



3 WAYS MID-SIZE COMPANY CFOs CAN **STRENGTHEN** THEIR BOTTOM LINE

The supply chain is the backbone of any business, and its performance and efficiency can make or break the competitive advantage and profitability of a company. But many mid-size supply chains are plagued by silos, fragmentation, and complexity, resulting in high costs, low visibility, and risks. To overcome these challenges, companies will need to do three things well: align their supply chain strategy, mitigate risks, and achieve end-to-end systemization.





1. Strategy: Align Performance With Business Goals

The best companies regularly evaluate and adjust prices and policies to ensure pervasive inflation isn't eating into profit margins. This can be seen at large fast-food chains where menu prices have increased 80% since 2019. These publicly traded companies have resources mid-size companies do not. Mid-size companies often underestimate the rise in input costs when determining prices and pricing policies.

- Do you offer a “free freight” policy that qualifies your customer to “no shipping charges” if a sales quantity is exceeded?
- How is this value determined? How often is it evaluated and adjusted?
- How do you apply a freight charge to your customer?
- Who oversees this entry into ERP? Making your sales team responsible can cause a conflict of interest.
- Has an analysis identified errors by incorrectly applying your own policies? Most companies are shocked by the results.
- Are inbound SUPPLIERS controlling and billing “all in” rates for product and freight?

If you are unsure about any of these, your company is likely losing margin. CFOs should validate current strategies, uncover hidden gaps, and implement technologies that will maximize profits.



2. Risk Mitigation: Supply Chain Redundancies

Operating improvements have always been attractive for efficiency and scalability, both drivers of profit.

The Covid-19 pandemic, and the obstacles and challenges derived from it, brought to light a vital requirement for companies: “keeping the lights on.” Redundancies need to exist in all aspects of the supply chain to ensure business continuity in the face of unplanned events.

Risk mitigation involves identifying, assessing, and managing the potential risks and uncertainties that can undercut the supply chain, and taking proactive and preventive measures to minimize their impact and likelihood. A few simple questions can identify if you are falling short:

- What happens when there is employee turnover, vacation, or illness? Personnel involvement in the supply chain extends throughout an organization.
- What happens if my preferred carrier: abruptly closes its doors, is offline due to a cyber-attack, declares a freight embargo, or implements a significant price increase? Reactionary companies might not be able to find capacity at reasonable prices.

CFOs should complete a comprehensive risk assessment identifying potential vulnerabilities, develop strategies and action plans, and implement technology to nullify risk. Pervasive inflation requires adjustments to policies while concurrently demanding better performance with fewer resources — counterintuitive but reality.



3. Systemization: **Integrate and Optimize**

The single most impactful adjustment any competitive mid-size company can make in today's changing market is implementing a system of processes, data, and technology across the supply chain. Companies invest heavily in ERP solutions to handle every aspect of inventory and sales but many lack visibility or control when shipping products to customers. Systemizing the supply chain enables seamless and efficient flow of information, goods, and services, while facilitating reduced costs, visibility, and agility. The companies with the best data make the best decisions.

- Does your team always select the best cost carrier? What did you leave on the table?
- Do we fulfill orders from the best DC?
- Are shipping errors causing you to be upside-down on freight?
- Are freight charges always and accurately entered into your ERP?

Systemization is not a one-time project, but a continuous journey requiring a strategic vision, clear roadmap, and strong execution.

LET KDL COLLABORATE WITH YOU

As a CFO of a mid-size company, your job has never been more challenging or critical to your company's success than now. If you are not completely sure you have the data you need to make informed decisions, KDL can help. We bring expertise and experience to the process of identifying opportunities. We streamline complex processes so that you can drive value for your company faster and without additional resources. KDL's entire focus is helping leaders like you apply our proven process to make your supply chain a dependable, top-performing function, increasing the profitability of your business.

