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First Thoughts

By Dan Gilmore - Editor-in-Chief

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Synchronizing versus Simplifying Your Supply Chain]

Is synchronizing your supply chain a good thing?

Well, it certainly sounds pretty good. UPS says they can do it for you. Put “synchronize supply chain” in Google or Yahoo and a lot of stuff shows up. Certainly we want to “synchronize supply and demand” – hard to argue with that.

I’m asking the question because awhile back at a recent conference I attended, a software vendor made a presentation about “synchronizing supply chains” to a group of supply chain execs – and to my surprise the speaker received a lot of pushback.

Summarizing the basic position: “Synchronizing is too hard. We don’t want to synchronize – we want to simplify.”

In fact, one former exec from Home Depot said they had tried to “synchronize” at one point in logistics, building smaller footprint DCs that relied on fairly complex timing of inbound receipts, but found it proved just too difficult. He said the retailer return to a more traditional design, which cost more money, but which could be operated with less dependency on precision.

There is no question that across many if not most supply chains, there is a focus on “simplification” – whatever that means. More on that in a future column. Certainly it involves reducing suppliers and the number of “moving parts,” standardization of process, and other tactics.

In other cases, maybe we simplify by just outsourcing the thing to UPS or Exel or whomever and letting them worry about the synchronization part.

I’ll note that in my interview earlier this year with Theory of Constraints founder and general supply chain guru Dr. Eli Goldratt , I suggested to him that “as I talk with lots of supply chain executives, right now for many of them there is a strong focus on simplifying their supply chains...”

His reaction: “Good grief!” The context is more than I can relate here – take a look at [the full interview](#) to get the details, but the basic notion – you must find the keys to simplicity in the complexity.

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So it seems to me this is actually a pretty fundamental question. Do you want to simplify your supply chain, or synchronize it? Yes, a company can say they want to do both, and I suppose they can, but aren't those two concepts somewhat opposed from a strategy and tactical direction? Or do you synchronize by simplifying? Certainly to a degree – that's part of what lean is all about, it seems to me.

For most companies, supply chains are complex, and by many measures increasingly so. There was a great Wall Street Journal article a couple of years ago that detailed HP server computer supply chain – and to call it “complex” would be to put it mildly, with design, engineering, production and logistics happening all around the globe – and yes, needing to be “synchronized” to effectively get the product to the customer when needed at a price they were willing to pay.

Part of the pushback, I think, is that in the specific context I first referenced, and more generally, there is some connotation of a magic software “black box” that does all the synchronization for you. Users are justifiably cynical about that ever being the case, many having been burned on over-promises in the past.

On the other hand, I don't know how you possibly coordinate, let alone synchronize, supply chains today without a lot of technology. The big focus on “visibility” right now is certainly some manifestation of the need to synchronize. Let's call it “poor man's synchronization,” meaning we look at information and do the synchronization ourselves, rather than hoping an optimizer can do it for us.

I actually think over time we will build on what we have and know works to have optimizers that do more and more synchronization for us. But right now, for a high percentage of companies, there just seems to be so many moving pieces that the natural reaction is to place hope in simplification.

But I wonder, if you can successfully synchronize while the other guy simplifies, do you gain competitive advantage?

I know I've raised more questions than I've answered, but I think this is a worthwhile intellectual pursuit. I'd be interested in your thoughts, and would love to talk about it if you can spare a few minutes. Drop me your thoughts at the Feedback button below.

Is “synchronization” a good supply chain objective or not? Is it too hard, or too reliant on software? Are simplification and synchronization compatible, or somewhat opposite strategies to pursue? If you can synchronize, do you gain advantage?

Dan Gilmore

Let us know your thoughts.

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Science of Business ♦ Goldratt Implementation Group US
303.909.3343 phone ♦ 303.362.7353 fax ♦ www.ScienceofBusiness.com ♦ www.Viable-Vision.com
Info@ScienceofBusiness.com ♦ 3845 Forest Street, Denver CO 80207