

# Why end-to-end supply chain collaboration matters

– a viewpoint



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## Abstract

In the interconnected business landscape, supply chain collaboration has emerged as a critical factor in enhancing operational efficiency, reducing costs and gaining a competitive edge. End-to-end (E2E) supply chain collaboration involves seamless coordination and cooperation between all stakeholders, from suppliers to end consumers. This article explores the importance of E2E supply chain collaboration and outlines four success factors for how to improve collaboration in your supply chain.

## Why E2E supply chain collaboration matters

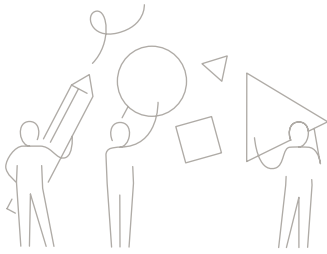
The recent times of crises have exposed substantial risks in the global supply chains. Any follower of the latest supply chain news has learned about the importance of obscure supply chain puzzle pieces from high tech (e.g. semiconductors) through transport routes (e.g. Suez Canal) to the most basic products (e.g. wooden pallets). One key element of resilient supply chains was successful collaboration. While some automotive OEMs cancelled their orders in the initial stages of the pandemic and subsequently faced supply shortages, others prioritised building long-term relationships and successfully maintained their supply even during the later surge in demand. This, however, is no new information.

After many years of playing the beer game, the true meaning of supply chain collaboration has not become a natural behaviour. Supply chain planners experience

bullwhip effects from their customers and propagate them further to their internal factories and suppliers, despite their knowledge that increasing visibility and minimising volatility is essential.

Today, the situation resembles a classical prisoner's dilemma: "If I attempt to engage in collaboration, the other party might exploit the situation." Once this behaviour can be overcome, E2E supply chain collaboration represents a radically different approach capable of transforming our entire ecosystem. This approach allows us to sharpen our strategic focus involving and enabling our partners (e.g. customers, plants, suppliers, logistics providers) to contribute to our success. In that ideal world, supply chain collaboration involves close communication and coordination among partners, minimises delays, installs risk buffers and eliminates inefficiencies in goods and information flow.

Why not start today by putting E2E supply chain collaboration on your agenda?



Have you already started your E2E supply chain collaboration story?

## Shift to solution mode!

If your answer is "yes" and you want to put supply chain collaboration on your agenda, take the first step by understanding how to achieve the biggest benefit.

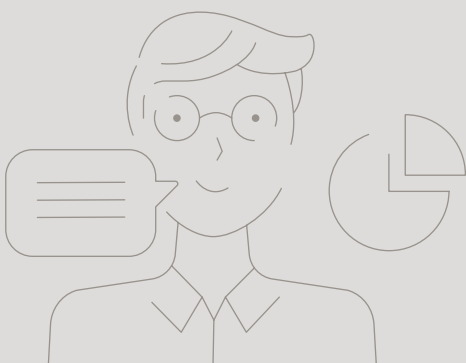
**Begin with self-inquiry:** "Where and why is inadequate E2E supply chain collaboration causing a challenge?"

**Become an ambassador** for E2E supply chain collaboration: raise awareness and highlight the deficiency of E2E supply chain collaboration, often obscured by other issues.

**Engage in dialogues** with colleagues, customers and suppliers, especially with decision-makers throughout your supply chain. Gain support from top management to prioritise and drive collaboration efforts. Foster open and honest conversations among all stakeholders, both in the company and externally. Identify pivotal issues and start with the low-hanging fruits.

**Align goals and objectives across departments** and partners to ensure a unified approach and try to establish regular cross-functional meetings to discuss challenges and opportunities.

First and foremost, **read the following four success factors for how genuine E2E supply chain collaboration can be established or enhanced.**

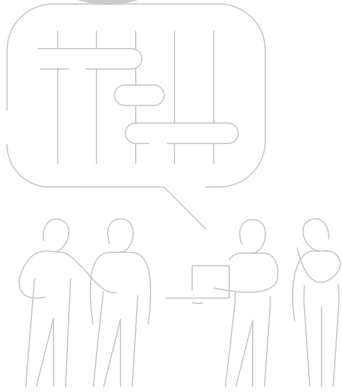


# 4

## Success factors

1. The mindset for sustainable collaboration
2. Getting customer demand insights
3. Fostering collaboration with partners
4. Orchestrating the supply chain

# 01



## The mindset for sustainable collaboration

**Cultivating the right mindset is key to unlocking the full potential of supply chain collaboration to develop productive and sustainable partnerships.**

At its core, successful collaboration hinges on cultivating the right mindset – one that values trust-based relationships, open communication and a willingness to work together. To develop this mindset, all parties must be willing to speak uncomfortable truths and share relevant data.

**The power of trust-based relationships:** Trust is the cornerstone of any successful collaboration. It is a very human factor that starts with a personal relationship built on integrity, reliability and mutual respect. Especially in international supply chains, this requires awareness of intercultural norms to avoid misunderstandings. To cultivate a genuine sense of trust in one another, suppliers must be treated as partners rather than just transactional entities. Personal trust is the foundation on which to build organisational trust and develop communication and collaboration.

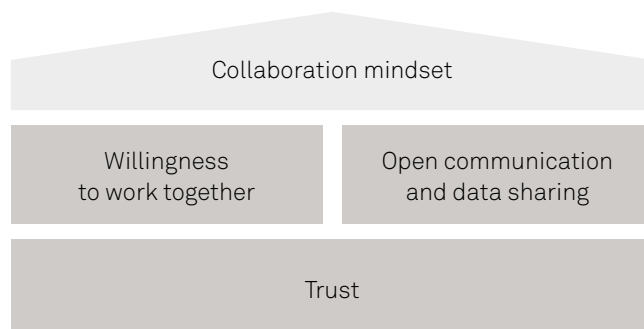
**Willingness to work together:** A willingness to work together is vital for nurturing a more productive partnership. Collaboration goes beyond individual interests and embraces a collective effort to optimise the entire supply chain. This willingness can only exist if the partners are aligned on their goals. Too often, one of the parties benefits in the short term from an imbalance and has no incentive to improve the situation. However, when all partners are willing to collaborate, they can address inefficiencies, reduce operational costs and eliminate redundant buffers.

**Embracing open communication and eagerness to share data:** Visibility has been the number one buzzword to improve supply chain performance. But while companies constantly try to gather insights, they are secretive about their own information for fear of an information asymmetry. It takes leaders with a clear commitment to open communication and a genuine willingness to share their data to encourage collaboration. While it may initially feel daunting to share inventory levels, production schedules or sales plans, this knowledge allows for better coordination and a collective response to challenges and opportunities. Companies can grow a culture of open communication where each party is willing to share uncomfortable truths and underlying data and adapt quickly to changes or issues.

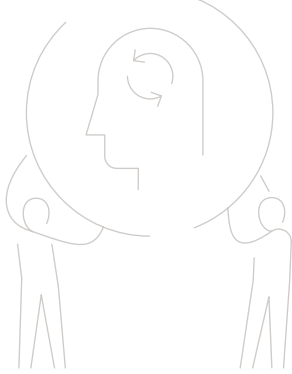
### Key initiatives for leaders:

- **Build a culture of trust:** Take targeted actions to foster a culture of trust within the organisation and among supply chain partners.
- **Leadership commitment:** Establish a clear leadership commitment to fostering open communication and data sharing in the organisation.

By cultivating the right mindset, companies can embrace the transformative power of E2E supply chain collaboration and create a resilient and successful business ecosystem that empowers all stakeholders to thrive in today's dynamic business landscape.



# 02



## Getting customer demand insights

**Accurate demand planning remains a difficult problem for many organisations. One of the key issues is that planners make too many assumptions but do not get first-hand information.**

It has been a regular occurrence in many organisations: a customer has signed a contract and has then been very quiet for a period. Suddenly, a big order comes in, causing chaos and a frenzy to fulfil it on time. Most actions tend to amplify this bullwhip effect in the company, and we will not even delve into the impact it has on our own suppliers.

But what causes this bullwhip effect, and how can we proactively manage it?

The challenges arise from the duration between the end customer’s order submission and the final arrival of that order further upstream in the supply chain. This delay is called latency, and the longer it is, the more can happen in between, leading to sudden peaks that throw the supply chain off balance.

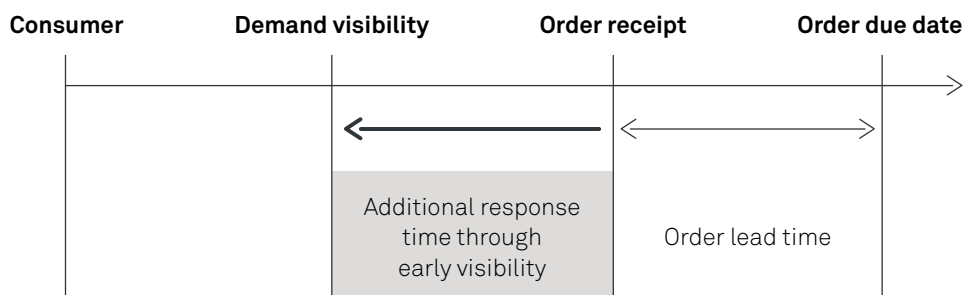
In an ideal world, one would see each unit sold to the consumers and our customers’ stocks in real time. In this case, one could foresee each order to enable the production of efficient batches that meet the plan. But of course, there is no magical demand fairy that can give us all this transparency.

### Customer collaboration can be the next big thing

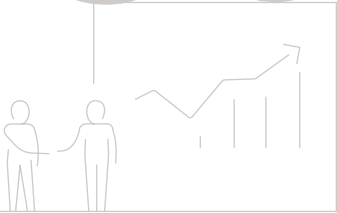
The supply chain planning aims to get the right data and get the data right! That means collaborating with customers to reduce the latency that comes from data (how long until we get the signal) and process (how long it takes everyone to make sense of the data) through early visibility and frequent interactions. A customer forecast based on trustful collaboration can be extremely helpful in anticipating demand and incoming orders. Reducing that latency would help our operations and would smoothen the peaks in demand which are causing trouble otherwise.

**Key initiatives for leaders:**

- Foster a **culture of transparency** by sharing real-time data and insights to gain a comprehensive view of the entire supply chain with simultaneous reduction of data and demand latency.
- Implement relevant metrics to **measure the effectiveness of collaboration** efforts, e.g. measure different stages of customer demand fluctuations and last-minute changes to production.



# 03



## Fostering collaboration with partners

In times of crises, like the war in Ukraine, pandemic situations and continuous interruptions of deliveries, suppliers and logistics providers have taken on an even more important role than before. The biggest learning for many companies in recent years was that collaboration with suppliers was a key factor in whether companies were able to keep their plants open and ship products on time (or at all). Some strategies proved to be especially successful in enhancing E2E collaboration with suppliers.

**Shared goals and strategic alignment along the supply chain:** When both parties have a common understanding and agree on the most important collaboration initiatives, it is much easier to improve the E2E supply chain across the company on a day-by-day basis. An incentive structure on both ends for sustainable collaboration on procurement and logistics helps to motivate collaboration.

**Technology integration:** To collaborate efficiently in day-to-day operations, the supply chain technology stacks of the companies need to be interoperable. Data shared by one company can be seamlessly consumed by its partners without the need for emails, phone calls or even WhatsApp messages. This works through supplier portals (e.g. SAP Ariba and Coupa), supply chain visibility platforms (e.g. FourKites and project 44) and others.

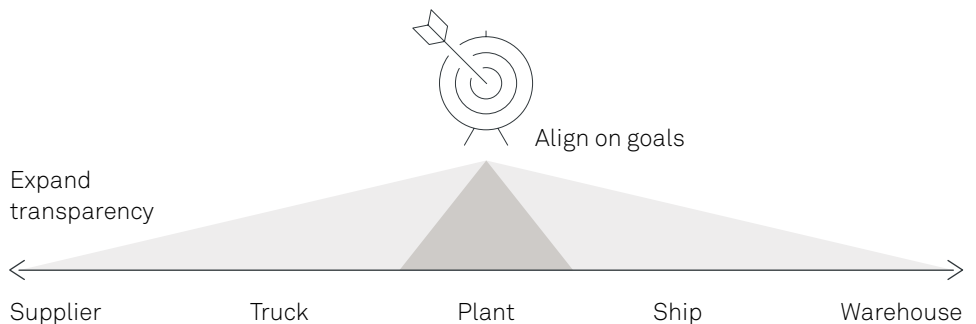
**Create network transparency:** E2E supply chain collaboration requires a continuous transparency approach in which information about changes and disruptions flows through the supply chain in a timely way. This supports standardised processes throughout the entire supply chain and ensures that we make decisions based on the most up-to-date information.

**Risk management:** Identifying potential risks along the supply chain and collaborating with suppliers to mitigate them further improves resilience. This could mean having backup suppliers, joint contingency, communication plans and others.

**Through effective collaboration, suppliers and logistics providers can help to improve supply chain performance, leading to better outcomes for all stakeholders.**

### Key initiatives for leaders:

- Make sure your critical suppliers' goals are aligned with your goals.
- Develop a system backbone that can take in your suppliers' data and provide them with what they need.
- Invest in transparency as a foundation for collaboration.
- Use joint work on risk management as a starting point for further topics.



# 04



## Orchestrating the supply chain

The full extent of collaboration’s influence becomes apparent when you can effectively manage your supply chain.

Collaboration internally (sales, supply chain, production, procurement) and externally (customers, suppliers, logistics providers) helps to improve functional metrics. However, the transformative impact of collaboration stems from the network effects of having strong relationships in all directions. Information about risks, opportunities and disruptions flows quickly through the network, but the responses are not requests for more data. Instead, it is a clear decision on how to align customer demand and partner supply in both directions. This is what we see as true supply chain orchestration and what helps companies to take on a pivotal role in the value chain and improve their overall profits.

Utilising this practice enables us to proactively inform our suppliers of changed requirements due to customer delays in advance. This early-on communication then helps to mitigate expediting costs and enables us to assess the feasibility of engaging an alternative supplier to avert potential delays.

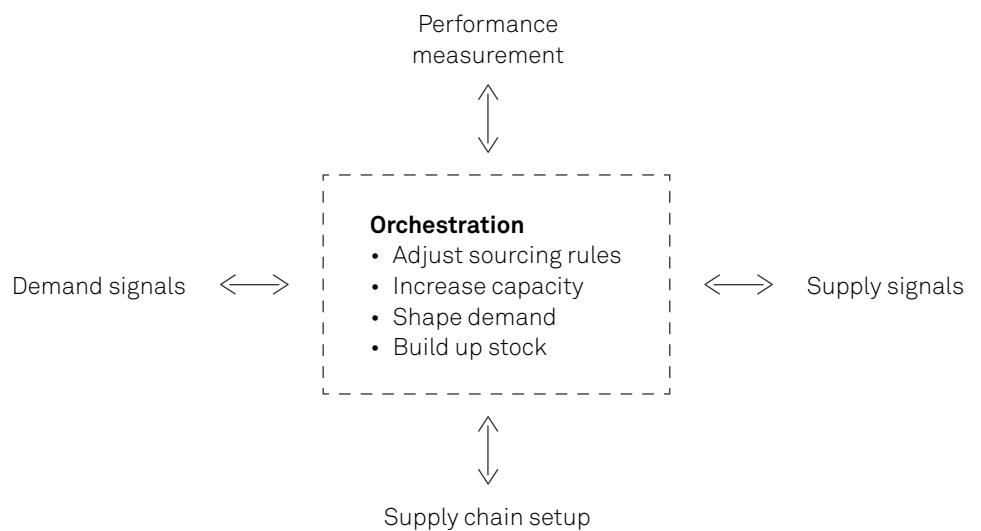
Supply chain orchestration builds on collaboration through the following three capabilities:

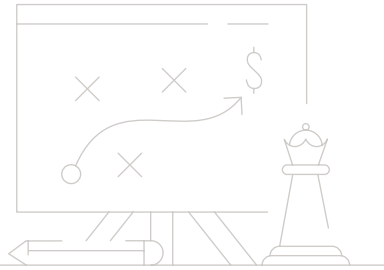
- Perceive disruptions by tracking and predicting functional metrics and network KPIs, ideally in an integrated supply chain control tower.
- Assess root causes of disruptions and find correction or mitigation options.
- Act collaboratively to use the flexibilities in the network to implement the chosen option.

These three capabilities are based on active and open collaboration with a broad set of partners.

### Key initiatives for leaders:

- Establish a digital twin that can support the “Perceive”, “Assess” and “Act” through scenario evaluation and digital collaboration.
- Discuss and negotiate the degrees of freedom with your partners to be aligned on the flexibilities you can draw upon at short notice.
- Develop a data ecosystem that supports the exchange and sharing of information and data through simple interfaces.





## Conclusion

In today's competitive business environment, collaboration across the E2E supply chain has evolved from a mere option to a necessity for modern organisations. Embracing this kind of collaboration has been proven to enhance visibility, improve customer satisfaction and enable a more sustainable way of doing business while setting the foundation for a future competitive advantage in times of crises.

The strategies outlined in this article provide inspiration for creating such a collaborative ecosystem that benefits all stakeholders involved, ultimately leading to a supply chain that is not only more efficient and agile but also contributes to a more profitable organisation.

Should you have further questions or wish to discuss your experiences in enhancing the E2E supply chain collaboration, please do not hesitate to contact us.

## Fast facts about Implement

Founded: 1996

Number of employees: 1.500+

Headquarters: Copenhagen

Offices: Stockholm, Malmö, Gothenburg, Oslo,

Zurich, Munich, Hamburg, Aarhus and Raleigh

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