SCM PROBLEMS AND LATERAL THINKING PROCESS

Subhash G Desai

Institute of Diploma Studies, Nirma University, Ahmedabad – 382 481

India

subhash1948@yahoo.com

ABSTRACT

Innovation and revolution are need of the day in every walk of our life. We observe changes in our living style, eating habits, social life, communication methods and so on. It is also essential to modify our thinking process to meet today's requirements.

It is often observed that we are planning and thinking about our future (tomorrow) course of actions. However, I differ to this thought process. In my opinion, we could plan for what we should do today (present) so as to meet growing requirements of tomorrow (future). Over many decades, we have been doing Information Management and Knowledge Management. But it is not enough. We need to go for EM – Experience Management.

In this review paper we shall examine two important aspects which may help us in solving SCM related problems and problems in general. These aspects are EM – experience Management and LT – Lateral Thinking.

KEY WORDS

SCM, Lateral Thinking, Experience Management.

1. Introduction

In resolving many problems in real world we follow some method / process based on past information, knowledge and experience. We are eager to solve issues in our favour as soon as possible. However, many organisations are failing due to one or other reasons. Exact methodology may not be known to us. The following two approach may be useful if applied with due care will help any one to arrive favourable decision.

What is Problem Solving?

A problem does not have to be presented in a formal manner. A problem is simply the difference between what one has and what one wants. There are three types of problem. The first type of problem requires better techniques for handling information. It can be solved by vertical thinking. The second type of problem requires no new information but a rearrangement of information already available. The third type of problem is the problem of no problem. The problem is to realize that there is a problem – to realize that things can be improved and to define this realization as a problem. The second and third type of problem requires lateral thinking.

2. Lateral Thinking Process [3]

Dr. de Bono originated the concept of lateral thinking and developed formal techniques for deliberate creative thinking. The appeal of Dr. de Bono's work is its simplicity and practicality. Lateral thinking can be learned, practiced and used. It is possible to acquire skill in it just as it is possible to acquire skill in mathematics. For more information visit http://www.edwdebono.com/

Thinking is a skill, it can be developed and improved if one knows how. In lateral thinking one may have to be wrong at some stage in order to achieve a correct solution. Many businesses run on calculative risks and do things which are not right. However, they capture the market as they wish. Many quality products are not advertised but sell maximum due to brand name or consistent quality. Remember the slogan of Mahatma Gandhi "Quality is inexpensive, it is priceless". This is true because of "Gandhigiri" just simplicity.

We know that the purpose of thinking is to collect information and to make the best possible use of it. We can not make the best use of new information unless we have some means for restructuring the old patterns. Our traditional methods of thinking teach us how to refine such patterns and establish their validity.

Rearrangement of information within the organization leads to huge leaps forward. Lateral

thinking is an insight tool. LT is closely related to creativity. Whereas creativity is too often only the description of a result, LT is the description of a process. LT is not some magic new system.

The method is not widely known to people because they
[i] Assume that it is obvious and every one thinks laterally anyway.
[ii] Assume that it is rather a special subject and not of use or relevance to every one.

There is great continuity in any system. A slight divergence at one point can make a huge difference later. In lateral thinking process, we may get this point randomly which brings great advantages in the organization. As with trial-and-error method, a successful trial is still successful even if there was no good reason for trying it. So keep trying innovative ideas which are generated in the mind to overcome difficult situation.

The pay off from a new idea or an insight restructuring of an old idea can be so huge.

Attitudes towards LT concepts:

It is quite impossible to tell whether a particular solution was reached by a lateral or vertical process. Lateral thinking is a description of a process, not of a result.

Most people believe that since all effective thinking is really logical thinking then lateral thinking is just a part of logical thinking. Lateral thinking and vertical thinking are complementary.

Lateral thinking is like the reverse gear in a car. One would never try to drive along in reverse gear the whole time. On the other hand one needs to have it and to know how to use it.

An idea that was very useful at one time may no longer be so useful today and yet the current idea has developed directly from that old idea. Lateral thinking is both attitude and a method of using information.

The lateral thinking attitude involves firstly a refusal to accept rigid patterns and secondly an attempt to put things together in different ways. In lateral thinking information is used for its effect. This way of using information involves looking forward not backward.

Use of lateral thinking is to generate NEW ideas. The deliberate generation of new ideas is always difficult. From advertising to engineering, from art to mathematics, from cooking to sport, new ideas are always in demand.

Formal Techniques:

The purpose of the formal techniques is to provide an opportunity for the practical use of lateral thinking so that one may gradually acquire the lateral thinking habit. The followings are some of the techniques used in lateral thinking process.

The generation of alternatives: One is not looking for the best approach but for as many different approaches as possible.

Challenging assumptions: The 'WHY' technique.

Innovation: The purpose of thinking is not to be right but to be effective. Design requires a good deal of innovation. The root is the conflict.

Fractionation: True or False, complete division and overlap.

The reversal method: Whenever there is a one way relationship between two parties, the situation can be reversed by changing the direction of this relationship. Story of crow and pot of water, blind man lamp etc.

Brainstorming: Cross stimulation and suspended judgment.

3. Experience Management [1] & [2]

Experience is an emerging mechanism for communication with customers and will lead to competitive advantage. Customer satisfaction is an inadequate measure in experimental environments.

Experiences: a key innovation in today's business is experience. In today's environment of ever more sophisticated consumers – those who deliver memorable customer experiences consistently create superior value and competitive advantage.

- Experiences are now part of the offerings not just of leisure and

entertainment, but of business in general.

- The use of customer experiences to create value has been called the experience economy.
Innovative companies are building portfolios of experiences to support their products and services and to build brands.

Branding: experiences create strong emotional ties that are a powerful tool for creating brand equity and differentiation.

Destinations: the destination provides a powerful model for profitability and growth. To create successful destinations, organisations are

- building a diverse and changing set of experiences, promotions and attractions so that customers will want to return

- moving from venues with a single focus whether it be retail, sport, or entertainment to one where there are multiple activities that attract people more often and for longer

- designing destinations that remained focused, but meet the needs of multiple segments

- building retailing as a destination.

Management challenges: becoming part of the experience economy and creating destinations pose a set of management challenges that are different from those of regular business. The research identified a set of key challenges and proposes five imperatives for effective experience management:

- manage experiences as theatre

- use experience to build brand equity

- balance control and spontaneity

- manage conflict between creativity and business

- develop and use appropriate measures.

The experience profit cycle - successful experience and destination organisations build for themselves a repeated cycle of investment and management, vibrant experiences, customer growth, profitability and reinvestment.

Road map for transformation: the experience profit cycle, the key imperatives for managing experiences and the destination model provide a road map for change.

To obtain an electronic copy of the report, please email fhusson@london.edu

Supply Chain Management [4]

Problems in non-integrated supply chains are legendary. Poor integration causes the classic boom-bust bullwhip of alternating excess inventory and stock-outs. Conversely, an integrated supply chain provides significant competitive advantage including the ability to outperform rivals on both price and delivery.

Although we've known about the theoretical benefits of supply chain integration for years, making it work in practice has been difficult. In pre-Internet days there were no satisfactory solutions to the trade-offs in supply chain integration between low cost, rich content, and long-distance using traditional supply chain management methods. EDI allowed expensive but limited exchange of content with remote partners, while just-in-time purchasing and vendor-managed inventory provided lower cost yet rich connections with only nearby customers or suppliers.

Only recently has the Internet resolved these tradeoffs and afforded the potential to connect all supply chain partners. The most admired and feared companies today therefore have tightly integrated web-based supply chains. This broad upstream and downstream supply chain co-ordination using the Internet is what we call 'e-integration'. Real-time information travels immediately backwards though these supply chains and inventory flows swiftly forwards. Most importantly, products are delivered quickly and reliably when and where they are needed.

The more integrated the flow of data between customers and suppliers, the easier it becomes to balance supply and demand across the entire

network. Where real-time demand information and inventory visibility were once impossible dreams, web-based technologies are now indispensable to demand forecasting, inventory planning, and customer relationship management. The game is therefore not only about synchronizing all actors and activities in the supply chain, but also about being driven by real-time demand information and thus being truly responsive to customers. This is why some observers are promoting the term demand chain management. Perhaps most importantly, this is not a passing fad like so many other trends of the past decade. Ever greater levels of e-integration will continue to be one of the most important strategic competitive weapons available to companies well into the foreseeable future.

4. CONCLUSION

Lateral thinking is not a substitute for the traditional logical thinking but a necessary complement. Logical thinking is quite incomplete without lateral thinking. The need to be right at every step is absolutely essential to logical thinking but quite unnecessary in lateral thinking. Lateral thinking is generative, vertical thinking is selective. Effectiveness is the aim of both. Lateral thinking is especially useful in problem solving and in the generation of new ideas. Without a method for changing concepts they are more harmful than useful. Rigid concept can actually create a great number of problems. The need to change idea is becoming more and more obvious as technology speeds up the rate of communication and progress. We have never developed very satisfactory methods for changing ideas but have always relied on conflict. It is difficult to acquire any sort of skill in lateral thinking simply by reading about it.

5. References
Journal Papers
[1] Christopher, M. (1997), *Marketing Logistics*, Butterworth-Heinemann, Oxford.
[2] Christopher, M., Juttner, U. (2000), "Achieving supply chain excellence: the role of relationship management", *International Journal of Logistics: Research & Application*, *Vol. 3* No.1, pp.5-23.
Books
[3] Edward De Bono, *Lateral Thinking* (Penguin Books, 1970).
[4] Christopher, M. (1998), *Logistics and Supply Chain Management*, 2nd ed., Financial Times, London.