

Strategies for Optimizing the Supply Chain in the Wholesale Trade of Footwear

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Abstract: The supply chain is one of the most important elements of a business. It includes the search, production, storage and delivery of goods. All these are the most important tasks that need to be performed as efficiently as possible. Difficulties arise due to the fact that they are handled by different people and they are not always connected. If the supply chain is inefficient, it can lead to higher costs and lower profitability. Problems with the supply chain also have a strong impact on the quality of customer service, and this can even lead to their loss. The solution to this is to optimize the supply chain.

In this regard, the purpose of the work was chosen to consider existing strategies aimed at optimizing the supply chain in the wholesale trade of footwear. Scientific articles, information on the open Internet, as well as opinions of experts in the industry were used as theoretical foundations.

Keywords: supply chain, supply chain optimization, marketing, sales, shoe wholesale, trade.

Introduction

Supply chain optimization is the pursuit of maximum efficiency in supply processes. The main goal is to minimize costs while providing the customer with products and maximize company profits. Realizing this goal requires balancing the costs of production, inventory management, transportation, order processing and customer satisfaction.

Supply chain optimization is more complex than many may realize. This process requires time and constant monitoring, taking into account constant changes in various factors. The supply chain structure that maximizes profits and minimizes costs is subject to changing conditions such as raw material costs, transportation costs and customer expectations.

Supply chain optimization is important for companies to meet changing customer expectations and effectively respond to unexpected changes. Knowing the causes and impacts of this process on supply chain operations is key to successfully implementing optimization [1].



Fig.1. The need to optimize supply chains

- 1. Expanding information accessibility:** Supply chain operations are distributed across different departments, which can lead to information fragmentation. This makes it inaccessible to all participants, undermining management effectiveness and increasing risks. Once optimization is complete, the information will be available to all links in the chain, increasing coordination.
- 2. Guaranteed accurate planning:** Planning plays a key role in the efficient operation of the supply chain. Streamlining this process provides universal access to information, improving the ability to accurately

plan for events that could disrupt system operations. It also facilitates more accurate demand forecasts and data-driven budgeting.

- 3. Reduced reaction time:** Improved visibility and planning help avoid major problems. Increased visibility, a result of supply chain optimization, speeds up the response to unexpected events. Early anticipation of future events and preventive measures become possible.
- 4. Minimizing risks:** The supply chain always comes with various risks due to unforeseen circumstances. Efforts to reduce risks that can result in financial loss and customer disappointment become more effective with an optimized system. This includes reducing potential production delays, supply chain disruptions, data leaks and short deliveries, which contributes to business sustainability [2].

1. Process optimization

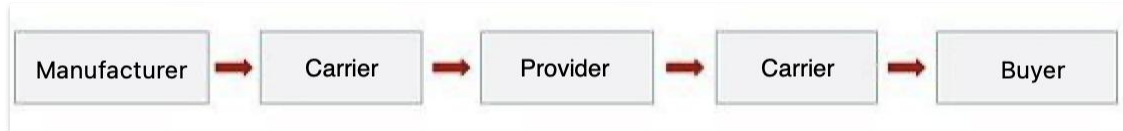


Fig.2. The structure of the supply chain

In today's networked global economy, effective supply chain management has become especially critical for the successful functioning of enterprises. Regardless of their specialization, even such large retail outlets as department stores and “Big Box” stores are actively adapting to market conditions, providing a wide range of goods to customers.

In modern times, it is difficult to justify the need for vertical integration in such enterprises, especially given the availability of low-cost communications and supply chain management tools. In such scenarios, it often makes sense to outsource supply chain management, thereby increasing the efficiency and profitability of the enterprise. This allows businesses to focus on their core competencies while external experts take on the optimization and coordination of supply chains, ensuring flexibility and adaptability in a rapidly changing market.

2. Supply chain options

There are a variety of supply chain options, each providing unique opportunities and benefits.

- 1. Global SCM:** This type of supply chain combines global production with efficient management. Tariffs and local taxes must be taken into account when moving goods and services around the world to create maximum value at the end of the chain.
- 2. SAP DRM:** SAP systems, applications and products provide innovative solutions in the field of logistics and enterprise resource planning. SAP's automated approach to supply chain management includes supply chain planning, execution and coordination, as well as production management, business forecasting and demand planning.
- 3. Logistics and DCM:** It is the art of coordinating the efforts of all participants in the supply chain to efficiently deliver goods from their source to the consumer.
- 4. Procurement and SCM:** Focused on the financial side of SCM, this option emphasizes the cost and value-added aspects of each stage of the supply chain.

It is important to note that information on supply chain management is constantly updated, processes are modernized, and current news is an integral part of maintaining efficiency in this area [3].

3. Stages of supply chain management

Effective supply chain management is a complex and multifaceted process that includes a number of key steps:

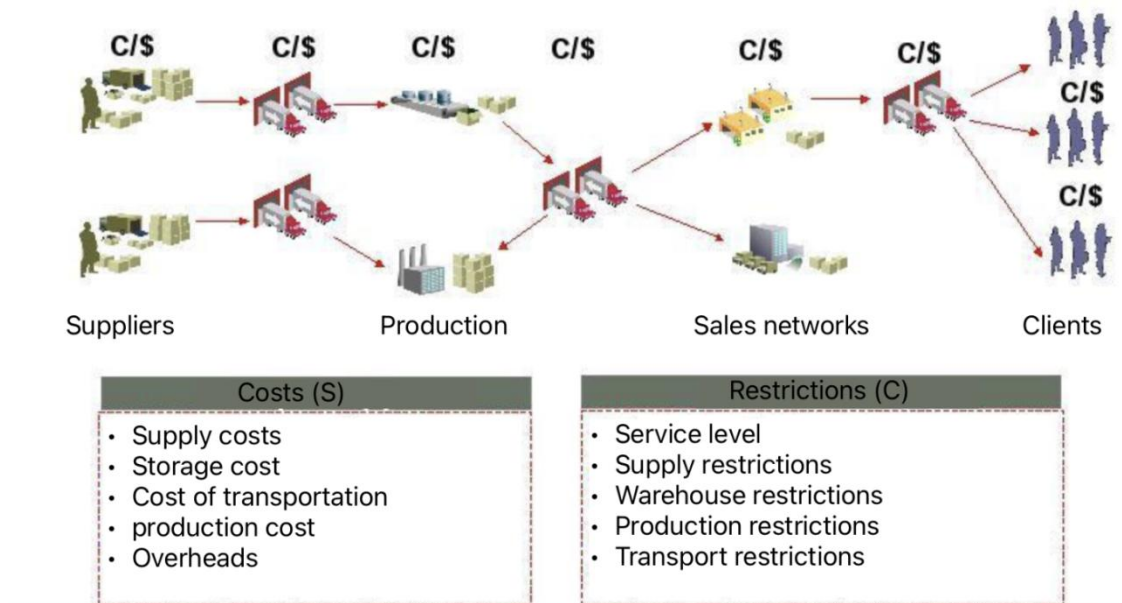


Fig.3. Supply chain modeling

- 1. Demand Planning:** This stage involves careful analysis and forecasting of future demand for goods or services.
- 2. Supply Management:** This is where the selection and interaction with suppliers is carried out. This includes identifying suitable suppliers, conducting the procurement process, establishing partnerships, negotiating contracts, monitoring the quality of goods or services supplied and optimizing delivery times.
- 3. Production Management:** This stage involves planning and coordinating production operations. This includes optimization of production processes, accurate resource planning and coordination of work between different departments.
- 4. Warehouse and Logistics Management:** An important aspect is effective inventory management. This includes developing warehouse management strategies, optimizing logistics processes, choosing convenient delivery routes and establishing interaction with logistics partners.
- 5. Information and technology management:** This stage includes the implementation of modern information systems and technologies to effectively manage the supply chain, ensure transparency and accuracy of data, and timely information to participants in the process.
- 6. Risk Management:** This phase involves identifying risks, developing strategies and plans to manage them, and identifying risk mitigation measures, which is an integral part of successful supply chain management [4].

5. Stages of supply chain optimization

Supply chain optimization is the pursuit of the best organization of product distribution from a variety of options. It's more than just a process; this is the pursuit of ideality. However, achieving a 100% ideal is very difficult, given the constant changes in circumstances, consumer demands and market dynamics. Therefore, supply chain optimization is, first of all, a synthesis of planning and response systems.

Supply chain optimization goes through three key stages:

- 1. Strategy:** This stage includes analyzing the current state of the supply chain, conducting research and making forecasts. The main task of management is to determine optimization goals, taking into account ongoing challenges such as balancing supply and demand, efficient use of resources and the desire to increase profits. At the strategic level, more specific goals are set, such as exceeding customer expectations or improving relationships with suppliers.
- 2. Planning:** At this stage, the steps necessary to implement strategic decisions are determined. Plans are made, evaluation criteria are assigned, and, if required, additional resources are found. This includes both human and technological resources, including automation systems, forecasting models and customer relationship management programs.

- 3. Operations:** At the functional stage, responsible departments carry out many interrelated processes. This may include logistics configuration, supply chain planning and design, integration of new participants, inventory management and, if necessary, outsourcing of some processes.

Supply chain optimization is a continuous process based on demand, and an effective demand forecasting system is an important element. Platforma, a marketplace of Big Data-based tools, provides a machine algorithm that analyzes anonymized consumer data to make more accurate forecasts, taking into account a variety of factors such as seasonality, trends and marketing campaign results [5,6].

5. Supply chain risk management

Interconnections in a supply chain have been compared to dominoes, where one link can start a chain reaction, affecting subsequent links. Maintaining a sustainable supply chain is becoming a key factor to prevent possible disruptions in business processes.

An example of how supply chain disruptions can impact a business is the apparel and footwear industries in the United States. These sectors are closely linked to international supply chains. In 2023, the COVID-19 pandemic resulted in notable costs for these sectors, estimated at US\$9-17 billion. This highlights the fragility of global supply chains and the need for risk management strategies in the face of unpredictability.

Several strategies can be applied to solve problems in the footwear supply chain:

- 1. Build long-term relationships with suppliers:** Establishing strong relationships with suppliers promotes innovation and supports the production of responsible products. Long-term relationships can increase purchase volume from a supplier, allowing brands to continually improve product quality and sustainability through ongoing dialogue.
- 2. Supply Chain Risk Management Review:** Given rapidly changing market conditions, reviewing and re-evaluating supply chain risk management strategies remains important. Identifying vulnerabilities, developing change management roadmaps, and reviewing strategy will help keep your risk management strategy relevant and effective.
- 3. Expanding your supplier base:** Diversifying your supplier network and considering alternative procurement sources reduces risk, especially in the wake of disruptions caused by the COVID-19 pandemic. It also gives the company more leverage when negotiating contracts and allows it to discover unique products from new suppliers.
- 4. Understanding Supplier Operations:** Thorough examination of suppliers' activities allows for more effective monitoring of their performance. This data on delivery schedules and statuses enables rapid response to unexpected events and improves key performance indicators and sustainability initiatives.

Effective supply chain management requires not only reacting to disruptions, but also a strategic approach to prevent potential problems. The combination of these strategies can strengthen the supply chain and make it more flexible in changing market conditions [7].

Conclusion

Thus, based on the above, it can be said that existing supply chain optimization strategies in footwear wholesale represent a key element for successful business operation in today's dynamic economic environment. Implementing effective methods to manage logistics, warehousing, transportation and information flows in the supply chain can improve productivity, reduce costs and improve customer service.

In an ever-changing marketplace and increasing competition, footwear wholesale companies must continually evaluate and improve their supply chain optimization strategies. Flexibility, innovation and continuous pursuit of process improvement are becoming key components of successful supply chain management, ensuring long-term business stability and performance.

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