



SupplyVelocity®

Supply Chain Strategic Planning

Complete Guide and Case Study

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Supply Chain Strategic Planning (Complete Guide + Case Study)

Creating a supply chain strategy is very similar to strategic planning. The difference is that we start with an “operational” mindset and finish with a supply chain framework.

In an era of constant disruption, a reactive supply chain is a liability. This guide provides a complete framework for supply chain strategic planning, transforming it from a static annual exercise into a dynamic engine for resilience and growth. We will cover the core elements, a 5-step process, and the technology needed to build a winning strategic supply chain plan.

What Is Supply Chain Strategic Planning and Why Is It Critical?

Supply chain strategic planning is a process of analyzing market trends and internal capabilities to develop a long-term plan that aligns supply chain operations with overarching business objectives.

Today, disruption is the new norm. [Seventy-five percent](#) of supply chain leaders expect an increase in high-impact disruptions. This volatile landscape makes strategic planning crucial for survival and growth.

Planning horizons matter significantly. Strategic planning focuses on multi-year timeframes, making long-term investment decisions. This differs from tactical quarterly planning and operational daily or weekly planning.

The stakes are high. Most important financial and investment decisions happen at the strategic level. Errors here prove costliest to the business, making accuracy essential.

The Core Elements of a Modern Strategic Supply Chain Plan

Customer demand forms the foundation of any [strategic plan](#). Understanding customer preferences and analyzing market trends helps anticipate future demand and tailor supply chain strategies accordingly.

Supply chain network design evaluates and optimizes facility locations, transportation modes, and distribution channels. The goal is to balance cost, risk, and customer responsiveness through [network optimization](#).

Supplier management builds strong, transparent relationships with suppliers. This includes assessing performance and implementing robust risk management strategies to ensure continuity.

Technology and innovation leverage AI, automation, and advanced modeling to streamline operations. These tools provide competitive advantages through improved forecast accuracy and decision-making capabilities.



Sustainability and social responsibility integrate environmental impact and ethical sourcing practices. Meeting stakeholder expectations and regulatory requirements becomes increasingly important for long-term success.

A 5-Step Process for Effective Supply Chain Strategic Planning

1. Lay the Groundwork

Align your supply chain plan with overarching business goals and objectives. This ensures all efforts support the organization's mission and strategic direction.

Conduct a SWOT analysis for your current supply chain. Identify strengths, weaknesses, opportunities, and threats to understand where you stand today.

Assess the current state of logistics, supplier reliability, and operating systems. According to [McKinsey research](#), more than half of senior managers don't know where their Tier 1 suppliers are located. This lack of visibility creates significant vulnerabilities.

2. Design Your Supply Chain Strategy

Set clear strategic priorities that will act as key pillars of your plan. These focus areas guide resource allocation and decision-making.

Examples of strategic priorities include:

- Optimizing production planning
- Increasing profit margins
- Investing in end-to-end visibility technology
- Enhancing resilience through contingency planning

Each priority should support overall business goals while addressing specific supply chain challenges.



3. Develop the Strategic Plan

Outline specific steps, goals, timelines, budgets, and owners needed to execute the strategy. Clarity prevents confusion and ensures accountability throughout the organization.

Define Key Performance Indicators (KPIs) to measure success from the beginning. These metrics provide objective ways to track progress and identify areas needing attention.

Identify potential risks for each initiative and create mitigation plans. Proactive risk management prevents small issues from becoming major problems.

4. Execute Your Supply Chain Plan

Ensure clear communication so all employees, suppliers, and stakeholders understand their roles. Confusion leads to inefficiency and wasted resources across the supply chain.

Align with operations teams using frameworks like integrated business planning. This ensures sales and operations teams have the resources needed to succeed.

Support cross-functional collaboration by creating shared KPIs and tracking progress in real-time. Breaking down silos improves coordination and reduces waste.

5. Monitor and Review Progress

Establish a cadence for regular progress reviews, such as weekly or bi-weekly meetings. Frequent check-ins help identify issues early and maintain momentum.

Use modern dashboards and reporting tools to get real-time insights from multiple data sources. This visibility enables quick responses to changing conditions.

Be prepared to make adjustments and fine-tune your strategy for optimal results. Supply chain strategic planning is a continuous process, not a one-time event.

Top Challenges in Supply Chain Management (and How to Solve Them)

CHALLENGE	DESCRIPTION	SOLUTION
Breaking Down Silos	Functional departments often plan separately, leading to coordination issues and wasted resources.	Create a single source of truth with shared KPIs to ensure alignment across all teams.
Improving Visibility	Outdated processes and disconnected tools make tracking KPIs and progress difficult.	Implement modern platforms with dashboards connecting data from multiple sources for unified views.
Managing Uncertainty	Events like COVID-19 created widespread shortages, proving prediction difficulty for demand, prices, and availability.	Build flexible plans that respond quickly to change. Focus on agile execution over rigid forecasts.
Navigating Complexity	Global supply chains involve numerous stages and stakeholders, making holistic strategies challenging.	Maintain regular communication with all stakeholders for a comprehensive understanding.

The Role of Technology in Developing Supply Chain Strategies

The Impact of Artificial Intelligence (AI)

AI revolutionizes strategic planning by enabling enhanced [demand forecasting](#), proactive risk management, and automated decision-making.

AI-powered tools simulate various disruption scenarios to test supply chain plan resilience before crises occur. This preparation saves time and money during actual emergencies.

The Power of Modeling & Simulation Software

Advanced software allows planners to build complex computer models of their supply chain. These models test hypotheses and compare different scenarios to identify optimal solutions.



These tools are decision-supporting, not decision-providing. They solve mathematical problems optimally, but managerial expertise translates data into sound business decisions.

While basic models work in spreadsheets, comprehensive global supply chain optimization often requires investment in advanced planning-and-scheduling software. These systems can exceed \$1 million but provide significant returns through improved efficiency.



Effective [supplier evaluation](#) becomes easier with these advanced tools, enabling better strategic sourcing decisions.

Effective supply chain strategic planning is essential for building resilient, agile, and competitive businesses. The process must be dynamic and continuous, shifting from siloed annual exercises to integrated, technology-driven functions.

By aligning strategic plans with execution and leveraging technology, companies transform their supply chains into powerful competitive advantages.

Case Study

Our case study company is a successful and profitable broker, working with providers (suppliers) to provide a specialty transportation service. They did not view themselves as a supply chain company but when the new Chief Operating Officer (COO) came on board, he saw them as an integral part of a larger supply chain. He identified the need to align the company's operations/logistics functions to the larger supply chain, which includes their suppliers and customers.

Just What is Strategy?

I saw a quote from a technology CEO that helps me think about strategy:

“I may be wrong, but I won't be confused.”

Strategy is a plan based on facts, qualitative and quantitative data. But it should not pretend to always be correct. Steve Jobs once said, you never connect the dots going forward, you can only do that when looking backwards. Strategy tries to look forward but more than anything seeks to align the organization to a plan. When the COO joined, he saw a lot of energy and passion, but also confusion and lack of alignment.

Problem Statement

As operations / supply chain people we are always thinking about solving problems. That is how we are built. To start the process, therefore, we asked the team to define the problem, in as few words as possible, to create clarity and focus.

COMPANY-X doesn't consistently partner with transportation providers in ways that meet the needs of our network or goals. We have a reactive culture with conflicting and out of balance objectives.

Key Performance Measures

We then asked the team to give us three performance measures that will improve if the strategy works. This quantification is often left out of strategic plans, or comes at the end, but we wanted it understood upfront.

- Successful Customer Trips = trips with no defects / total trips
- Profitability = gross margin / revenue
- Logistics employee productivity = # of trips / direct labor hours worked

Interestingly, the idea of measuring “defects” was foreign to the organization because they considered themselves a service provider. In addition, because of the service provider mindset, no one tried to measure labor productivity.

Headline and Obituary

We use the headline and obituary exercise to get the team thinking about the future; their greatest potential and biggest risks. For the headline; we asked the team to write the headline and byline of when they are written up in the Wall Street Journal for revolutionizing their industry.

Transportation with purpose! Costs at an all-time low!

Company-X revolutionizes access through innovation and partnership in transportation

After the excitement from the headline exercise, we shift to the obituary. If you want a difficult conversation, ask a team to write their company’s obituary... when they close the doors. It was emotional but galvanized the team to make sure it never happens.

Unable to adapt or innovate Company-X falls victim to industry transformation

Company-X leaves their last customer stranded with a legacy network after years of stagnation and lack of focus. Unable to deliver on their promises they fell far behind the market and failed partners, members, clients, and suppliers.

Note that the obituary is longer. To quote the COO, after we created the headline and obituary, “there are relatively few ways to succeed, but lots of ways to die.”

Strengths, Weaknesses, Opportunities, Threats (SWOT)

Perhaps the most well-known strategic planning tool is the SWOT matrix. Strengths and weaknesses are internal; opportunities and threats are external. Strengths and opportunities should be exploited; weaknesses and threats should be mitigated. The SWOT helped the team build facts and knowledge about the company and its market. Below is an abbreviated version of the SWOT.

Strengths

Purpose	Winning Attitude	Experience
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Weaknesses

Reactive	Poor Collaboration	Few Partnerships
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Opportunities

External Facing technology	Mentorships for Suppliers	Network research
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Threats

Competitors	Broken Relationships	Regulation and Legislation
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Porter's 5 Competitive Forces

Another popular strategic planning tools is Porter's 5 Forces. Michael Porter, a professor at Harvard University, wrote the book on competitive strategy and made people think about competition more broadly. Below is a summary:

Competition

- Have made customers and suppliers believe they have simplified processes
- One competitor has a strong technology platform
- No competitor has good supplier relationships
- Some competitors have had ownership changes, causing internal disruption

Suppliers

- Also work for competitors
- Influence compliance, profitability
- Influence end-customers' decisions of who to award contracts

New Entrant Threat

- Potential entrants (Uber) have scalable technology and have demonstrated an ability to influence legislation
- But they lack regulatory compliance experience in this industry



- And lack industry experience (this is a niche of the transportation business)

Customers

- Control contracts
- Decide on transportation mode required, influencing supplier selection

Substitutes

- Details withheld due to confidentiality

The Supply Chain Framework and Pillars

The supply chain framework comes from the Supply Chain Operations Reference (SCOR) model. This provides a simple basis for creating supply chain processes:

- Plan – Processes that balance demand and supply to develop a course of action that best meets requirements
- Source – Processes that procure goods or services, and manage suppliers, to meet planned or actual demand
- Make – Processes that transform inputs to a finished good or service to meet planned or actual demand
- Store – Processes that manage inventory for use in manufacturing or to support downstream demand
- Deliver – Processes that provide finished goods and services to customers
- Return – Processes associated with returning, or receiving returned products, for any reason

Our Supply Chain Strategic Planning process is designed to gather facts and data and then build on the supply chain framework and pillars. The team considered each six supply chain pillars to create supply chain pillars specific to their business. **Plan** became “Develop solutions that just work” and “Build a culture that leverages data”, **Source** became “Build strategic partnerships”, **Store** became “Build a complete and flexible transportation network”, **Deliver** and **Return** became “Deliver a high quality experience.”

Supply Chain Strategy Map – Level 0 and 1

A useful way to create a plan is to think hierarchically. Strategy supports the mission, so documenting the mission statement is the first step... if it doesn't already exist.

This company's supply chain mission (also called Level 0 Purpose) is:

To Drive Value While Connecting Members

The way to achieve the mission is documented in the Level 1 Purposes, which are the pillars of the supply chain strategy. The Level 1 Pillars enable the mission.

Level 0: To Drive Value While Connecting Members				
Develop solutions that just work	Build strategic partnerships	Build a culture that leverages data	Build a complete & flexible transportation network	Deliver a high quality experience

Supply Chain Strategy Map – Level 2 and 3

With the pillars defined, the team created detailed processes to enable the strategy. We continue to use the Strategy Map to hierarchically create these process definitions. An example of our deep dive on “building strategic partnerships” is shown below.

Level 1 and 2:

Level 1: Build Strategic Partnerships					
Define a strategic partner	Categorize stakeholders	Understand partner needs	Create win-win solutions	Build a partnership program	Market and communicate partnership program

Level 2 and 3:

Level 2: Define a Strategic Partner			
Define and scale the attributes of a partner	Research strategic partnerships	Measure suppliers against attributes	Define partnership tiers (partner, supplier, vendor)



What to Work on First – Gap Analysis

The last step before implementation is to decide what to work on first. We used a gap analysis to help understand where the biggest need is, when implementing the strategy.

The gap analysis requires prioritizing the pillars from most to least important. Even though there are only 5 pillars, there is still a most and least important. Each team member votes anonymously, and re-voting occurs until there is a consensus. Then we decide for each pillar how the company is doing: Very Strong, Satisfied, Needs Improvement, or Lacking.

This is put in a grid (shown below). The areas worked on first are those that have the largest gap. For this company it was “developing solutions that just work” and “building strategic partnerships.”

Strategic Supply Chain Pillar	Rank	1	2	3	4
Develop Solutions that Just Work	1	x, x, x, x, x, x, x, x	x		x, x
Build Strategic Partnerships	1	x, x, x, x, x, x, x	x, x	x	x
Build a Complete and Flexible Transportation Network	2	x, x, x, x	x, x	x, x, x, x	x
Deliver a High Quality Experience	3	x, x	x, x, x	x, x	x, x, x, x
Build a Culture that Leverages Data	4	x	x, x, x	x, x, x, x	x, x, x

Implementing the Supply Chain Strategy

The next step is the most important, and honestly, the least exciting. The organization must build processes and realign initiatives around the first two focal pillars. The work of building out these processes took six months.

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