

Good vs. Bad Complexity

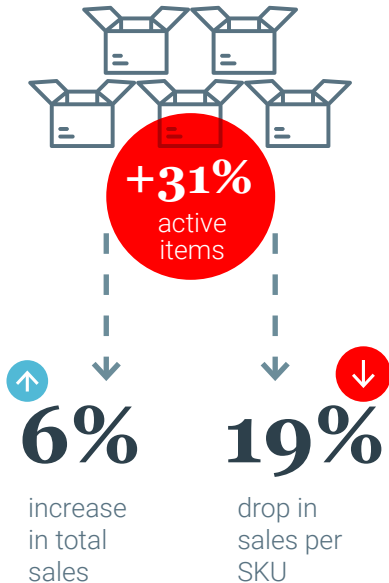
CHECKLIST

Struggling to figure out what's good complexity vs. bad complexity in your supply chain?

“Good complexity provides value that exceeds the additional cost of complexity.”
– Kimberly Becker, Gartner

Take a more strategic approach towards complexity management by understanding what good complexity is. Use this checklist to help you figure out if you're adding good complexity to enhance your supply chain rather than simply making it complicated. Scan it through for any new proposed project, service or product you are adding to your supply chain.





1.

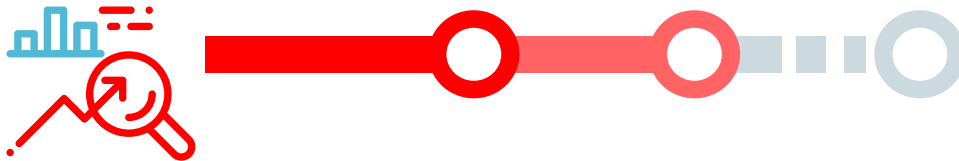
Does your new complexity drive volume and sales that exceed incremental costs?

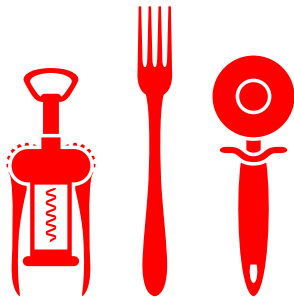
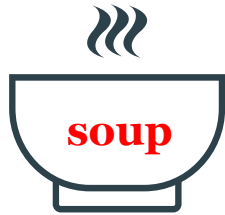
Adding new product or service introductions will lead to more SKU and process proliferation, but make sure this leads to increased sales. A benchmark study performed by E2open found while active items grew by 31%, total sales only increased by 6%, leading to a 19% drop in sales per SKU.

2.

Does your new complexity enable entry into new channels?

You will need to understand the new channel's needs and unique requirements you are targeting. Often companies move on to new, unknown or poorly understood channels before they have fully embraced the channel they are in. Ensure the new channel adds enough value or potential to justify the additional complexity.





3.

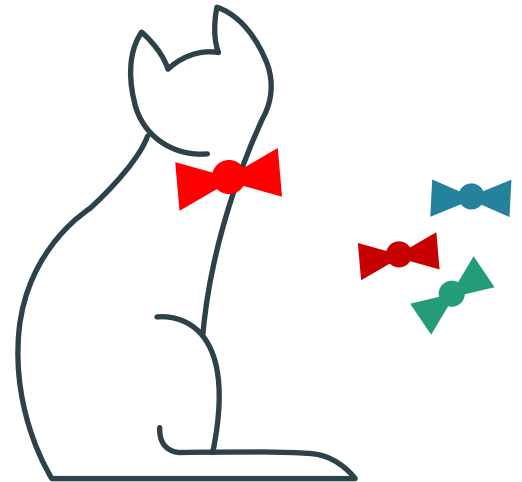
Does your new complexity bring in new products or services that fill unmet consumer needs?

Don't just add something for the sake of having something new. Make sure the new product or service fills a need that is pervasive throughout your target customer base. Most importantly, it should have enough impact that a customer is willing to pay for it.

4.

Does your new complexity include SKUs that capture growth in new or emerging markets?

Work with your existing customers and partners to gain commercial insights and learn what they really care about in order to introduce the right products or services. The complexity you are adding should be unique, innovative and foster growth in new channels and markets.



5.

Does your new complexity drive high-margin premium products?

Make sure when you assess your supply chain complexity, you're looking at it from an end-to-end mindset from both a commercial and operational standpoint. Yes, maybe this new product or service is fulfilling an unmet need, but you need to deliver it in a profitable manner.



costs



profit



Speak to a Complex Distribution Expert



For more information on Tecsys Solutions,
contact Tecsys at **800-922-8649** or **info@tecsys.com**

