resiliency cannot stop at the lessons of the past and the urgency of the present: it needs to look forward to prepare for the challenges and opportunities of the future.

92%
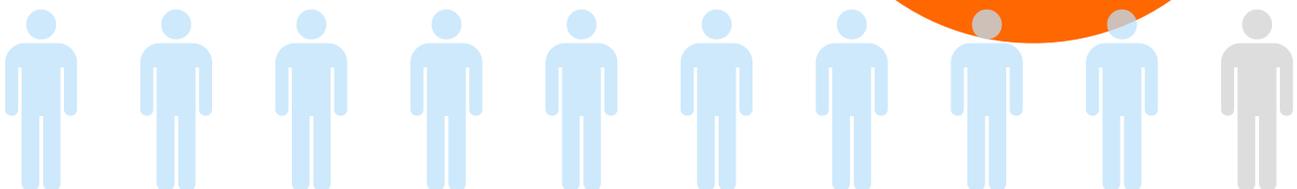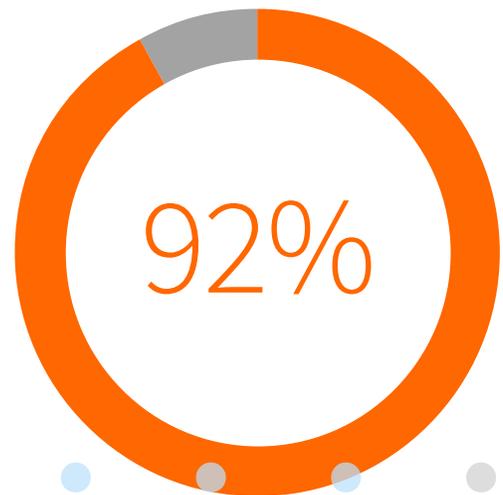
8 | DETAILED RESEARCH FINDINGS

Resiliency Requires a Balancing Act

Supply chain resiliency is an organization's capacity for resistance and recovery. For about 9 in 10 (87%) supply chain executives, resilience is the top or a high priority for their organization.

Indeed, 92% have already begun increasing investments in preparedness to mitigate disruptions and limit the impact of those that occur.

Supply chain execs are under pressure to find the right balance

With the importance of being prepared and resilient in the face of future disruptions, nearly all (96%) supply chain executives are finding that their organizations are pressuring them to manage the tension between preparedness and avoiding excess inventory.

PRIORITIZATION OF RESILIENCE IN 2024

87% say resilience is the top or a high priority

## AMOUNT OF INCREASED INVESTMENT IN PREPAREDNESS

92% have made at least some increase in **preparedness investment**

AMOUNT OF PRESSURE TO BALANCE PREPAREDNESS FOR A MAJOR DISRUPTION AND AVOIDING EXCESS INVENTORY

96%
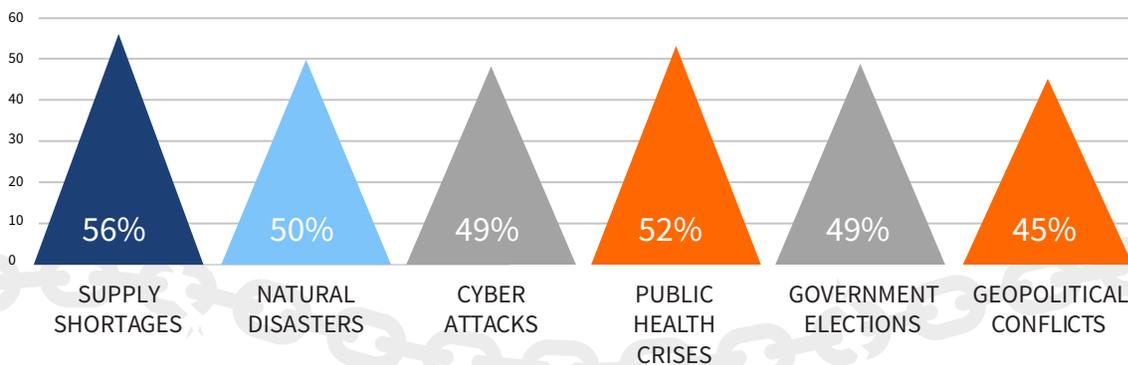are under at least a little pressure to **balance preparedness and inventory**

18%
A LOT OF PRESSURE

47%
SOME PRESSURE

31%
A LITTLE PRESSURE

4%
NO PRESSURE AT ALL
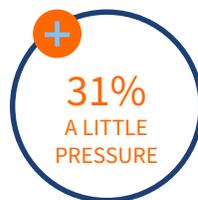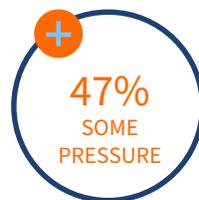
Getting Prepared Minus Predictive Guidance

Execs eye many potential causes for disruptions

Another public health crisis looms large in supply chain executives' minds, but other causes of disruptions are causing concern and driving the need to improve supply chain operations. Even more than a health crisis, supply shortages and natural disasters are a higher concern.

SUPPLY CHAIN DISRUPTIONS BUSINESSES ARE MOST CONCERNED ABOUT

SUPPLY SHORTAGES	NATURAL DISASTERS	CYBER ATTACKS	PUBLIC HEALTH CRISES	GOVERNMENT ELECTIONS	GEOPOLITICAL CONFLICTS
56%	50%	49%	52%	49%	45%

The cost of not adequately preparing for disruptions

Supply chain disruptions cause downstream effects throughout the organization; without preparation, supply chain executives fret over their workforce and reputation.

WHAT BUSINESSES FEAR WILL HAPPEN WITH A FUTURE DISRUPTION WITHOUT PROPER PREPARATION

47% IMPACT ON WORKFORCE

45% REDUCED PRODUCTIVITY

45% DAMAGED REPUTATION

36% FRACTURED SUPPLIER RELATIONSHIPS

36% QUALITY DECREASE

35% CUSTOMER DISSATISFACTION

33% REVENUE LOSS
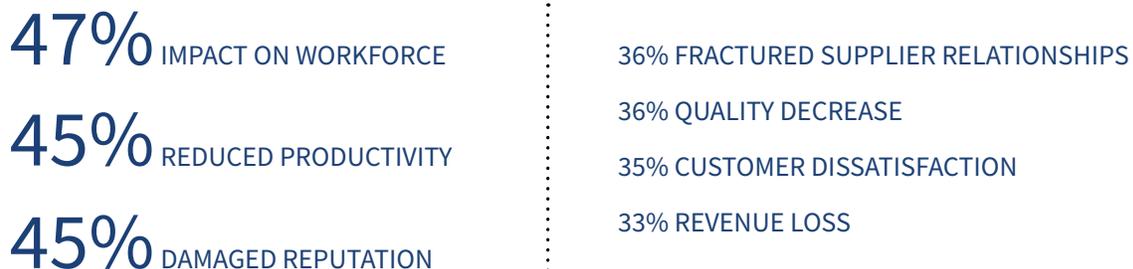
Processes & partners have been the intial focus towards preparedness

The steps supply chain executives' organizations have taken towards preparedness for the next major supply chain disruption are primarily process or partner focused, a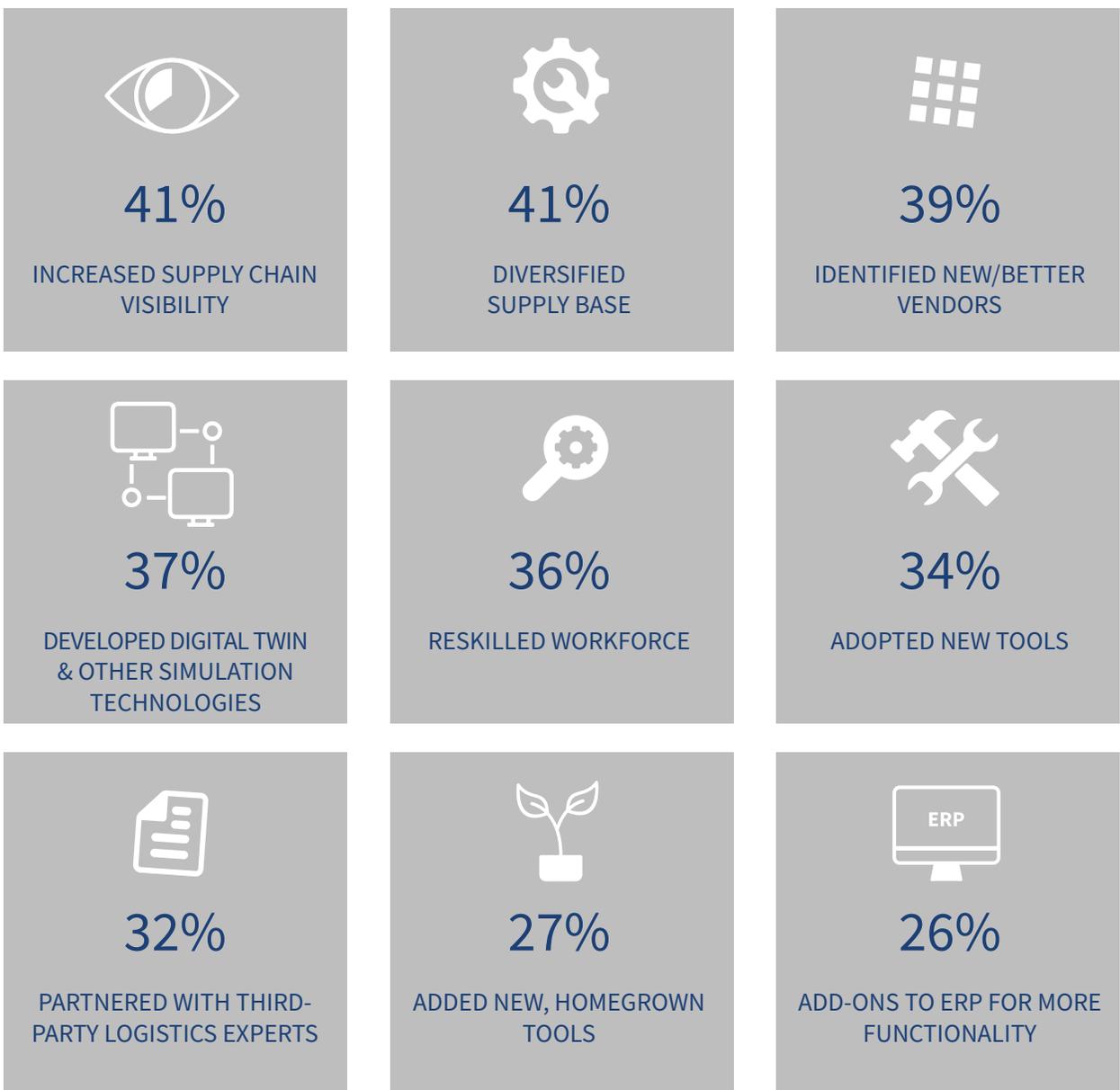nd include increasing supply chain visibility (41%), diversifying their supply base (41%), and identifying new/better vendors (39%).

STEPS ORGANIZATIONS HAVE TAKEN TOWARDS PREPAREDNESS FOR THE NEXT MAJOR SUPPLY CHAIN DISRUPTION

41%	**41%**	**39%**
INCREASED SUPPLY CHAIN VISIBILITY	DIVERSIFIED SUPPLY BASE	IDENTIFIED NEW/BETTER VENDORS
37%	**36%**	**34%**
DEVELOPED DIGITAL TWIN & OTHER SIMULATION TECHNOLOGIES	RESKILLED WORKFORCE	ADOPTED NEW TOOLS
32%	**27%**	**26%**
PARTNERED WITH THIRD-PARTY LOGISTICS EXPERTS	ADDED NEW, HOMEGROWN TOOLS	ADD-ONS TO ERP FOR MORE FUNCTIONALITY

Big changes to processes and tech stacks are occuring

To prepare for the next major supply chain disruption, almost all (99%) supply chain executives say their leadership has made a change in their approach to processes and/or tech stack. Over half (53%) have made major changes and 1 in 3 (33%) have overhauled their approach completely.
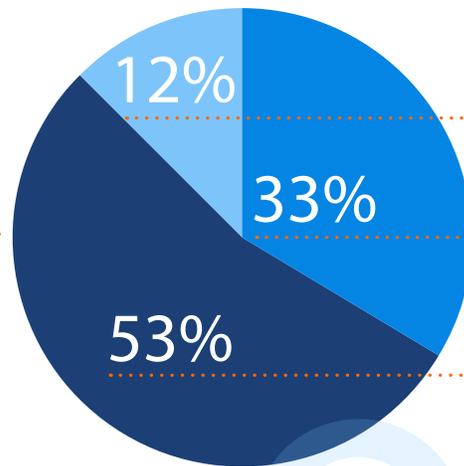
99%

Have **changed** their approach to process and/or tech stack **to improve preparedness**

APPROACHES TAKEN TO PROCESSES AND/OR TECHNOLOGY STACK BY LEADERSHIP TO IMPROVE PREPAREDNESS FOR THE NEXT MAJOR SUPPLY CHAIN DISRUPTION

82%

Now have a **real-time view** of supply & demand
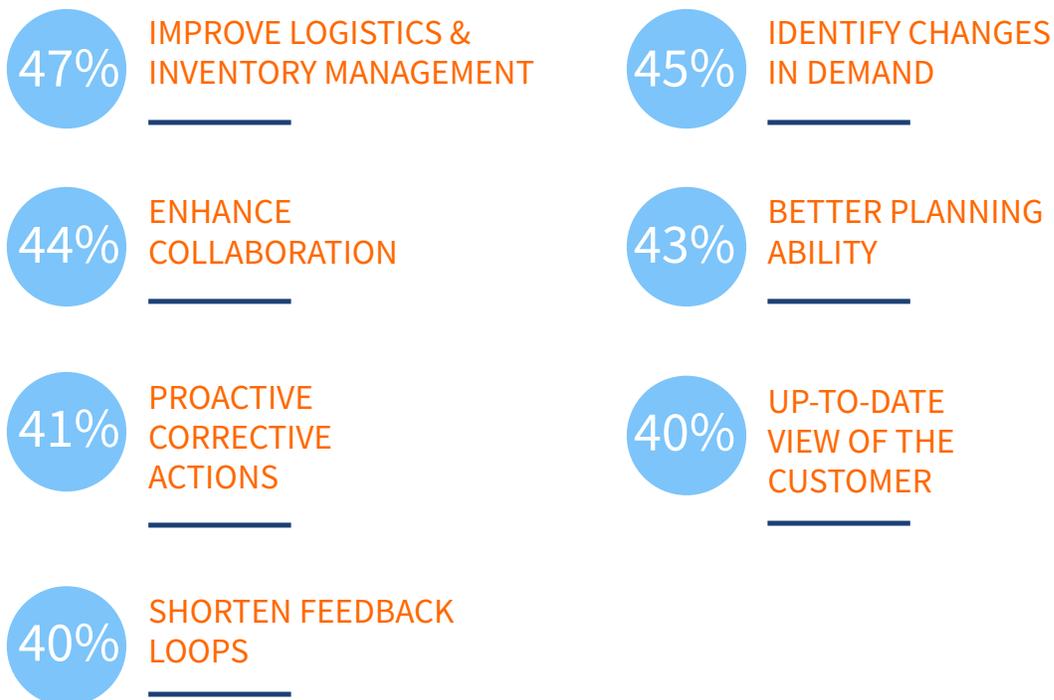
12% — CHANGED A FEW THINGS

33% — OVERHAULED COMPLETELY

53% — MADE MAJOR CHANGES

Investments are helping unlock better decision-making

Executives see many benefits of having access to real-time data to inform their business decisions, including improved logistics & inventory management (47%), the ability to identify changes in demand (45%), enhanced collaboration (44%), and better planning ability (43%).

TOP BENEFITS OF REAL-TIME DATA INFORMING BUSINESS DECISIONS

47% IMPROVE LOGISTICS & INVENTORY MANAGEMENT

45% IDENTIFY CHANGES IN DEMAND

44% ENHANCE COLLABORATION

43% BETTER PLANNING ABILITY

41% PROACTIVE CORRECTIVE ACTIONS

40% UP-TO-DATE VIEW OF THE CUSTOMER

40% SHORTEN FEEDBACK LOOPS

There are barriers to using real-time data to inform decisions

Nearly all supply chain executives (96%) report barriers to their organization using real-time data to inform decisions. One of the barriers – their current tech stack doesn't support it (44%) – speaks directly to the need for organizations to invest in their tech stack; however, the cost to implement (58%) is the number one barrier to overcome.
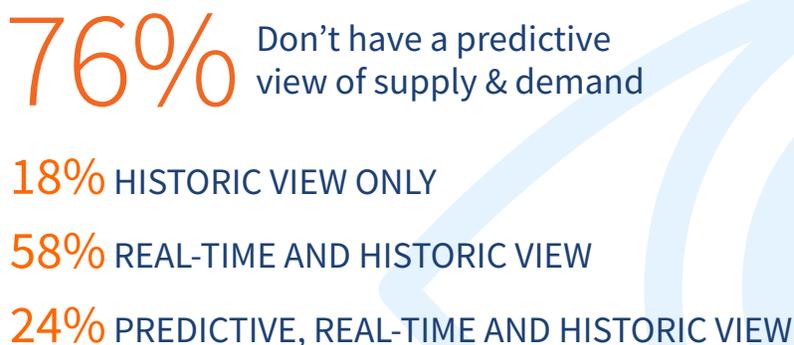
TOP BARRIERS TO ORGANIZATION USING REAL-TIME DATA FOR SUPPLY CHAIN MANAGEMENT

58%
COST TO IMPLEMENT

36%
AREN'T SET UP TO COLLECT REAL-TIME DATA

55%
STAFF SKILLS AND TRAINING

31%
HAVEN'T HAD A NEED FOR IT

44%
CURRENT TECH STACK DOESN'T SUPPORT IT

96%
BARRIERS TO USING REAL-TIME DATA FOR SUPPLY CHAIN MANAGEMENT

Despite the investments, companies lack a predictive view

While the overwhelming majority of supply chain executives (82%) now benefit from having a real-time view of their supply and demand, over 3 in 4 (76%) lack a predictive view. This means they do not have all the tools they could to ensure their organization is prepared and resilient for future disruptions.

LEVEL OF SUPPLY & DEMAND VISIBILITY CURRENT TECH STACK PROVIDES

76% Don't have a predictive view of supply & demand

18% HISTORIC VIEW ONLY

58% REAL-TIME AND HISTORIC VIEW

**24%** PREDICTIVE, REAL-TIME AND HISTORIC VIEW

Without fully unlocking resiliency, organizations are still at risk

Supply chain execs are relying on their gut to make decisions

Despite the investments and improved visibility, the lack of predictive guidance means most executives (92%) are still making subjective decisions based on their gut at least some of the time; two-thirds (68%) say it happens often or all the time.

FREQUENCY OF GUT DECISIONS MADE DUE TO LACK OF PREDICTIVE GUIDANCE
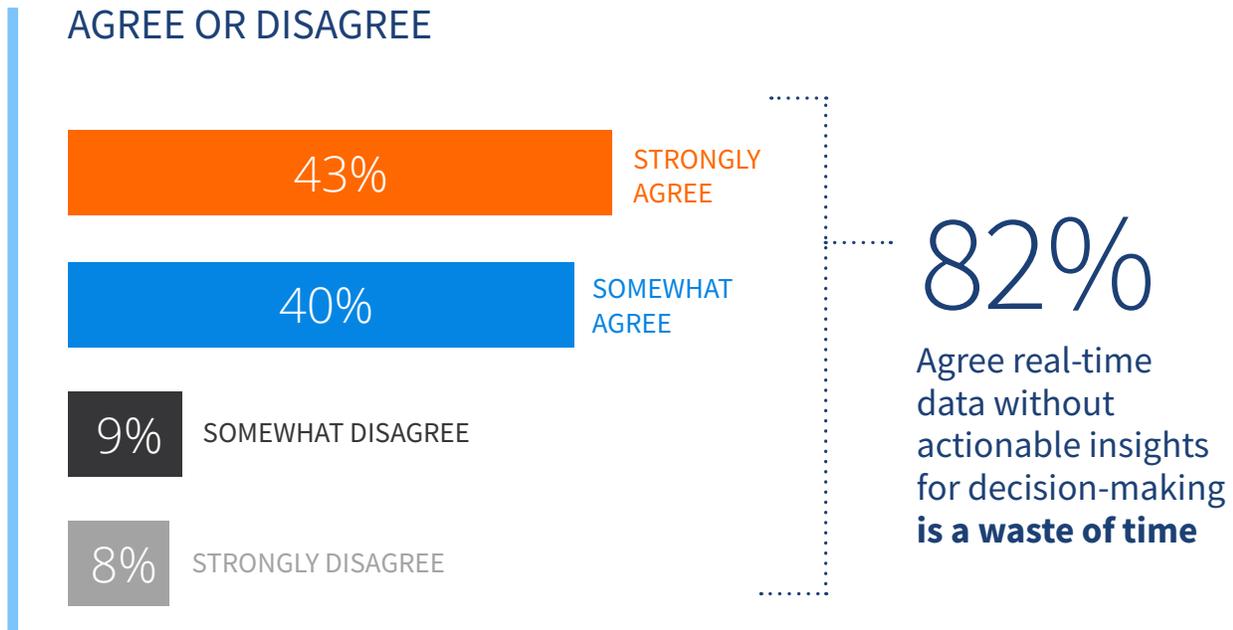
7%

26%

24%

42%
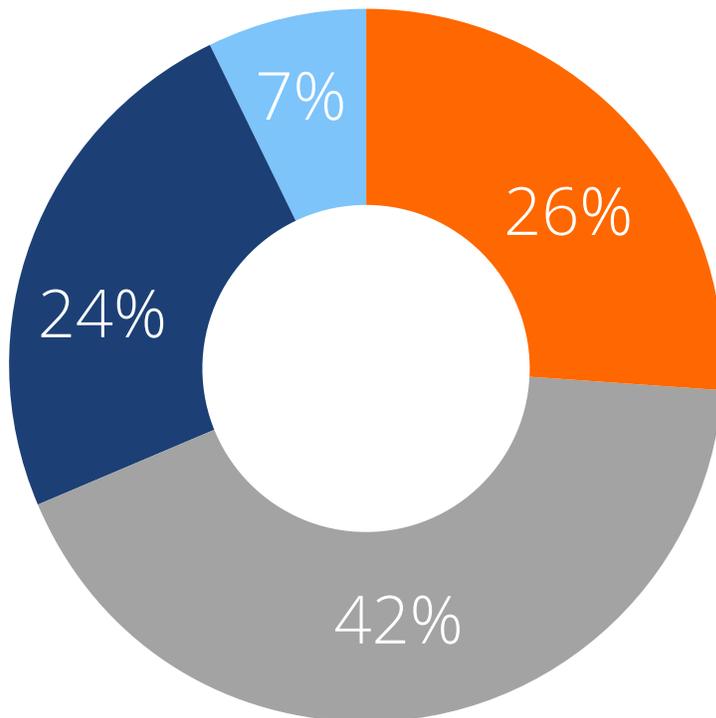
92%

At least sometimes
making gut decisions

- Often
- All the time
- Sometimes
- Rarely
- Never

Without actionable insights real-time data is wasted

Supply chain executives appreciate real-time data, but about 4 in 5 (82%) agree that the effort their organization must go through to generate real-time data is a waste of time if that real-time data does not provide actionable insights for decision-making.

AGREE OR DISAGREE

43% STRONGLY AGREE

40% SOMEWHAT AGREE

9% SOMEWHAT DISAGREE

8% STRONGLY DISAGREE

82%

Agree real-time data without actionable insights for decision-making **is a waste of time**

## Over a third of workdays are spent manually handling data

As if to emphasize the waste of time and energy, supply chain executives admit that their workforce is spending over a third (35%) of their time at work manually entering, tracking, and/or managing data.

AVERAGE PERCENTAGE OF TIME SPENT MANUALLY ENTERING, TRACKING, AND/OR MANAGING DATA

35%

of supply chain workers' time is spent **manually handling data**

Common workplace software is prevalent in organizations

The need for supply chain workers to spend so much time manually handling data is likely due to nearly 3 in 4 (73%) supply chain executives saying their organization either relies heavily on common workplace software, like Excel, or relies equally on common and specialized workplace software.
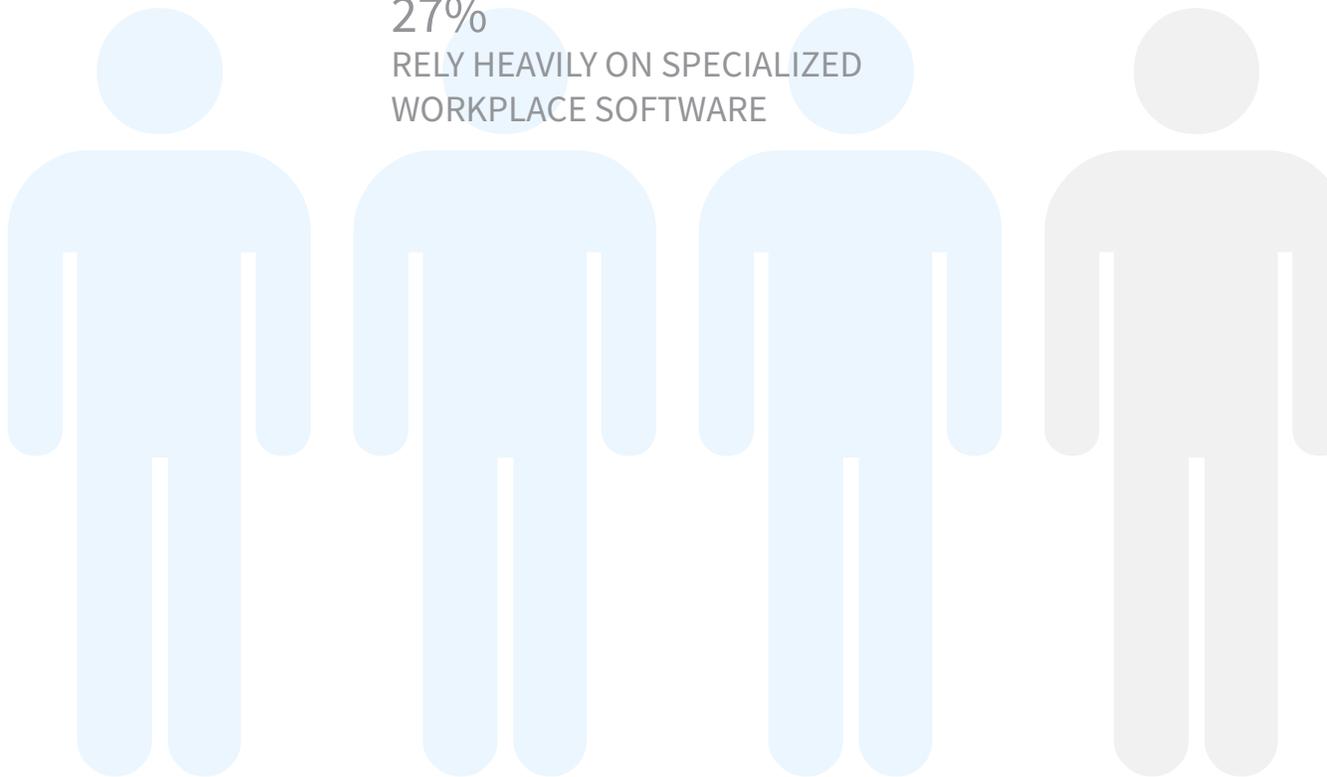
DESCRIPTION OF ORGANIZATION'S TECH STACK
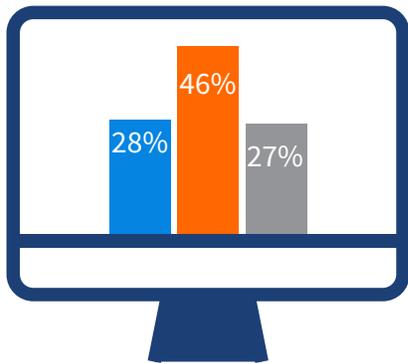
28%
RELY HEAVILY ON COMMON
WORKPLACE SOFTWARE

46%
RELY EQUALLY ON COMMON
& SPECIALIZED WORKPLACE
SOFTWARE

27%
RELY HEAVILY ON SPECIALIZED
WORKPLACE SOFTWARE

Tech stacks are deeply rooted within organizations

With initial steps in preparedness most likely concentrated on processes and partners, it's important to understand the barriers that are in the way of supply chain organizations investing in their tech stacks. The barriers that rise to the top are unique business needs (51%), the sentiment that upgrades would suffice (50%), and their current system being too ingrained (48%).

REASONS THEIR ORGANIZATION HASN'T INVESTED IN NEW TECH STACK OR MADE UPDATES TO EXISTING TECH STACK

51% OUR BUSINESS NEEDS ARE UNIQUE	**50%** UPGRADES TO CURRENT SYSTEMS WOULD SUFFICE	**48%** CURRENT SYSTEM TOO INGRAINED
42% WE RECENTLY INVESTED IN A NEW ERP SYSTEM	**26%** CAN'T AFFORD THE IMPLEMENTATION DISRUPTION	**21%** NOT A LEADERSHIP PRIORITY

19 | # RESEARCH OBJECTIVES AND METHODOLOGY

What We Did

LeanDNA partnered with Wakefield Research on custom quantitative research to:

- Understand supply chain executives' perceptions of macroeconomic conditions and perceived preparedness for future supply chain disruptions

- Establish the current state of tech stacks that supply chain executives are using at their organizations with specific examination of how those tech stacks help or hinder future preparedness

- Explore what supply chain executives regard as real-time data as well as their need for actionable insights and predictive guidance

How We Did It

The LeanDNA Survey was conducted by Wakefield Research (www.wakefieldresearch.com) among 250 Supply Chain, Planning and Inventory Executives with a minimum seniority of Manager, between December 14th and December 21st, 2023, using an email invitation and an online survey.

The results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 6.2 percentage points from the outcome that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.