



# FOCUS *on your* SUPPLY CHAIN

**L**ANDSCAPE INDUSTRY managers typically focus on activities such as purchasing, delivery and construction. They spend little time trying to understand the interaction between all parts of the production process. That's where Supply Chain Management (SCM) comes into play.

SCM is a system designed to promote organization between the various areas of production and teamwork among those involved. Applying SCM to landscape management is critical in tough economic times to "contain the hemorrhage" of excess use of materials, loss from dead plant material and idle production team members who are waiting for materials to arrive.

You're not properly managing your supply chain if your production managers and crew leaders, the highest paid members of your production staff, stop at Lowe's, Menards or Home Depot on a daily basis to pick up supplies for their crews.

At this point, you may be thinking SCM is for big manufacturing facilities and not for the typical landscape business, since we're individualized and

**THE PAYOFF WILL BE REDUCED WASTE AND IMPROVED PRODUCTIVITY.**

BY **BRYAN MOURS**

service oriented, but that's not the case. Companies that practice SCM find savings by looking at the four key strategic operational areas: supplier evaluation, information technology (IT), delivery services and inventory management, plus other important factors such as site location. With SCM a typical landscape business could save thousands and in some cases tens of thousands of dollars to support bottom line needs, including new equipment and improved IT, to better manage the supply chain.

### **Start with suppliers**

What are some ways we can immediately manage our supply chains better? Suppliers are a great place to start. Evaluate your vendors to be sure they're the right fit for your organization and develop strong, lasting partnerships. Ensure your suppliers provide quality products that meet the expectations of your clients. Don't compromise.

For example, growers are a great

resource for quality plant material. Wholesalers and big-box stores typically have product that's been handled three to four times before being displayed at their location. This multiple handling of plants, combined with less care, significantly lowers plant material quality. As a rule, nobody cares for plant material better than the grower.

The best way to identify material quality is to visit vendor locations in person and observe the quality of the plants and hardscape materials. Discuss your concerns with them and ask questions about product handling and care. While the visits may take a few days during your busy schedule (I recommend going two or three times annually), the time spent could save thousands of dollars in extra labor hours required to replace low-quality material at a job site. If you discover the vendor doesn't provide the quality products you and your customers require, it's time to look for one that does.

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When evaluating suppliers, identify offerings that will help you improve management of product use and inventory levels. Ask for special services such as “just in time” delivery—where the vendor holds your product until it’s needed at the job site. In the past, I personally worked to understand inventory levels on a monthly basis and changed systems so vendors held plant material until the product was needed. The results of the change in our procedure and recording and measuring data showed we were losing more than \$20,000 a year in dead plants and excess material usage.

Many companies balk at paying delivery fees, but the savings in lower inventory levels and production efficiency will more than make up for them. In one case, a supplier charged \$27 per direct job site delivery regardless of load size, including single items. Consider the savings from a commonplace practice: sending a \$19-per-hour crew foreman in a company truck about 20 miles round trip to pick up the part. Using delivery, savings is evident almost immediately, especially when you can combine loads.

Use of vendor-managed inventory (VMI) outsources the responsibility of your inventory levels to your suppliers. VMI entails suppliers visiting your site to take counts and place orders for you or by using a software program. With a

site-visit supplier, avoid giving them free rein of ordering inventory. Oversight is important and includes checking orders ready to be placed and comparing them to sold work, considering the season. Software-based systems remove this double check because they allow the supplier access to your sold orders and material need dates. VMI services are not widely offered, but it doesn’t hurt to ask, and it’s important to develop processes and procedures that best fit your company. Ask your vendors to provide the special services you need as partners who are concerned with your growth and bottom line. If suppliers are not open to partnering with you to help with your requirements, it’s time to move on.

### Improving processes

Improve internal processes to identify material needs specified by your estimating and sales staff. Work with the production staff to understand how and when materials will get to the job site so production workers aren’t idle. Weekly meetings between the production scheduling staff and purchasing department are critical for accurate timing and sequencing of a large project. Timing is important so suppliers can understand well in advance when best to schedule timed deliveries. Courtesy goes a long way with suppliers. Ensure the production staff understands each piece of the project so work isn’t duplicated. Con-



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## SUPPLY CHAIN

ducting a job walkthrough with designers/estimators can remove guesswork from making plans a reality. Sometimes plans don't tell the whole story. In one example, a blue stone sidewalk was changed twice because it wasn't laid out per the designer's mindset. The rework added an extra \$3,000 for labor and additional material.

Start measuring the performance of your supply chain, including responsiveness and reliability of orders placed with your vendors; inventory levels and inventory turnover; costs of material waste or theft; and customer satisfaction with the project's timeliness and quality. Having the proper software in place for your size company is important to simplify data collection and reporting. There are many great products available specifically for our industry.

In today's economy, better managing your supply chain is essential. Be aware of where you're spending your money and work to get costs under control. You will be surprised at what you can find in the process. **LM**

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