



Annual Supply Chain Debate 2024

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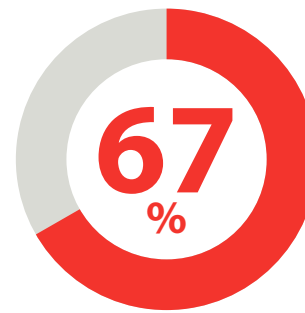
AI in the Supply Chain

Where will it have the greatest impact?

The majority of supply chain and logistics leaders appear optimistic that AI will unlock new benefits. However, over two thirds (67%) believe it may have the greatest impact on those doing administrative roles.

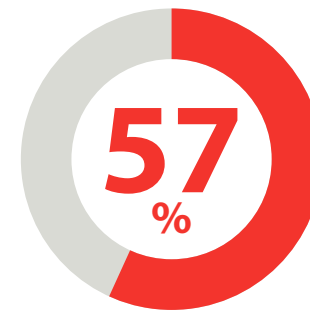
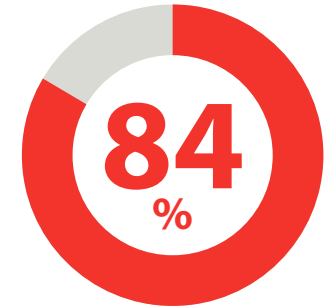
This Summer, over 150 senior supply chain and logistics professionals, along with industry leaders from the likes of Sainsbury's and Nestle, came together to discuss where AI will make the most impact at the 21st annual supply chain debate hosted by SCALA.





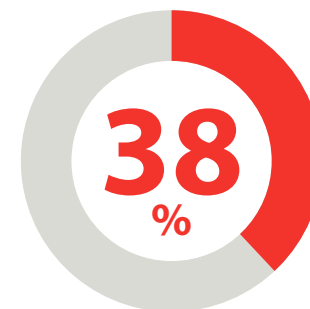
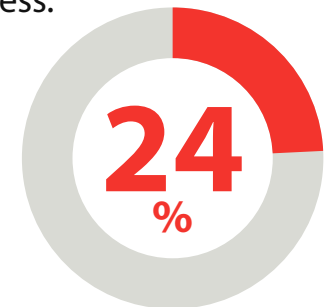
Live polling on the day saw a large proportion (**67%**) of respondents say that colleagues delivering 'shop floor' operations – as opposed to others such as those in managerial or senior leadership positions - will be most impacted by AI.

A staggering **84%** agreed that 'people and enthusiasm' was the most important factor in the speedy adoption of AI.



Meanwhile, 'people' were also cited as the most likely factor when it comes to making large-scale transformation difficult (**57%**) - highlighting the critical role that 'selling' AI to staff plays in its ultimate success.

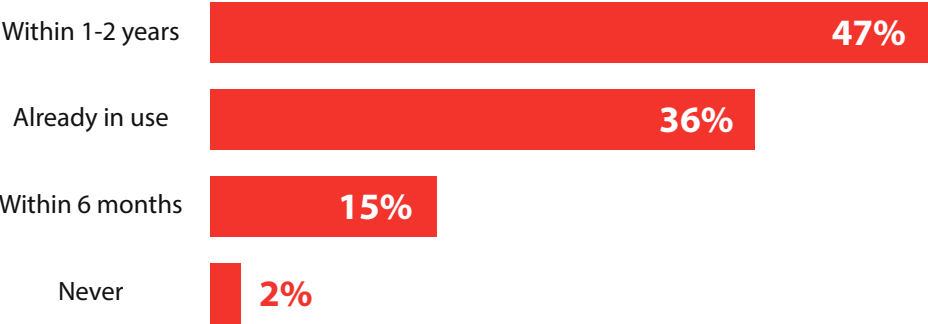
Surprisingly, on-the-day polling also indicated that nearly a quarter (**24%**) of organisations are already using AI for planning purposes.



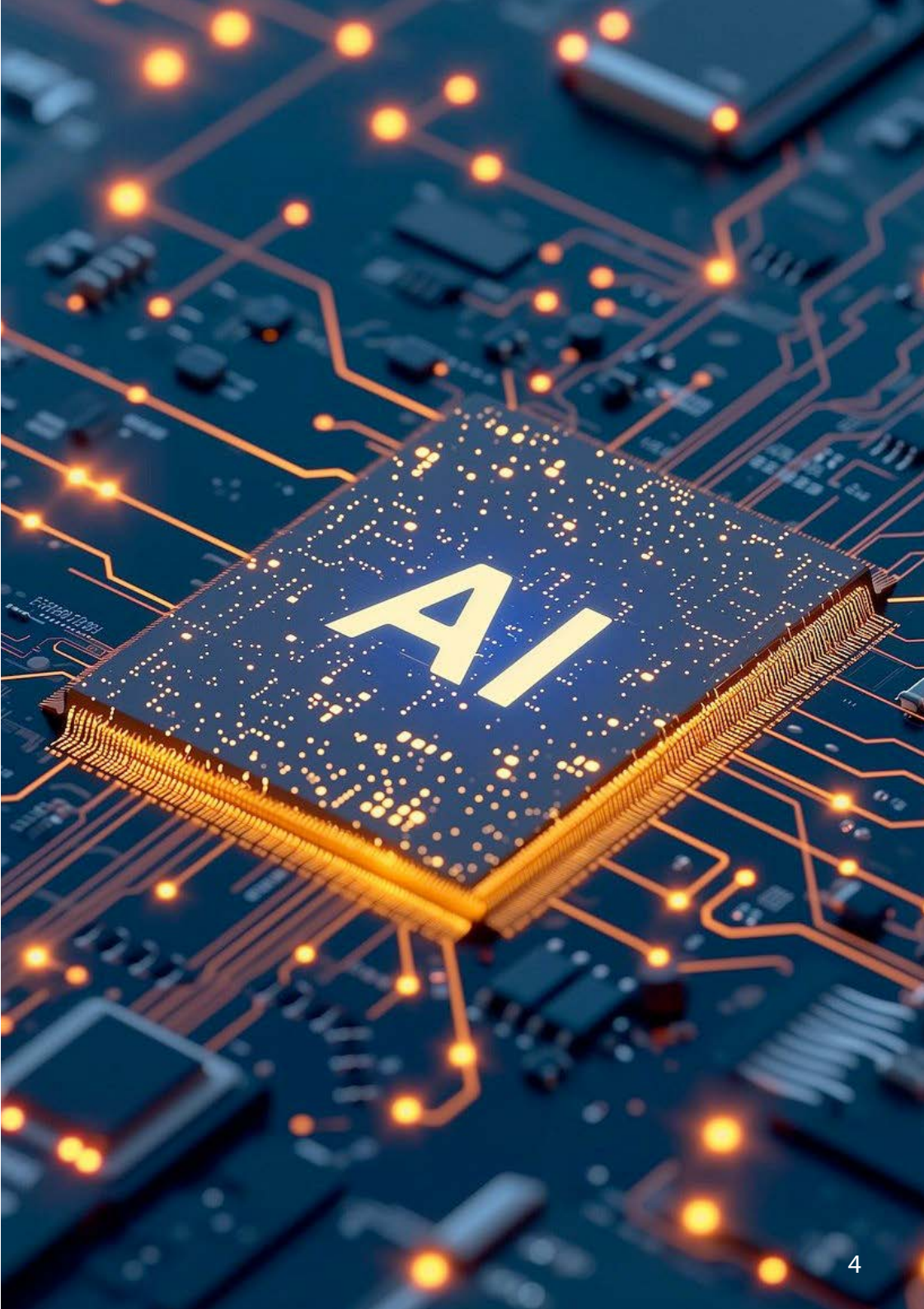
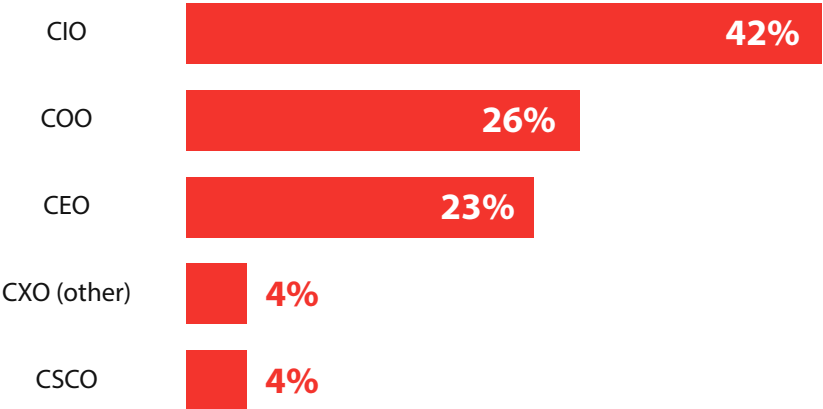
Comparatively, **38%** of respondents said they are not currently using AI-powered tools.

However, the debate saw a series of expert industry speakers present their cases for increased use of AI, with many underlining its capacity to catalyse future business growth.

When do you foresee AI being used within your team?



Whose responsibility will it be to ensure AI is implemented successfully in business?



Expert industry speakers



Meinir Childs

**Director of supply chain
at Sainsbury's**

Meinir championed AI as a way to re-imagine the supply chain and redefine the industry, better-anticipating customer needs, reducing waste, mitigating risks and developing more creative roles that don't involve data handling. However, she noted that it will take time to improve trust in AI and identified the need for a cultural shift to upskill colleagues.



Mike Bernon

**Visiting fellow from
Cranfield University**

Mike argued that the real benefit of AI lies in its connections to other technologies. Looking at digital twins specifically, he outlined how we could move towards having a virtual, living, sensing environment which replicates the supply chain. He explored how this could support environmental sustainability, identify where inventory is across the entire supplier-to-customer ecosystem, and eventually make decisions on humans' behalf.



Patrick Pando

**Vice president of
international sales at Aptean**

Patrick Pando explored why most AI projects fail, and underlined how taking a 'bottom-up' approach to win the 'hearts and minds' of employees – especially the incoming Gen Z workforce – will be critical to its success.

Expert industry speakers



David Walker

**Logistics transformation
project manager at Nestle**

David focused on AI in physical logistics, exploring how 'computer vision' can enhance practical operations. He shared examples such as fitting AI-enabled cameras to machinery to help identify and resolve problems quicker and using CCTV to understand when and why non-compliant operations, such as vehicles speeding or workers not wearing high vis, occur, informing strategic risk mitigation plans.



Roy Bridgland

**Senior industry strategies
director at Blue Yonder**

Roy looked at how AI can support inventory optimisation, helping planners to improve and overcome challenges. He discussed how AI can help businesses to better understand factors affecting sales, where products are being sold, and profitability – informing decisions like how much stock to hold. He also pinpointed how end-to-end supply chain visibility can help identify disruption, predict impact, and find ways to mitigate it.



Lesley O'Brien OBE

**Managing director at
Freightlink Europe**

Lesley honed in on AI in transport, considering its potential to improve or jeopardise road safety. She discussed the legal implications and who would be to blame if accidents were to happen while questioning its potential to widen the skills gap by deterring workers from the industry.

Following the main debate between our panel of experts, we opened the floor to attendees to ask big questions about AI and the industry.

Here's a run-down of some key takeaways shared by panelists in response...



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Q Right now, the industry has many bright people who understand how their business works, deploy systems effectively and use AI to improve efficiency. However, the industry is facing recruitment challenges and eventually, we will see these people retire. How can we fill the supply chain industry skills gap to ensure the next workforce generation can continue to operate these systems and fulfil business needs?

A The data suggests that companies who adopt AI tend to grow, and end up employing more, not less, people. The roles available will simply change, and the jobs which remain will likely be more interesting and creative. We should think about how we can leverage AI to our advantage in this respect.

When we went through the industrial revolution, jobs changed as people moved from farm to factory, and this is another instance where we will see our business world evolve. Ensuring people get the right training to support this transition will be important.

That said, we also need to consider that emerging generations of talent will grow up with this type of technology. As such, we may see that the workforce becomes more skilled in this area to drive future business forward.

Q

Is AI a good or bad thing for business?

A AI can offer employees more time to focus on meaningful work. Repetitive tasks can hinder colleagues from really understanding the business' full end-to-end operations, inhibiting their ability to go out, make a difference, and add real value. Employees entering the workforce now will likely want to use intuitive technology to ensure their work is varied, purposeful, and rewarding. Delegating some of the mundane, day-to-day tasks to technology could free up time to focus on this.

As a result, integrating AI into business operations could also create more leisure time for employees. If the employee gets the job done well with time to spare, they can finish early to go for a bike ride or a run, for example. This will be particularly important as we see that work-life balance is one of the major things that the next workforce generation is looking for.





Q **Successful AI implementations rely on great data sets; what advice would you give to companies starting to build out those data sets?**

A Within many organisations, you can go to different teams and get a different number for a given performance metric. By working with an IT partner and creating a single 'data lake' across the organisation, you can start to get a single version of the 'truth' for everyone to work from.

That said, if you don't start with a robust set of data, the output will likely be poor. You must get the fundamentals right before diving straight into using AI. There are still a lot of organisations relying on Excel, for example, so the first question to ask is: 'Have we digitised everything yet?'. After that, you can start to get rid of the Excel spreadsheet and leverage data to your advantage. Otherwise, you'll have pockets of information across the organisation which never surface to light.

Q The impact of AI will be huge, so it seems there will be some dependency on government departments and agencies to both enable and regulate the technology. How can our industry influence the government to understand, support investment, and become an enabler of AI opportunities?

A Ultimately, we all need to come together so we are heard. Sadly, the supply chain and logistics industry aren't seen as particularly 'exciting'. It's up to us to step forward and share how technology-driven we are, how diverse careers in the sector can be, and how important our industry is to the UK economy.

One area of AI we particularly need to consider from a regulatory perspective is road safety and the prospect of autonomous vehicles. We need to consider culpability and legal responsibility for incidents carefully. Society wants to reduce casualties, of course, but ultimately, when they do occur, they want to hold somebody responsible.

Indeed, safety and ethical concerns call for regulation, but gaining investment is also critical. Currently, AI development is not focused in the UK, but the government could invest in the supply chain and logistics sector and make us world-leading when it comes to AI.





Q

How could AI help unlock end-to-end collaboration, particularly in the FMCG space?

A

The sector needs to take a holistic view and work in partnership - if we have better quality data that we can trust and share, we can do the best for the end customer and unlock greater value. With AI reducing the need for us to deliver some manual tasks, how can we collaborate differently to optimise our supply chains?

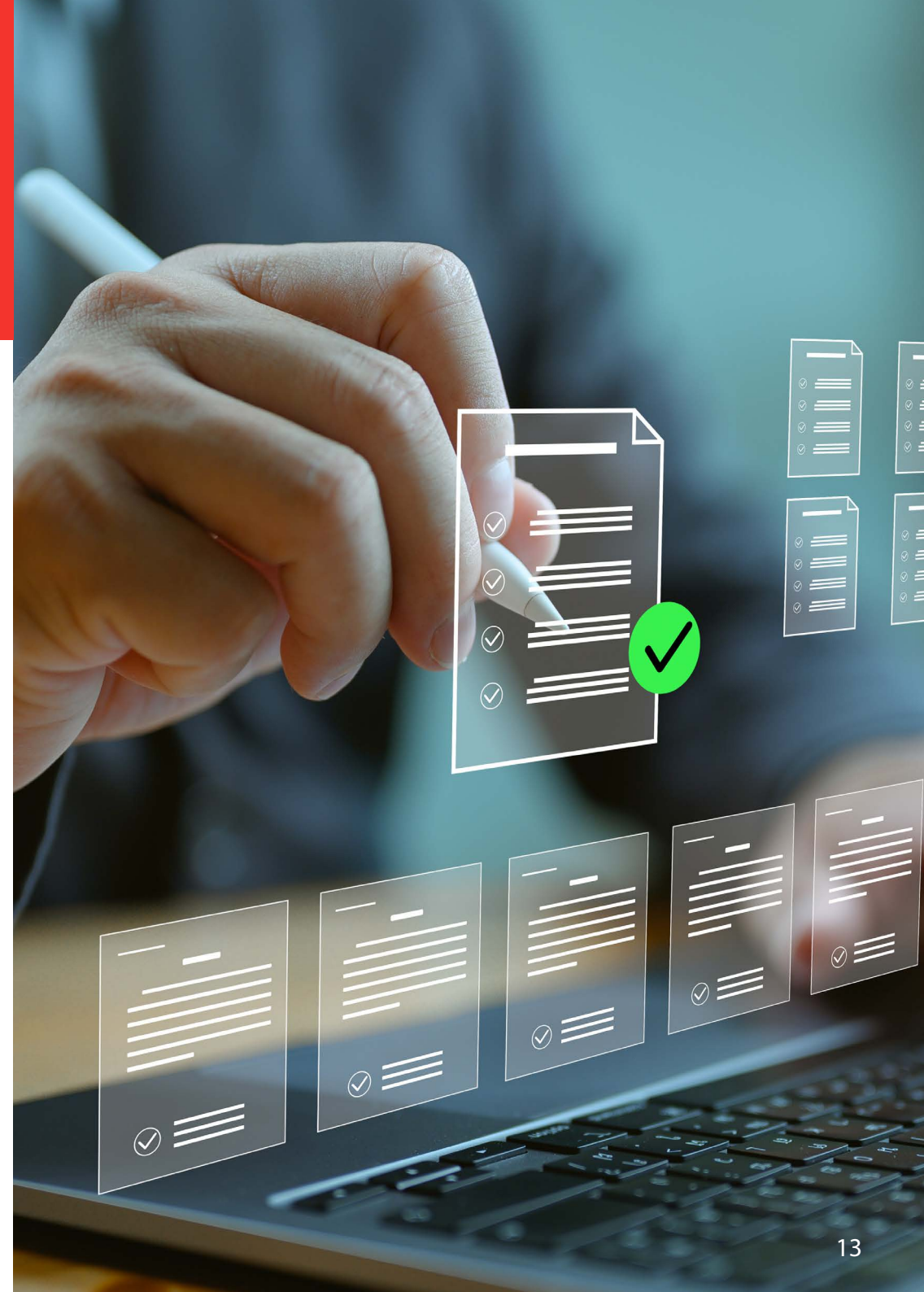
Q

Going back to accountability, how do we get people to take accountability for decisions they make based on the 'black box' in the background?

A

While we must trust that the information from AI is right, there are checks and balances that employees can do along the way. Data is important, so the employee should identify if something doesn't look quite right, or if they weren't expecting that outcome. This gives the colleague more time to feel confident and more accountable for metrics. However, with more time comes an expectation of greater performance.

Ultimately, the machine can't do everything and business benefits from employee input. For example, when it comes to refrigerated goods, we want to optimise product freshness and keep less inventory. This means that the logistics team needs to be communicating effectively with the commercial department.





Chris Clowes

Executive Director at SCALA

Chris hosted the debate and said:

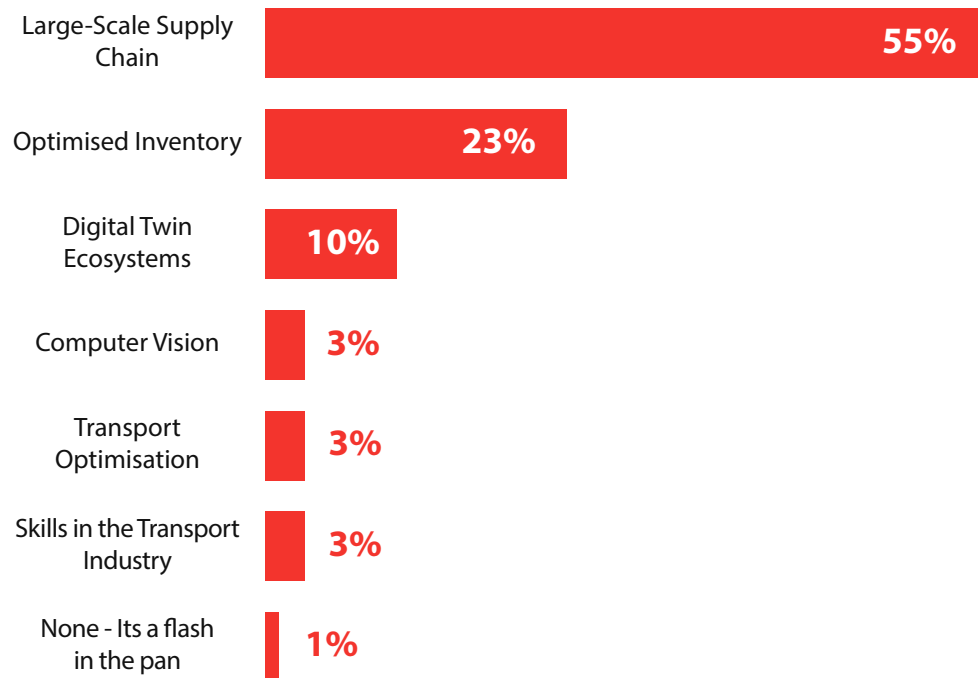
“It was great to see such a fantastic turnout at this year’s event, underlining that AI is a pertinent issue – and significant opportunity - for today’s supply chain and logistics industry.

“We had a series of lively discussions and asked some of the difficult questions. Are we going to have tools ‘forced’ upon us that we don’t want to use? Will AI overcome, or create a skills gap? Are we moving forward at such a pace that we’re not taking the time to ask questions? Are we facing a reduction in the workforce and an increase in leisure time? Will data tax become the norm? While AI can be a sensitive topic, exploring these types of issues now will be critical in supporting our future supply chains and the people who operate them.”



At the end of the debate, we asked the big-ticket question at the heart of it all: 'Where will AI have the greatest impact on the supply chain?'. Over half (55%) of respondents identified large-scale supply chain transformation as the answer. Ultimately, AI's impact on the supply chain will be huge, but it will be in the gift of individual organisations to sink or swim in the face of the technological evolution.

Where will AI have the greatest impact on the supply chain?



[SCALA](#) Consulting was founded in 2001 and has earned an excellent industry reputation for providing high-quality supply chain and logistics expertise. The company now has an executive board of directors, all of whom have senior level business experience.

SCALA consultants work with many leading international companies. It is our approach to create partnerships with clients, combining our external experience and expertise with our client's own business knowledge to deliver practical solutions in order to meet future commercial requirements and drive real tangible benefits.

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