

# 7 Common Pitfalls of Supply Chain Management

PREPARED BY



*Experts in Engineering Design  
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## Supply Chain Management – what could go wrong?

Supply chain management is a complex business that requires oversight and supervision of many moving parts.

It's a business that expects something to go wrong and makes plans for dealing with those problems in advance.

It's a business that needs to understand and utilize all of the available tools and technologies that can provide the necessary control in a fast-paced environment.

In this Guide, we've identified 7 common pitfalls of supply chain management and how they could adversely affect your supply chain process.

Your success as a supply chain manager is based not by what goes wrong, but by how you handle the inevitable problems along the way.

With the right systems in place, with a consistent process of checks and balances, you will be able to identify problems early and take corrective measures to minimize the disruption of your project.

What could go wrong? Pretty much everything. Now, how are you going to deal with it?

If you have any questions, please don't hesitate to contact us.

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## **Pitfall #1 - Inventory – too much or too little**

Effective inventory control is essential for supply chain management.

If you have too much inventory, you run the risk of over-buying and taking a loss in the event the product doesn't sell or becomes obsolete.

If you have too little inventory, you can disrupt your entire schedule waiting for delivery of even the smallest, least consequential item. And you run the risk of losing business for lack of product.

There's no easy formula here. It takes smart planning, attention to detail and careful monitoring of seasonal and historical trends.



## Pitfall #2 - No Plan B

The greatest risk you run with your supply chain is the possibility that one of your suppliers or contractors fails to meet your delivery deadline or budget. Or worse, goes out of business and leaves you without a resource.

As a safeguard, it's good to have a Plan B in place. It's good to have a backup supplier or contractor available to fill in when needed.

And if by chance, you need to go to another supplier or contractor, your Plan B needs to take into account what it will cost you in terms of time, money and quality?



## Pitfall #3 - No transparency

Communication is the key to every supply chain partnership. OEM executives want to know – and deserve to know – how each participant in the supply chain is progressing on their project.

But there is a fine balance. The OEM also expects you to have control of your supply chain and counts on your ability to handle adversity and possible disruptions.

If a supplier or contractor is running behind schedule or unable to meet cost requirements, decisions need to be made.

Will a particular delay or cost overrun require some type of corrective action – a change in supplier, a change in specifications, or maybe a budget adjustment?

This calls for complete transparency of the supply chain. Can you provide clients with immediate supplier/contractor updates on demand?

Better yet, are you willing to report bad news without being asked?



## Pitfall #4 - No traceability

Something always goes wrong in the supply chain.

There's no way around it. When you embark on a project involving many suppliers and many contactors, you can almost predict it.

The challenge though is being able to trace the problem back to a particular part or process.

With a sound system for traceability such as barcoding technology, you should be able to narrow your focus down to a particular part and lot number which will reduce your loss of time and money – when something does go wrong.

Mistakes happen. It's how quickly and precisely you can correct those mistakes that makes all the difference in the world.





## Pitfall #5 - Focusing only on the big stuff

When you look at your entire supply chain, you can see that each participant plays a different role in the process. Some play a central role, while others provide more of a supporting role.

Don't be fooled by this. Generally it's a good idea to put most of your attention on the things that matter most – the most important parts of your project.

It's only natural to worry more about your major supply chain partners. They do make up the largest part of your balance sheet.

But don't forget even your smallest supplier or contractor can bring your entire project to a screeching halt.



## Pitfall #6 - Managing too many partners

OEMs who want complete control of their supply chain may be inclined to hire and manage all of the suppliers and contractors themselves.

This type of micro-management may save you some money and may give you more confidence in the process, but where will you find the time?

Is it really worth your time tracking the production schedule of every single component?

Delegation shouldn't be a dirty word.

In the supply chain process, it's never a good idea to manage everything yourself.

Instead, find a partner – usually a contract manufacturer – that can hire suppliers and sub-contractors on your behalf.



## Pitfall #7 - Ignoring the warning signs

With every supply chain project, there are warning signs that something is about to go wrong. But too often, project managers will ignore those warning signs – or are unable to identify them – until a crisis explodes.

When a supplier or contractor misses a deadline or budget, it might be news to you, but you can be sure it wasn't a surprise to everyone involved. Someone knew this was likely to happen long before the news was delivered to you.

Chances are there were some internal signals that could have identified these problems earlier in the process. If the project manager had been aware of those problems early, corrective measures could have been taken to avoid or minimize the outcome.

With each one of your suppliers and contractors, establish some intermediate deadlines and budget status updates throughout the process and look for those early signs of a crisis.



## About Product Resources

Product Resources is a product design and contract manufacturer of complex bio-pharma instruments, medical devices and industrial automation equipment.

As a full-service supply chain partners, we offer:

- contract manufacturing, assembly and testing
- in-house product design and engineering
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Our manufacturing services include supply chain management, material sourcing, vendor management, electronic design/assembly, electro-mechanical assembly and sub-assembly, calibration and testing.

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## Learn more about Product Resources

Whether you're actively seeking a new supply chain partner or simply hoping to stay aware of available resources, we invite you to contact us to:

- ✓ Request Information
- ✓ Speak to our team
- ✓ Schedule an onsite visit to our facility in Newburyport, Massachusetts.

Please contact Paul Ermanski at 978-524-8500 ext. 335 or [permanski@prodres.com](mailto:permanski@prodres.com)

Visit our website at [www.prodres.com](http://www.prodres.com)

