E-Book

The future of wholesale distribution

Using technology to drive quality.

Sage

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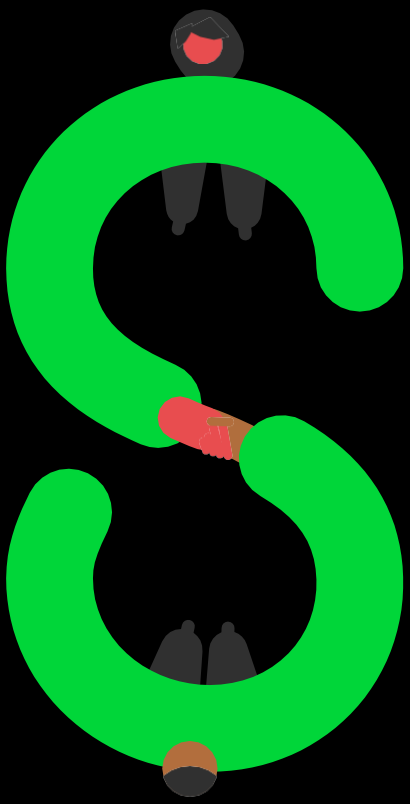

The importance of quality

In wholesale distribution, quality is crucial, as poor quality, or fluctuations in quality have a direct impact on profitability and the bottom line. The consequences of poor quality can hit businesses very quickly through social media, online feedback or the press. Bad news can quickly damage the reputation of brands no matter where they lie in the supply chain.

For a distributor, ensuring quality is maintained is all about keeping the customer happy through the on-time delivery of untainted products, while keeping costs down. However, there are numerous pressures making this more difficult for businesses. These include:

- Keeping customers satisfied while reducing costs.
- Increased product complexity.
- Multi-echelon supply chains.
- The need to work in a global environment.
- Growing compliance and regulatory requirements.
- Concerns about safety, traceability and auditing/reporting.

These pressures are driving distributors to redefine the way they think about quality, which can be particularly difficult if quality-driven culture is lacking in its DNA. Distributors must have quality ingrained in all processes, which includes having visibility across all areas from supply chain to delivery, and compliance.

The importance of quality to compliance and regulations

A lack of quality risks non-compliance, the costs of which can cripple not only the distributors reputation, but also the customers.

Distributors need to make sure that products remain suitably compliant—non-conforming products result in recalls, which are hugely damaging. It's not just the cost of replacing an order or paying for the damage it causes—it can significantly impact brand reputation and destroy customer trust.

For distributors, quality management can be particularly important in certain industries where products need to be stored or maintained in a certain way.

Food and beverage
The food and beverage industry deals with highly sensitive perishable products. Customers expect products of good quality that meet their expectations. Many countries demand transparency, traceability and visibility across the entire supply chain, which is now made possible through digitization.

With the increasing demand for food safety and security—ensuring quality not only means that products should be stored and transported in the right temperature and conditions, but that products do not deteriorate during its journey. A single area of weakness can compromise food safety, and there are numerous rules and regulations that require full tracking and traceability at all stages.

Pharmaceuticals
Quality management can literally be the difference between life and death in the pharmaceutical industry. Understandably, the pharmaceutical industry has stringent rules and regulations when it comes to distributing medicines, which means that supply chains can be particularly deep and complex. Distributors of pharmaceutical products will need to make sure that pharmaceuticals are treated with the utmost care, as well as stored in the right conditions.
They must effectively tackle the challenge of industry-specific requirements and legal mandates, avoiding waste, spoilage or recalls that could hurt the business and potentially cause harm to consumers.

How can distributors ensure end-to-end quality management?

What can distributors do to ensure end-to-end quality management throughout their processes?

1. Get the business focused on improvement
A focus on quality must start from management.

Distributors must think about:

- **All levels of the organization having defined roles and responsibilities in case of an adverse event.** A distributor's ability to quickly respond to quality issues reduces the overall cost of any quality incident, as they are better structured to act. This helps prevent products from losing quality, while keeping them on-track for on time delivery. No matter where the issue is or what department it is at, distributors will have responses prepared and will be quick to help.
- **Making it an executive priority to improve quality management.** This top level commitment would support the need for quality and gets employees focused on achieving this goal.
- **Having a centre of excellence to share best practice.** This could improve the culture and ensure employee buy-in towards quality.

2. Understand quality performance through data
To understand how they are doing on quality, a distributor must make sure they have data on how they are performing. It's why the proper use and management of data is crucial.

Distributors should think about:

- **Maintaining and managing quality data in a central application.** This allows easy access to the critical information needed to provide traceability and improve decision making.
- **Making sure a quality management system is standardized across the business**. This can eliminate and harmonize disparate point solutions which will improve quality. Manufacturers can also more easily access quality information in real time, as well a reduce errors.
- **Having quality data collected automatically across the business.** This can help to ensure compliance and traceability through the process.
- **Using statistical analytics to monitor real-time quality data.** This allows the business to harness quality related data and turn it into actionable insight. Having it undertaken in real time can improve the reliability and control over manufacturing processes. This makes quality an integral part of production execution.

From supplier and manufacturer to customer feedback, there is potential for distributors to use data to track and trace products at any stage in the value chain—they must access the right data to detect and understand where non-conformance occurs. With a business management solution, distributors can have a quality system that is an integral part of their process that extends across the entire business. This delivers the insight on quality which allows distributors to prevent issues before they turn into a situation. Products that don't meet required quality standards can be stopped from being shipped, keeping customers happy and reducing the risk of recalls.

Improving quality through the systematic monitoring and analysis of processes can impact the bottom line—increasing profitability.

Extend quality into the supply chain

Distributors are all challenged to manage quality throughout the supply chain.

To ensure supply chain quality, distributors should ensure:

- **Processes are in place for collaboration on quality.** Distributors are key contributors for the delivering of quality. The whole chain should share ideas on how to perform better, with regular planning sessions to improve quality performance.
- **Real-time visibility into quality and adverse results.** Distributors should ensure that they have real-time visibility of quality performance levels so they can quickly discover and solve problems before they escalate.
- **Standardized quality planning processes to improve supplier quality performance.** The use of cloud technology could allow distributors to share information across disparate or siloed systems.

Distributors must build a culture of continuous improvement

It's important to remember that managing quality should be an ongoing and evolving process.

Distributors should think about:

- **Continuous improvement of teams, focused on improving quality processes across operations and suppliers.** Distributors should build cross-functional teams aimed at making improvements across the business. These can help drive buy-in which can develop a quality-focused culture.
- **Regularly performed audits benchmarked to improve performance.** This helps businesses create a culture of continuous improvement, providing visibility into historic and current performance.
- **Using analytics to provide predictive insights based on captured quality data.** Quality data can support distributors in continuous improvement and better decision making.
- **Regularly performed mock recalls benchmarked to improve performance.** Distributors should always be prepared, and mock recalls can keep issues of product quality and traceability in mind.

Quality needs the right technology tools

To get control over their processes, distributors must have the right approach to technology. Through Industry 4.0, they can become a data-enabled 'connected enterprise', creating a foundation in process control and automation that can support quality management.

Otherwise known as the fourth industrial revolution, the increase in data and digitization through Industry 4.0 is a revolution in the way businesses and industries like manufacturing can bring improvements in productivity, efficiency and quality through cyber-physical systems.

Businesses should incorporate solutions that can break down the silos that standalone solutions bring—creating cross-functional communication and collaboration that synchronizes and ingrains quality across the business. Through technology in the form of automation, they can ensure quality initiatives go ahead.

Industry 4.0 also provides opportunities to improve quality through:

- Enhanced product customization.
- Increased interaction with the customer.
- Cloud software resources.
- Collaboration opportunities.

In the future, we'll see Artificial Intelligence (AI) having more of an impact when it comes to product quality. Machine learning and algorithms could be used to inform distributors of faults that will cause issues with final product quality. AI could track subtle anomalies early, meaning a high quality is maintained and the associated costs are minimized.

AI could also improve the ability of robots to handle more complex tasks and make autonomous decisions based on real-time data. This can optimize distribution processes and improve overall quality. AI could also offer solutions through up-to-date scenario and performance data.

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Quality manufacturing needs the right technology tools

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- Cloud software resources.
- Collaboration opportunities.
- Data-based value design.

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AI could also improve the ability of manufacturing robots to handle more complex tasks and make autonomous decisions based on real-time data. This can optimize manufacturing processes and improve overall quality. AI could also be used to improve products at the design phase, offering solutions through up-to-date scenario and performance data.

Why Sage X3?

Sage X3 provides a faster, more intuitive and tailorable business management solution for your growing enterprise, delivering favorable ROI and a more personalized experience for businesses than traditional ERP systems.

Sage X3 delivers value across multiple industries for large thriving customers in over 90 countries around the world, supported by over 480 business partners and more than 1300 certified consultants.

Embrace Change at Speed: Faster, more intuitive, and better tailored solutions than conventional ERP for organizations looking to retain their competitive advantage by increasing their agility and embracing change.

Sage X3 delivers comprehensive business management capabilities from supply chain management to manufacturing, through to human resource and payroll management capabilities. This is further complemented by over 50 add-on solutions providing additional industry-specific functionality.

Along with comprehensive multinational business management, Sage X3 offers support for 18 different industry verticals ranging from food & beverage manufacturing through to industrial machinery manufacturing and FMCG distribution.

This ability to support multiple adjacent verticals allows Sage X3 to support the entire value chain from seed to sale or farm to fork.

Get a Business Review or contact our Sage sales team to learn more.

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A Sage partner

Vallestra

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Partnered with Sage and experts in Sage X3, we have vast experience working customers across a wide variety of industries. We can help you drive efficiency and growth by streamlining and re-inventing your business processes.

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