

# Supply Chain Priorities for Managing Customer Engagement During COVID-19 Recovery

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Initiatives: [Supply Chain Customer Fulfillment and Collaboration](#) **and 1 more**

Disruptions drive uncertainty in fulfilling customer expectations and can lead to customer frustration. Supply chain customer fulfillment leaders must focus on increasing communication, data transparency and the development of collaborative customer partnerships during turbulent times.

## Overview

### Key Challenges

- During disruptions, companies focus internally on the ability to supply and do not place sufficient focus on understanding and managing customer experience expectations.
- Many companies have not developed robust communication or collaborative practices, either internally or externally, and struggle to keep customers aligned on status of supply, which leads to customer frustration.
- Poor data quality and legacy stand-alone technology applications hamper the ability to have real-time visibility, making it difficult to do scenario planning or provide accurate communications regarding quantities and arrival times.

### Recommendations

Customer fulfillment leaders responsible for supply chain customer fulfillment and collaboration should:

- Continuously manage customer expectations by gaining access to the right internal and external information to determine the full range of support your company can provide.
- Develop methods to understand and respond to customer's shifting demands by implementing capabilities to build customer intimacy and customer collaboration.
- Solidify data, communication and governance for execution processes by improving data quality and analytics.

## Introduction

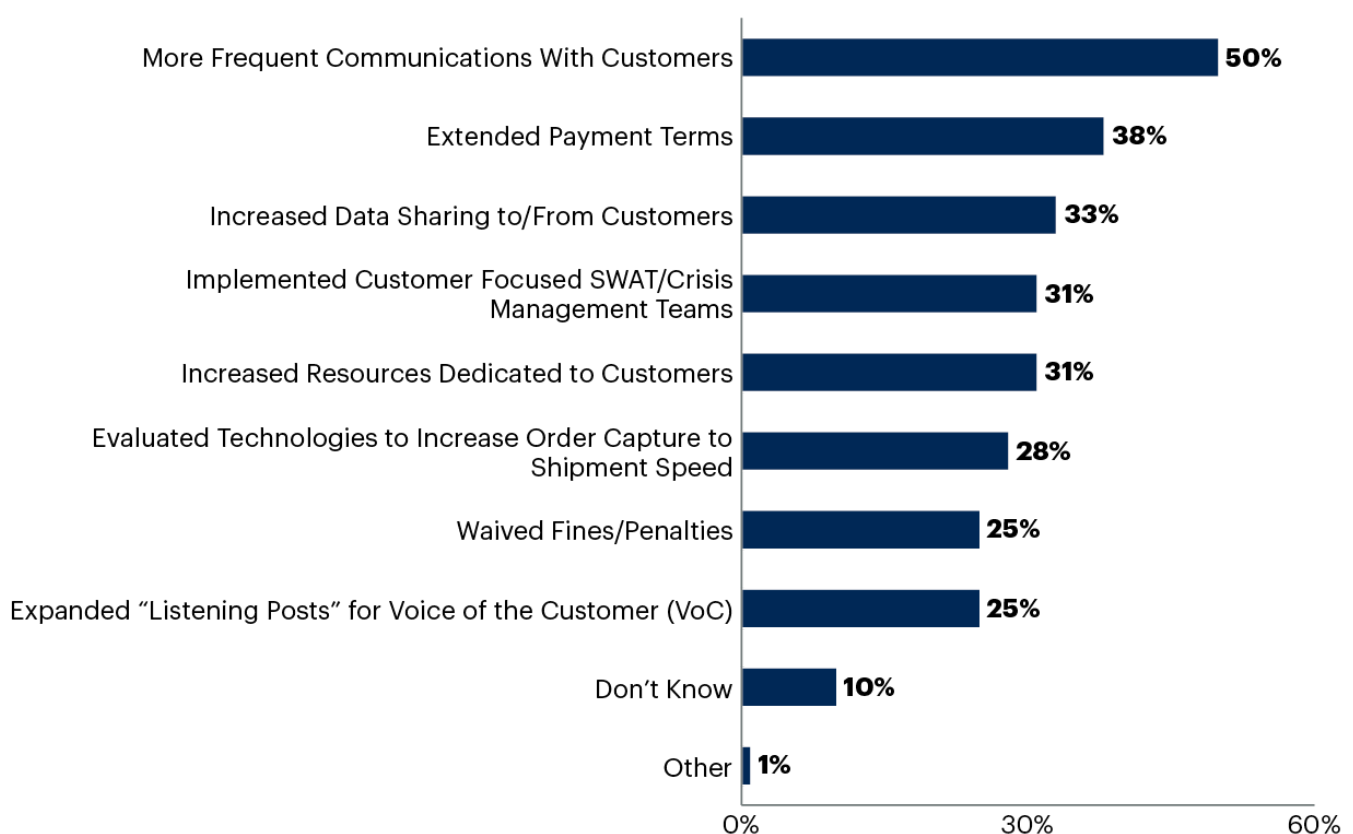
The COVID-19 pandemic has led to multiple breakdowns across supply chain networks, driving many organizations to implement emergency risk management procedures. The extensive nature of these breakdowns across the end-to-end supply chain has stressed even the most well-developed contingency plans. Conversations with multiple clients indicate an increased focus on establishing deeper connections internally and externally to understand the changing landscape and reestablish critical supply networks. During this time of rapid change, managing customer relationships can be extremely challenging, especially when the story keeps changing.

In a recent Gartner survey, <sup>1</sup> we asked respondents to name the top changes implemented by their organization to manage customer relationships as a result of COVID-19. Figure 1 illustrates that half of respondents cited increased communications with customers, while more than one-third cited an increase in extended payment terms.

**Figure 1: Top Changes Implemented by Organizations to Manage Customer Relationships During COVID-19**

**Top Changes Implemented by Organizations to Manage Customer Relationships During COVID-19**

Percentage of Respondents, Multiple Selections Allowed



n = 1,203 Total Respondents

Q: Which of these statements best represent the actions your company has taken to manage customer relationships during COVID-19, based on your understanding?

Source: Gartner 2020 Culture of Quality During Disruptions Employee Survey

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Increasing communications with customers and establishing credibility during the COVID-19 pandemic is critical for managing strategic customer relationships. It can also build the foundation of trust that is needed for creating new, collaborative partnerships.

**As the supply chain interface to the customer, customer fulfillment leaders are in a unique position to help create the proper frameworks to gain access to the right information flows.**

Once these internal information flows are set, customer fulfillment leaders must work in partnership with the commercial team to collaborate with customers to understand their shifting wants and needs. Finally, leaders must solidify the data, communication and governance for execution processes. Supply chain customer fulfillment leaders can use this research to establish clear priorities for how and what to communicate with customers during significant disruptions.

## Analysis

### Get Access to the Right Information to Clarify Supply Capabilities and Establish a Regular Cadence of Calls With Customers

During times of disruption, your customers will be looking for you to provide certainty and problem resolution. This makes communication extremely challenging, especially when your ability to understand and manage the extended end-to-end supply chain could be significantly limited. Supply chains may be experiencing some or all of the following disruptions:

- Lack of reliable demand plans as customer demand patterns shift.
- Lack of dependable supply of key materials and ingredients as suppliers struggle to manage their own disruptions.
- Lack of dependable supply from internal and external manufacturing and distribution facilities that may have experienced a shutdown, or may be operating under reduced capacity as a result of employee illness or social distancing and safety measures.
- Unreliable transportation routes that may have significantly reduced capacity or significantly increased costs.
- Customer fulfillment teams and workers who are adjusting to the challenges of working from home, many with children or other challenges that prevent full-time focus on their job.

All of these issues culminate to create confusion and high levels of uncertainty regarding supply. So what do you tell your customers?

In our discussions with clients, many indicate they have implemented some form of incident command structure as a way to monitor the daily changes in demand and supply, and create updated outlooks. These structures are cross-functional and include both commercial and supply chain team members. For example, in one global high-tech organization, when the virus began in China, they immediately formed what they call the emergency management team, led by the executive vice president of supply chain. This team meets daily and includes customer fulfillment, manufacturing, planning and logistics. The agenda starts with a view of customer fulfillment commitments and progresses through an understanding of forecast hot spots. They then systematically go through manufacturing capability and status of plant operations as well as inventory health and planning. They also walk through logistics and transportation capacity and constraints. Once per week, a summary of talking points is compiled into a deck for the customer fulfillment team and the commercial team to use with customers. These ensure clear internal alignment on capabilities and messaging. They also initiated a regular cadence of calls with key customers. This ensured that customers were clear on the plans and allowed the company to more effectively manage customer expectations. Initially, the plans looked only two weeks out, but they have now expanded the window to four to six weeks out.

A similar process was described by a large global snacks company, with the updated analysis running three times per week versus daily. Several companies also indicated that they had worked with customers and trimmed their portfolio to focus on a smaller set of critical items. This led to greater manufacturing efficiencies and reliability in supply. Companies must establish the proper cadence of internal alignment meetings as well as external customer communication meetings to match the volatility of supply with dynamic demand changes.

We also see companies creating plans for multiple scenarios: best-case scenario, worst-case scenario and the most-likely scenario. This allows for contingency planning to mitigate both upside and downside risks of this dynamic situation. Scenario planning is crucial for recovery (see [“What Western Businesses Can Learn as China Comes Out of COVID-19 Lockdown”](#)). Leading companies are defining scenarios to help predict how markets will recover postlockdown, with a focus on accelerating competitiveness in the recovery curve while also building in risk-mitigation strategies in case of a second wave of COVID-19. They are communicating these scenarios to customers and working to provide an integrated response.

Yet, even with all of these mitigation practices, companies still find that they are sometimes unable to meet customer demand. When product shortages occur, the guidance coming from the marketing organization (focused on product) often conflicts with the guidance coming from the sales organization (focused on customer), which leads to suboptimal use of available supply. When demand exceeds supply, companies need to define the deficit level between the demand and supply, and based on that deficit level, determine what actions need to be taken. This is why it is

important to establish clear allocation rules that ensure supply is aligned to the company's strategic direction (see ["3 Must-Do Steps in the Allocation Management Process"](#)).

*Recommendations:*

- Assemble a cross-functional incident command structure to manage the volatility of demand and supply. Ensure that the customer fulfillment team is a core member.
- Create clear, aligned internal messaging for the customer fulfillment team on the status of product availability. Collaborate with the commercial team to align on the external communications with customers.
- Establish a regular cadence of calls with customers to keep them informed of changes to the plan and to manage expectations. Provide frequent updates on the ability to respond and mitigate disruption of supply, including updates on ETAs and delayed shipments.
- Implement scenario planning and define scenarios to forecast how markets will recover postlockdown. Create mitigation plans to address these scenarios.
- Manage supply shortages through the execution of a robust allocation process.

## Develop Methods to Understand and Respond to Customer's Shifting Demands by Building Customer Intimacy and Customer Collaboration

Customers are experiencing their own internal challenges as a result of the COVID-19 pandemic. Depending on the industry, some may be experiencing extreme shifts and spikes in the portfolio, while others may have been shut down for several weeks and are working to mitigate the impact of lost sales and reestablish their business. During these dynamic times, suppliers must stay tightly connected to customers and leverage mechanisms to clearly understand their changing needs and create seamless information flows.

Customer fulfillment teams need to define strategies for how to listen and respond to varying customer needs. At a tactical level, this means leveraging an integrated order-to-cash process and carefully monitoring customer behaviors. The order-to-cash team is often the first to be aware of changes in order patterns and cash-flow issues at the customer level. Integrated operating processes and policies, combined with well-developed customer analytics and reporting, lay the groundwork for this process to be the leading indicators for identifying shifting needs. Building this foundation requires an understanding of your customer fulfillment maturity and developing roadmaps for improvement (see ["Research Guide for the Customer Fulfillment Maturity Self-Assessment and Roadmap Development"](#)).

Leading supply chain organizations have established capabilities that allow them to move beyond tactical product delivery to delivering excellence in customer experience. As supply chain leaders responsible for customer fulfillment seek to enhance the customer experience, they must develop

capabilities to build a deep understanding of customer wants and needs. In addition, they must then use that understanding to shape the supply chain to develop new products, solutions and services. These capabilities include:

- Voice of the customer (see [“How Supply Chain Leaders Can Use Voice of the Customer to Improve Customer Experience”](#)).
- Personas and customer journey mapping (see [“Supply Chain Customer Centricity Part 2: Leverage Personas and Journey Mapping to Understand and Design the CX”](#)).
- Customer journey analytics (see [“Supply Chain Customer Centricity Part 3: Using Customer Journey Analytics to Enhance CX”](#)).

These increased levels of customer understanding afford leading supply chains the opportunity to build closer, more collaborative partnerships with their customers. Supply chains are well-positioned to promote and implement collaborative processes that improve the customer experience, given the frequent interactions that the logistics and customer fulfillment teams typically have with customers. The changing landscape of the post-COVID-19 recovery phase offers companies a unique opportunity to both leverage the strengths of their existing collaborative partnerships while also expanding into new customer partnerships. Even companies that have not developed collaborative partnerships in the past can leverage the increased communications of the crisis to build new ways of working and create new partnerships. In our conversations with clients, many have established new ways of working with their top customers to share information regarding demand plans, product availability shifts and operational delays. Companies should expand these practices to establish pilot programs to address key pain points and track the joint value creation – via improvements in service, costs or cash flow. This will lay the groundwork for future collaboration opportunities to integrate the end-to-end value chain. Further information on establishing collaborative partnerships can be found in [“Customer Collaboration, Stages 2 and 3: Build the Foundation for Collaborative Customer Partnerships.”](#)

#### *Recommendations:*

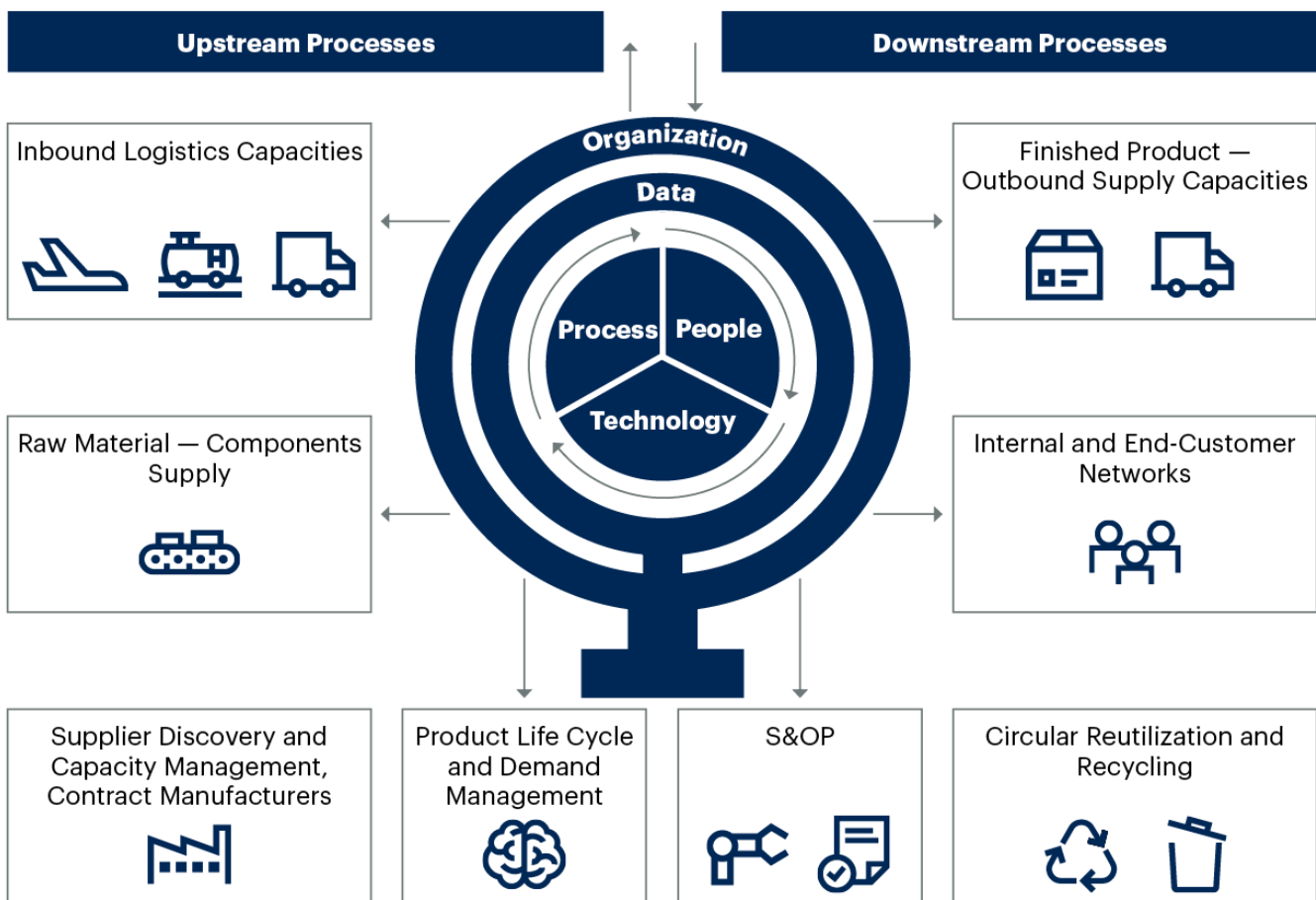
- Integrate the order-to-cash process and carefully monitor changes in customer ordering and payment patterns. These will often be the first signs of changes in customer behavior.
- Establish the capabilities needed to gain greater levels of customer knowledge and centricity. Use this improved knowledge of customer wants and needs to shape the supply chain response for improved customer experience.
- Create new and expand existing customer collaboration practices. Leverage these collaborative partnerships to drive greater levels of integration of the end-to-end value chain.

## Solidify Data, Communication and Governance for Execution Processes

One of the key differentiators we see in the ability of supply chains to respond during the pandemic disruption is the availability and use of data. More mature supply chains had established control tower capabilities prior to the pandemic. Control towers can enable greater transparency across the end-to-end supply chain and provide near-real-time visibility to what’s happening during these highly volatile times. Companies with these capabilities are also better positioned to coordinate and govern supply chain execution processes and link to the different layers that will not be replaced by the control tower. Control towers act as a conduit and enable improved governance and better and faster decisions. This is critical to managing and mitigating the uncertainties during the dynamic ramp-up to the new normal as well as optimization of ongoing operations. These technology-based control towers are seen in functions such as logistics, customer fulfillment and planning, and some are increasingly expanding to end to end. The approach isn’t technology-specific, but more as a strategy to connect organizations, data, people and processes as shown in Figure 2 (see “Supply Chain Brief: Pandemic Reset – Jump-Start Your Supply Chain by Adopting a Control Tower Approach”).

Figure 2: The Span of Responsibility of a Supply Chain Control Tower

**The Span of Responsibility of a Supply Chain Control Tower**



Source: Gartner (July 2020)

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The visibility provided by a control tower can help identify patterns with systemic local issues, assist with root cause analysis and aid to develop and implement structural countermeasures

based on better processes that better suit the end-to-end process. This allows customer fulfillment teams to be more proactive in mitigating potential issues before they occur as well as be better informed to manage customer communications.

Schneider Electric is an example of a company that has implemented a control tower approach. They have used this approach to manage over 100 disruptions to the supply chain, including strikes, cyberattacks, natural disasters and planned events. The control tower operations delivered better response to these supply chain disruptions, improved traceability and reliability, and overall better customer service with proactive actions (see [“Video: Schneider Electric Logistics Control Towers Best Practice Story”](#)).

#### *Recommendations:*

- Identify the data elements needed to provide close to real-time visibility to changes in supply and demand.
- Use this real-time visibility capability to offer the customer timely and accurate updates in relation to supply.
- Evaluate the cost and benefits of implementing a control tower solution, including the impacts on technology, people, data, processes and organization.
- Leverage the learning from companies that have already implemented control towers to more quickly advance adoption.

## Evidence

<sup>1</sup> **Gartner’s 2020 Culture of Quality During Disruption Employee Survey.** This study was conducted to understand the impact of disruptions on culture of quality and identify the most effective approach to sustain culture of quality. The research was conducted through a panel survey during April 2020, among 1,203 respondents from organizations with greater than \$400 million in revenue (in 2019). They were from the U.S., Canada, U.K., Ireland, Australia, New Zealand, India, Hong Kong and Singapore, and from the following industries: banking, financing, and insurance, energy and utilities, life science, manufacturing, retail and wholesale, services, technology and telecom, and transportation/titles.

Responses cover the following titles: vice president, senior director, director, plant/facility manager, senior manager/senior supervisor, manager/supervisor, associate/analysts.

The study was developed collaboratively by Gartner analysts and the Primary Research Team.

Disclaimer: Results of this study do not represent global findings or the market as a whole but reflect sentiment of the respondents and companies surveyed.

## Recommended by the Author



[Which Logistics Control Tower Operating Model Is Right for Your Business?](#)

[COVID-19: Take These Steps Now to Improve the Agility of Your Life Science Supply Chain](#)

[Research Brief: Remove the Clouds of Confusion When Shopping for a Supply Chain Control Tower](#)

[Podcast: Logistics Leaders' Guide to COVID-19 – Customer](#)

[Podcast: Dispatches From the Front – Baylor Scott & White Health](#)

[Podcast: Dispatches From the Front – Intermountain Healthcare](#)

[Quick Answer: End-to-End Supply Chain Control Towers Remain a Mystery, However There Are Paths to Take](#)

## Recommended For You

[Supply Chain Customer Fulfillment and Collaboration Primer for 2020](#)

[Video: Delivering Diageo Ambition Through Supply Chain Excellence](#)

[How to Successfully Scale Customer Experience Initiatives in Your Supply Chain](#)

[Supply Chain Brief: COVID-19 Impact on E-Commerce and Sustainable Packaging](#)

[Centralizing Supply Chain Customer Fulfillment Organizations for Improved Cost and Customer Experience](#)

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