Over the past couple of years, supply chains have been the topic of much discussion. The COVID-19 pandemic not only had a direct and devastating impact on supply chain operations, but it also shed light on the fragility and ineffectiveness of current supply chain management strategies.
Aside from facing a particularly acute impact from the pandemic across the board (supply chain, staffing challenges, consumer shifts, etc.), small and medium-sized businesses now find themselves navigating an economic downturn, which is only exacerbating the challenges initially brought on by Covid-19.

For this reason, it’s not surprising that 25% of SMB owners and C-suite executives say they are worried about their organization’s supply chain strategies and processes for the year ahead. While the concern may be warranted, the truth is that the emergence of new technologies such as artificial intelligence, machine learning, and the Internet of Things (IoT), is creating new opportunities for SMBs to modernize their supply chain management tools and strategies and overcome many of the issues that have plagued them.

To explore these issues and challenges, as well as highlight the opportunities presented by the current digital transformation, the team at Anvyl commissioned a study that was taken by 400+ SMB owners and C-suite level executives across industries, including retail, ecommerce, technology, manufacturing and more.

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Managing supply chains has always been an important component of business for SMBs. After all, for many small-to-medium sized businesses, every successful order – or failure – can have a direct impact on their bottom line. Recent research released by the U.S Chamber of Commerce, for example, found that nearly half (47%) of small businesses currently find it hard to keep up with customer demand due to disruptions in their supply chain. This, of course, poses a grave threat to sales and ultimately the long-term financial health of their business.

As such, the ability to gain control over one's supply chain has become crucial, especially against a backdrop of fierce competition and persistent unpredictability. However, when you look at just how reliant many SMBs are on their supply chains, the ability to gain control becomes far more complicated. More than 50% of the SMBs we surveyed reported using 26 or more suppliers, with 37% using 50 or more. Keep in mind that more often than not these suppliers are dispersed across geographies and time zones.

We also found that 64% of SMBs say that they issue 25 or more purchase orders per month, with 40% issuing 50 or more purchase orders on a monthly basis. Further illustrating the complexity involved, according to Anvyl data, of all POs issued in 2022 there was an average of 5 files uploaded per order. Additionally, 56% of those orders had revisions made to them.
For an SMB placing 50 POs with dozens of suppliers on a monthly basis, that’s 250+ files that need to be managed, tracked and updated across platforms (ERPs, IMS, etc.). That’s a tall task for even the largest organizations.

But for SMBs already hit particularly hard by staffing challenges and budget cuts, the situation can become untenable. Especially when you weigh the persistent impact the pandemic has had on SMB supply chains.

**Overcoming Covid-induced Supply Chain Challenges**

The pandemic’s impact on global supply chains has been well reported. And while larger corporations have certainly been plagued by disruptions, the truth is that SMBs have been disproportionately affected. In fact, when Goldman Sachs surveyed SMB owners last year, a majority said that they believed suppliers were favoring large businesses due to the larger volume of their orders, evidence of the struggles smaller businesses had to overcome while managing their supply chains.

79% of SMBs told Anvyl that they’ve suffered consequences due to supply chain disruptions since the onset of the pandemic, including increased cost of:

- 41% working/operations
- 28% damage to brand reputation/image
- 28% delayed cash flow

And while there have been some positive signs in certain areas, including the easing of port congestion and lowering of pressures in the form of decreasing consumer demand, the fact remains that outside of the direct impact to the flow of goods, the pandemic also illuminated many shortcomings in supply chain management. Many of which continue to play out today.
When asked to cite the aspects of their supply chain that are the most challenging since the pandemic, the top three responses were:

- Collaboration
- Visibility
- Risk Management

While these three factors may have been on the minds of organizations’ supply chain management teams pre-pandemic, today they’ve made their way into the boardroom. Why? Well as often as it happens, when revenue takes a hit, leadership notices.

For some additional context on just how severe the issue of delayed shipments is, we dug into our proprietary database and found that of all POs that were supposed to ship in 2022 and have shipped, just 55% were on time.

Another key issue that the pandemic illuminated was supplier relationships. These partnerships have always been crucial to the success of supply chains. However, in today’s environment, they are more important than ever before. Which brings us to a significant cause for concern: the fact that 56% of SMBs reported having to change suppliers within the past year, with “costs” and “consistent delays” being the top two reasons.

- Only 55% of POs that were supposed to ship in 2022 and have shipped were on time.
While all of this may sound daunting, the good news is that SMB leadership is planning to take action to pave the way for success in the future. Indeed, SMB owners and executives are becoming more aware of the specific issues affecting their supply chain and impacting their bottom lines. Let’s take a look at some of the moves they’re making to mitigate risks and improve how they manage their global supply chains.

### Turning Supply Chain Chaos into Supply Chain Predictability

89% of SMB owners & C-suite executives surveyed by us said they are planning to make strategic investments in their supply chain management in 2023.

This is a positive sign for small and medium-sized businesses. It not only suggests that leaders have an understanding of the major issues plaguing their supply chains, but that they’re actively allocating resources to fix them.

But what exactly do they plan to do to mitigate persistent supply chain risks? According to our research, there are three main areas SMBs plan to invest in.

**44%**

**Increasing Visibility**

Utilizing technologies such as data collection and analytics to gain real-time insights.

**35%**

**Automating Processes**

Streamlining manual processes and eliminating unnecessary and redundant paperwork.

**35%**

**New Partnerships**

Building relationships with reliable suppliers to improve quality and speed of delivery.
Interestingly, respondents also stated that their **top priority over the next 12 months is increasing visibility across their supply chain where it doesn’t exist today**. This was followed by **streamlining how teams operate to run more efficiently**, and **mitigating risk across the supply chain**.

This amplified focus on supply chain visibility doesn’t come as a surprise. Of course, the supply chain has always had some level of unpredictability. But it’s fair to say that challenges like inflation, materials and labor shortages, and shipping delays have exacerbated this in a dramatic fashion.

Consequently, supply chain visibility has skyrocketed in value. This is especially true for SMBs, who don’t have the same luxuries as many larger companies who employ economists to study global trends, monitor supply chain disruptions, and spot potential backlogs. Still, there’s an urgent need for SMBs to be able to predict and manage supply chain pressures, like demand, delivery times, transportation costs, and other challenges.

The good news is that new supply chain management tools are enabling SMB leaders to do just that. In fact, according to Capterra, 67% of SMBs say their forecasting techniques have helped them avoid common supply chain impediments like inventory issues.

Meanwhile, a common theme that emerged in this study is the need to streamline communication and automate processes. **30% of respondents reported using 4 or more tools/channels for collaboration/communications between team members and partners.**
With hundreds-to-thousands of files and communications taking place on a monthly basis, the lack of centralization of channels and need to manually update across platforms is a strain on teams that organizations simply can’t afford.

For those SMBs planning to bolster their supply chain tech stack as part of these investments, it’s imperative that they ensure it’s integrated and optimized to solve the right problems and drive efficiency. The reality is, a myriad of tech tools make up the modern-day SMB tech stack. In fact, Anvyl’s survey uncovered just how robust these tech stacks are.

**When asked what tools and technologies SMBs currently have in place:**

<table>
<thead>
<tr>
<th>Tool/Technology</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory Management System</td>
<td>45%</td>
</tr>
<tr>
<td>Warehouse Management System</td>
<td>39%</td>
</tr>
<tr>
<td>Forecasting/Demand Planning System</td>
<td>36%</td>
</tr>
<tr>
<td>Logistics Management System</td>
<td>36%</td>
</tr>
<tr>
<td>Project Lifecycle Management System</td>
<td>33%</td>
</tr>
<tr>
<td>ERP and payments platform</td>
<td>32%</td>
</tr>
</tbody>
</table>

It’s not enough to deploy these tech tools on their own, however. Coordinating how they work together is critical to solving the supply chain challenges impacting SMBs today.
The importance of a highly reliable and functioning global supply chain has never been more important for SMBs. And thankfully, it also seems to be more top of mind amongst organization leaders than ever before.

Supply chains that were reliant on manual, siloed, and antiquated systems are still experiencing the impact from Covid-19. Now, however, these issues are also being compounded by a new set of challenges like macro-economic uncertainty, wars, and labor and supply shortages.

Brands that don’t take action to modernize their supply chain management and operations will continue to lose revenue and market share. However, as our research points out, the vast majority of SMB leaders are actively planning on making moves that will prevent the pipeline from running dry.

How SMBs adapt to these undeniably challenging times could be a case study for other enterprises to follow. They are, after all, actively allocating resources to address the inadequacies and inefficiencies in their supply chains that are threatening their organizations’ financial health. If they do this, SMBs leadership will bring their business into the future - a future where the supply chain is connected, resilient and predictable.
Thank You

Anvyl connects global supply chain teams, systems and suppliers to improve collaboration and decision making from PO issuance through to warehouse delivery. As teams and technology communicate, real-time access to critical information is released as it happens, drastically improving visibility across the network.

Through powerful automations, Anvyl maximizes efficiencies by doing the work of automating manual tasks and redundant processes to smoothly transition through order milestones. With intelligent PO management, our supply chain teams can harness the power of their own data to surface key insights and trends to make smarter decisions and know when to take action.

See How It Works

Methodology:
A survey was commissioned to 405 SMB Owners and C-suite executives, with 84% over 50 employees, in January 2023.