Data integrity continues to be neglected in supply chains

Ensuring that the data is correct is the most fundamental component of business operations. While that might sound obvious, in practice it is far from it. Supply chain studies regularly reveal that it is difficult to obtain the right data. Here, I will attempt to outline a number of arguments for raising your supply chains to the next level by managing data better.

Correct data supports the supply chain planning process

Every company's objective is, and always will be, to generate sufficient sustainable profit at the end of the year to ensure its survival. For many companies, the ability to accurately forecast inventory levels makes that crucial difference between ending the year with a profit or a loss. Therefore, it is in the interests of the Supply Chain Planning departments, who among other things are responsible for maintaining the right inventory levels in the chain, to use correct transactional data and master data. This helps them to keep the S&OP preparations running as efficiently and effectively as possible on the one hand, and to improve the quality of the monthly business meetings on the other.

Correct data avoids unnecessary costs

When I was visiting a client recently, he told me that one of his customers once received one order as 16 parcels even though all the items could easily have been fitted into just two packages. Afterwards, it turned out that the cubing algorithm in the WMS had been performed correctly but that the master data was wrong. A week earlier, the company had introduced a new sales item and the item's master data had been input into the ERP and WMS, including the logistics parameters – except for one small detail: they had forgotten to validate the logistics parameters. Hence, none of the parties involved were happy at the end of the day. The customer had 16 parcels delivered to his door and, as for the supplier, it is doubtful whether he actually made any money on this order.

Correct data is the basis for good process analysis

Wherever I go, continuous improvement is 'hot' and companies are launching all kinds of improvement programs. What strikes me is that new business cultures are being developed in which each individual is expected to take a critical view. Companies expect that all their employees continually question their processes. In itself this idea is a valiant mission that I also support. However, for the idea to work, the owner of the process must also have the right opportunities to analyze the process, and correct and complete data is essential.

Correct data helps companies to steer the right course

The management team wants to know about current performance – the familiar management reports with KPIs and dashboards, otherwise known as 'business intelligence'. What's in a name, I hear you say, but in essence it comes down to the fact that many different data sources must be used to generate all manner of reports. In practice, the management reports do not always paint an entirely true picture.

That becomes apparent when an external party conducts analysis, for example, which produces different findings than the company's own information. The upshot of this is that important decisions may be based on incorrect figures.

Correct data leads to better performance

Successful companies regard data management as an important enabler for their business performance. There are various master data management systems available that include functionalities such duplicate identification, for example, or integrity checks in order to eliminate corrupt data as much as possible. The companies that really take this topic seriously have also created a job function for the purpose, including a clear definition of the role and responsibilities. This Master Data Manager is responsible for the accuracy and completeness of the data in the system and has a direct line to the very highest level of management in order to escalate things if necessary. He or she draws up the procedures for phase-in and phase-out items, to name just one task.

To put it bluntly, companies that place a high value on data integrity will have a head start on those that do not have their data management under control. Those companies are not only missing out on opportunities but, perhaps even more importantly, with a view to the future they are putting themselves at an even greater disadvantage which will be increasingly difficult to overcome.

As I mentioned at the beginning, the arguments listed above may sound obvious but I'm a big believer in the power of repetition.

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