

Understanding Sub-Tier Supply Collaboration

As the world becomes more connected, so does the modern supply chain. However, this has revealed the complex relationships between the tiers in the pursuit of tighter collaboration and digital connectivity. The increasing globalization of supply chains makes them profound and far-reaching, with actors in each tier ready to participate in conversations they previously didn't have access to.

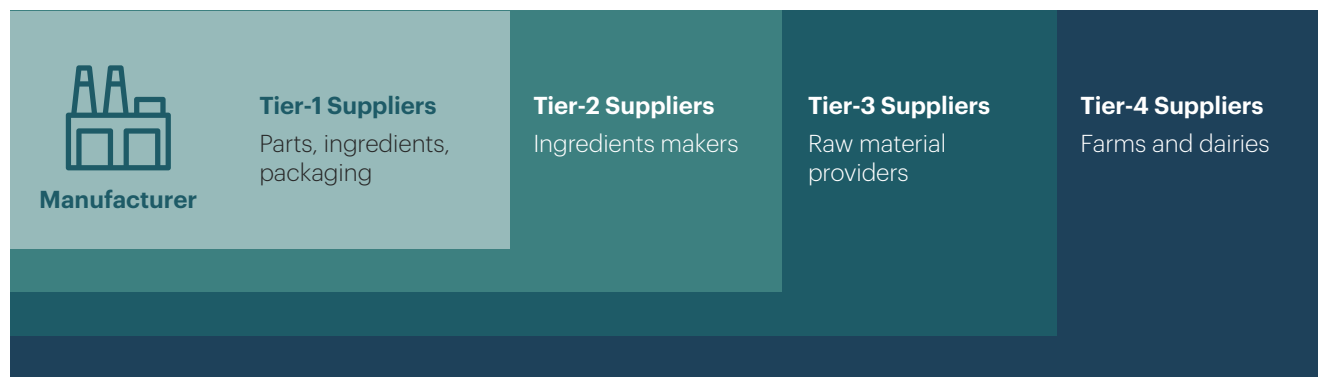
What is sub-tier collaboration?

By taking a closer look at the various tiers within your supply chain, businesses can identify synergies and opportunities while avoiding potential pitfalls that could be detrimental to the company. Everyone involved can better meet their specific goals by connecting across supply chain tiers.

Amongst the standard supply chain areas of planning, sourcing, making, delivering, and returning products, businesses tend to focus on the source and design areas. When we look at the supply chain from the supply perspective, we see partners and suppliers sourcing raw materials, building components, and producing the supply needed to make finished goods. Each time one set of suppliers feeds another, the tiered supply chain expands.

For example, the semiconductor ecosystem for an automotive manufacturer shows how the supply tiers progress toward a finished good. When you consider the entire ecosystem of multiple suppliers and contractors across each tier, you can see how complex the relationships between partners can be.

The Supplier Multi-Tier Ecosystem



Collaboration is becoming increasingly common with companies working with partners across several levels of the supply chain. Cross-tier coordination is a complex process involving collaborating with different suppliers to collectively determine the best approach to a problem. In doing so, all partners can contribute their expertise while limiting their risk exposure. This approach is known as multi-tier supply collaboration.

Sub-tier supply collaboration, a flavor of multi-tier supply collaboration, occurs when brand owners connect with suppliers involved in supplying their manufacturing or production facilities. By working together, they can ensure that each player contributes to the process most effectively, regardless of which supply tier they are servicing.

Why is sub-tier collaboration gaining traction?

With greater globalization, sub-tier supply chain collaboration is more critical than ever. The surrounding functional areas, such as planning and transportation, have experienced a data-led evolution. Collaborative Planning, Forecasting and Replenishment (CPFR) has matured into a cross-functional process where key partners strategize, coordinate, and plan significant supply chain activities to meet shared goals, such as customer SLAs or cost management.

This collaborative approach to planning has paved the way for suppliers to engage similarly. Combining upstream and downstream supply and demand signals allows these areas to become more proficient and agile while applying pressure to the supply chain's ability to execute more frequent and complex supply plans. To meet these needs and the development of a more strategic supply plan, brand owners can benefit from this collaborative approach to supply assurance that spans supply tiers and suppliers.

Ongoing disruptions and new regulations create the need for greater supplier diversification. Some brand owners seek to create capacity and inventory resiliency during supply constraints. Others are pursuing geographic diversification with strategies of near-shoring and friend-shoring.



Additionally, by analyzing suppliers for genuine collaboration opportunities, companies can ensure they work with partners who share their values and goals. This approach is essential for building a sustainable and resilient supply chain that can adapt to changing market conditions.

Furthermore, the increase in ethical and sustainable regulations has pushed brand owners to gain greater visibility into who they are working with and how their raw materials are sourced. These strategies are currently in practice with many brand owners collaborating with their trade partners to drive the most appropriate response to their most significant supply chain risks.

Where is sub-tier supply collaboration paying dividends?

Collaborating with multiple supply chain partners pays dividends through greater transparency, identifying strategic improvement opportunities, and connecting partners to promote higher ethical and environmental standards. Brands can also gain increased leverage over partners and areas that require assistance to drive change.

When partners and suppliers engage on a single platform, they can share compliance data and find opportunities to avoid repeating the same issues. Sub-tier supply collaboration ensures supply is available and delivered on time for production to begin. The collaboration includes sharing forecasts from brand owners and commitments from suppliers. But it goes further by providing visibility into the supplier's inventory and works in process, yielding even greater visibility and flexibility in the supply chain.

Many brand owners engage in sub-tier collaboration to resolve impending issues, including supply constraints, severe weather, and labor limitations. By having a single platform to convene, discuss the problem collaboratively, and coordinate a solution, partners can collectively address the issue and minimize the impact across the supply chain.

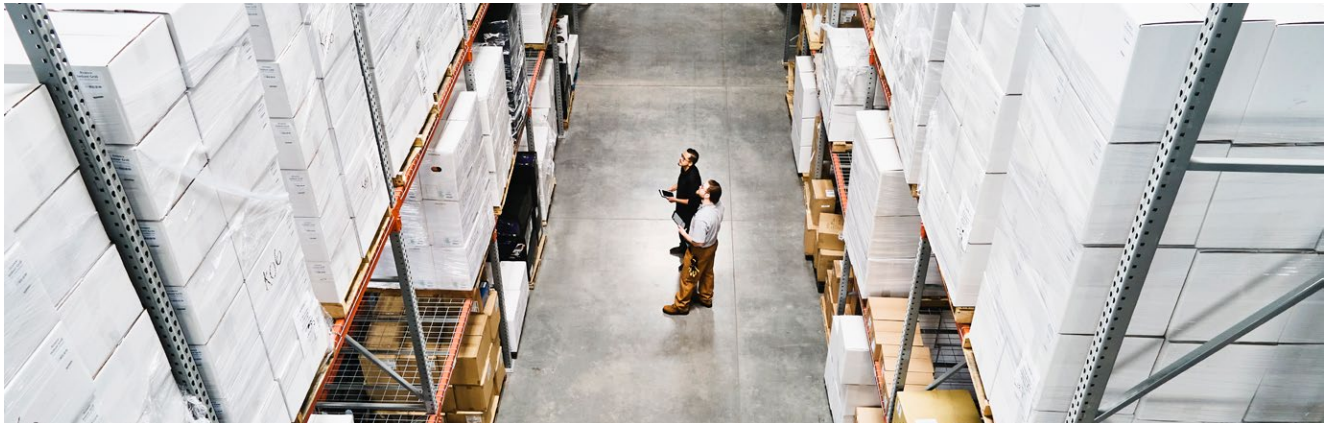
See how one retailer was able to maximize globalization performance through sub-tier supply collaboration.

More brands are taking their sub-tier collaboration efforts to the next level by establishing relationships with their suppliers' suppliers. In doing so, brand owners gain insights into supply constraints before they see the disruption, allowing them to implement a remediation plan.

How can sub-tier supply collaboration help?

Brand owners have identified several attributes they can follow at a high level to ensure a smooth operating supply chain. Characteristics like flexibility, agility, and resilience are key to the health of a supply chain that helps mitigate common disruptions.

Supply chain collaboration supplements and enables these key characteristics to grow by allowing brand owners to strategically operate their supply chain, much like an online gaming team and less like an independent chess player.



Brand owners need to be able to make adjustments across supply tiers to truly optimize their operations. Identifying risks and opportunities through collaboration across supply tiers prepares brand owners for what's next.

Creating shared value across supply chain partners is the ultimate goal; technology and data solutions enable this collaboration. With this shared, multi-tier supply view, brand owners and their supply chains can become resilient to disruption and operate with the foresight and agility to run a profitable and efficient supply chain.

In conclusion

Today's supply chains are being held accountable to the highest degree by consumers, and brands must similarly hold their suppliers responsible. But to do this effectively, it should be done on a level playing field where key partners can collaborate on shared visibility and understanding of the supply issues.

Many brands are stepping up their collaboration efforts with their suppliers to ensure that everyone's needs are met. Sub-tier supply collaboration has helped brand owners realize suppliers face their own challenges, as they start to build relationships with their suppliers' suppliers. These new relationships provide valuable information about potential supply disruptions before they happen, allowing for proactive actions to address the issue in advance.

E2open

E2open can help your supply chain implement a cross-functional, comprehensive, end-to-end supply chain management platform, where the siloes have been removed, and the opportunities for collaboration are endless.

With cross-tier supply partner support, communication, coordination, and collaboration are fully enabled through e2open Supply and Planning. Full orchestration from procurement to delivery and a collaborative approach to supply forecasting and inventory at the tier 2 supplier level give e2open clients an advantage over their competition.

Contact e2open to start your journey on sub-tier supply collaboration.

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