

THE 4-STEPS GUIDE TO A WINNING SUPPLY CHAIN

FOR SMALL BUSINESSES

AFON



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INTRODUCTION

When it comes to competing effectively against their larger rivals, small businesses must be able to offer their customers fast and flexible access to their products. This can only be achieved if they have a strong supply chain. However, while large enterprises have the capacity to absorb losses from missed orders, lower cash-flow or supply shortages during peak periods, any one of these issues can permanently cripple a small business's ability to keep operating.

Therefore, small businesses need to achieve agile, cost-effective and resilient supply chains without the dedicated personnel or working capital that large enterprises have, if they are to succeed.

How can owners of small businesses manage such a feat? This is where they can take a leaf from the books of Amazon and Alibaba, whom have effectively managed their highly complex supply chains and logistics operations with relatively minimal personnel and costs, which helped them become the

biggest e-Commerce retailers in the market today.

This would not have been possible without the right technology to efficiently allocate resources and meeting demand on an immense scale. Small businesses must, therefore, take the same software-driven approach to supply chain management if they are to compete effectively against their larger rivals.

With the right software, and following a four-step formula, small businesses would be on the right track to a successful supply chain:

- **Automate** basic supply chain processes
- **Integrate** supply chains with other systems such as e-commerce
- **Optimise** operations to heighten efficiency and customer service
- **Stretch** the supply chain around new markets and unpredictable demands



STEP 1. AUTOMATE BASIC PROCESSES

To maintain a healthy profit margin, small businesses must sell more with less. This means that owners of small businesses cut down on manually managing with their supply chain processes as much as possible. That's because these processes – from purchasing and inventory, to fulfillment and finance tracking – are time-consuming, and eat up time that could be used for strategic priorities. Worse, managing these processes manually tends to generate inconsistencies and inaccuracies in the data that could cause anything from frequent hiccups to complete breakdowns of the entire supply chain.

To cut down on the workload that goes into managing the supply chain without compromising on data quality, small businesses should automate their supply chain processes. A good first step to take is to start with the simplest processes that require the least human processes. For example, you can set up an automatic signal to suppliers that triggers when inventory levels are low, ensuring that your store is always restocked.

Or if your e-Commerce platform receives an order, setting up automated updates will ensure that the change in your business's finances are tracked, saving time for your employees and minimising the likelihood of them missing orders.





Most avenues of automation are dependent on cloud computing software, a technology that many small business owners have yet to embrace. With a single centralised cloud-based platform, employees will be able to update various aspects of the supply chain – such as inventory, fulfillment and finance – anywhere and at any time, without causing any inconsistencies in the data set.

Cloud-based software is also more easily integrated with other business functions than their on-premise equivalents, and many automation technologies such as Internet of Things (IoT) devices can only work with cloud support.

The cloud offers many obvious benefits for small businesses looking to sell more with less, including no hardware costs, automatic updates, and the ability to access the system through any device, at any place and time.

Adopting cloud computing allows small businesses to automate low-level tasks such as inventory and point-of-sale (POS) management, freeing up time that can be spent on more strategic objectives. While small business owners can get started by implementing single-purpose cloud-based solutions, it's worth investing in platforms that can integrate every part of their supply chains, and enjoy even greater time and cost savings as a result.

STEP 2. INTEGRATE SUPPLY CHAIN ELEMENTS

Supply chains that are integrated with cloud technology have proven more resilient and responsive in the face of unforeseen setbacks and challenges.

Small business owners would be all too familiar with how just one mistake in supply chain operations can lead to further consequences down the line. For example, late or missed payments can lead to working capital shortages and compromise the business's ability to meet its orders. An oversupply of one product not only incurs losses directly, but also presents an opportunity cost for the business as it prevents them from fulfilling demand in more profitable products. Every part of the supply chain affects the whole, and for small businesses which may not have the manpower to manage the whole process effectively, the risks of failure are as high as the costs it incurs.

Since the supply chain is an interlinked system, it follows that it should be automated and managed by a similarly integrated software. Although small business owners might prefer to implement single-purpose applications as and when needed to better suit their budgets, this only leads to complications in the long run when it becomes necessary to get these applications to share data with each other. To ease the integration of their supply chains, small business owners would be well-served to opt for cloud-based ERP software instead, as these integrate every part of the supply chain into a unified whole. Ideally, these cloud ERP software should also be compatible with other pre-existing business software, such as e-Commerce software or other applications used by the business's suppliers and distributors.



With a supply chain automated by cloud ERP software, small business owners will be able to leverage it as part of their customer service delivery. For example, a customer who orders a product on the business's e-Commerce platform might also want to check whether the business has their desired product in stock, or track the current status of their delivery amongst other requests. To coordinate all the possible requests from every customer manually is a daunting prospect, but with a supply chain where every stakeholder shares order, customer and inventory data between each other seamlessly, it becomes a much simpler task.

Employees of small businesses can benefit from the integration of the supply chain as well. A cloud-based ERP software eliminates the need to manually consolidate records or reconcile accounts, and instead automatically unifies data across the entire supply chain to offer a single source of truth, giving employees access to real-time information about the business's finances, resources and performance as necessary. Not only does this free small business owners and their employees from the heavy burden of financial compliance, reporting and bookkeeping, it also greatly eases their access to the relevant data, which they can use to improve the overall performance of the business as a whole.



STEP 3. OPTIMISE FOR BETTER SERVICE

Small business compete on efficiency rather than scale, and the efficiency that an automated supply chain brings to the table plays to that particular strength. This also makes it possible to optimise the supply chain so as to offer an unprecedented level of quality and range of services.

It's much more than just achieving the same level of service in less time and at a lower cost than before. With a cloud-based solution optimising their supply chains, small business owners get data at their fingertips that will provide a fuller picture of their customers' behaviours, as well as the potential flaws in their current operations. For example, certain products or services may prove more popular than expected with specific demographics or areas, or the services of certain suppliers might prove to be less cost-effective than assumed. Such insights are only possible with a fully integrated supply chain, for manually compiling such complex data is not possible or sustainable.

Equipped with these insights, small business owners can leverage them to improve their sales, marketing and customer service delivery. According to a study by Forbes, 84% of businesses that improved their customer experience delivery saw an increase in their revenue. However, small businesses typically have little margin for error when it comes to

experimenting with customer experience enhancements. But with the relevant supply chain data on hand, small business owners will know what their customer really needs, and how they should adjust their marketing and customer service accordingly. Apart from efficiency, small businesses can also successfully compete with larger, but less nimble enterprises through innovation.

Improving on customer service is also another way to optimise the supply chain. By meeting actual customer needs more efficiently, small businesses can see significant savings through reduced inventory levels, streamlined contracts with suppliers and distributors, and lower capital requirements. They can also leverage new modes of fulfillment that use less capital than traditional retail and distribution models, such as "drop-shipping" orders in bulk or on-demand shipments. By running more agile operations, small business owners will greatly improve their cash flow and put themselves in a great position for further growth.

STEP 4. EXPAND GLOBAL MARKET OPERATIONS

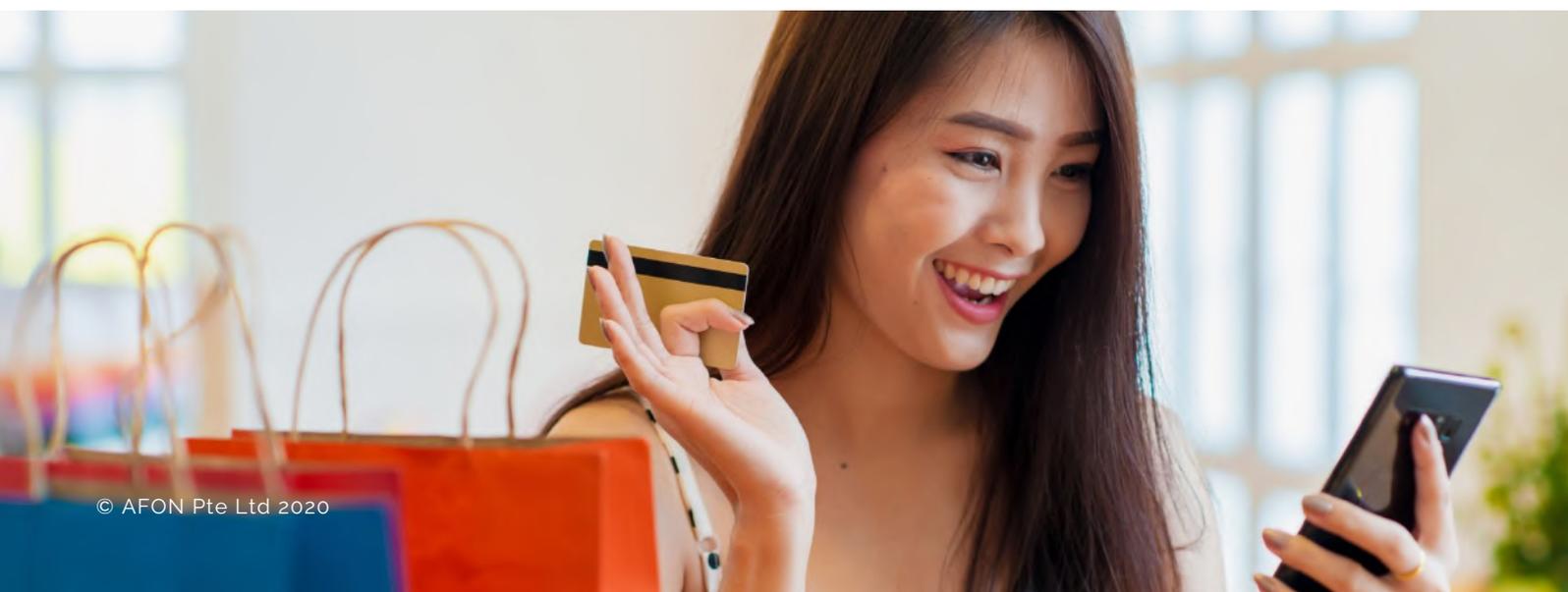
When considering the prospect of expansion, small businesses have to contend with a number of uncertainties and risks that are not to be underestimated. Should they set up a retail and supply chain infrastructure overseas only for sales to fall below expected levels, small businesses will suffer losses they may not be able to recover from. And even if the expansion proves successful, small businesses may lack the customer service capacity to cope with increase levels of demand, and may find themselves overwhelmed as a result. Given these considerations, it's only understandable that small businesses would be cautious about expanding beyond their ability to sustain.

But with a supply chain optimised with cloud technology, small businesses enjoy a lot more elasticity in the course of growing their

operations. An integrated supply chain makes it easy to add inventories and fulfillment in new markets to the software system, greatly reducing the costs and risks associated with expanding into a new market. A highly automated supply chain can also respond quicker and more nimbly to spikes in demand, the likelihood of which can also be reduced with customer access to available inventory.

Small businesses can also more easily determine the success of their expansion efforts with data on orders, fulfillment efficiency and financial performance, as well as identify and resolve issues with their expanded operations promptly.

A cloud-based supply chain makes "lighter" operations in terms of capital and time required for upkeep possible. It enables the



strategy that the world's most disruptive and fast-growing companies like Amazon and Alibaba use to good effect, even in industries that are traditionally capital-intensive. By adopting the same approach, small business owners gain the agility to expand their operations in different directions quickly, while minimising the risks to their capital, customer service levels and employee performance.

Small businesses will always benefit from moving their supply chains to the cloud, whether their business objective is to maintain current market share or pursue their ambitions of global expansion. With a cloud-based ERP software, small business owners can achieve better optimisation of their supply chains and grow their operations with their current resources – and employ the time saved towards delivering improved services to their customers, and taking the fight to the large enterprises who are competing in the same market space.



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