



Enterprise Resource Planning (ERP) / Electronic Data Interchange (EDI)
 Supply Chain Vendor Compliance
 Internal Controls / Fraud Detection & Reduction
 Business Analysis / Data Analysis / Systems Analysis

Since January 1996

Industry 4.0 requires success with Industry 3.0 first.

An interesting article in the April 2019 issue of Inbound Logistics magazine identifies 5 insights to Industry 4.0.

According to a September 2, 2018 Forbes.com article by Bernard Marr, Industry 4.0 can be defined as “computers are connected and communicate with one another to ultimately make decisions without human involvement.”

Industry 3.0 was “the adoption of computers and automation” according to Mr. Marr, with humans still implied to be involved. Industry 4.0 apparently nixes the need for people to be part of the equation.

But as the Inbound Logistics article noted: “the biggest barrier to implementation is poor communication.” This statement should not be relegated to just Industry 4.0, but Industry 3.0, Industry 2.0 (“mass production and assembly lines using electricity” per Mr. Marr), and Industry 1.0 (“mechanization through water and steam power” per Mr. Marr). In fact, this statement applies to any operations improvement or software implementation project. And sure enough, in the modern industrial era, the “poor communications” identified in the Inbound Logistics article are those between operations and information technology, two traditionally siloed areas that seem to have difficulty coming together towards a common goal.

(The article failed to include the accounting and finance area(s) as a typically siloed group whose perspectives are not always in alignment with those of the operations folks and technology area. And let’s not forget about the sales and marketing teams who tend to have unique priorities of their own.)

Industry 4.0 cannot be successful if it is not built upon a solid foundation of a fully functional Industry 3.0, both internally and externally to the organization. You may desire to outsource a task – whether to a vendor or to a machine – but you cannot outsource that responsibility. Before you can even think about automating business processes and the backend decisions that cause them to come alive, you had better darn well ensure that there was – and is – effective communications that got you to where you want to be and monitor the situation to ensure you stay within the acceptable parameters of what you consider to be normal.

Just because there are data communications based on data-driven automation does not alleviate the fact that there may still be too much manual intervention to be effective. Companies today struggle to implement Enterprise Resource Planning (ERP) systems and seamlessly interconnect with customer and vendor supply chain partners via Electronic Data Interchange (EDI). Data quality is poorer than it should be. Data governance gaps – operational and technical – allow the infiltration of damaging data to infect the organization. How can the automation of Industry 4.0 be expected to function upon a foundation of less-than-perfect data?

As the old saying goes: To err is human, but to really mess things up takes a computer. And an automated system left to its own devices, unchecked or monitored after-the-fact, relying on bad data, will only cause destruction.

Bridging the gaps between functional areas and supply chain partners takes enterprise-level understanding, the ability to fit data into software and understand how it will support the business, the foresight to visualize how business processes can be achieved with software tools, and the skills to be a relationship champion both internally and externally to the organization. Ensure your leap from one industrial version to the other doesn’t become an industrial disaster.

Thanks for reading.

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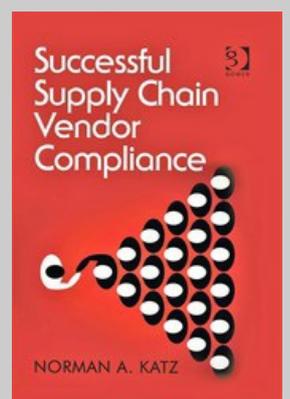
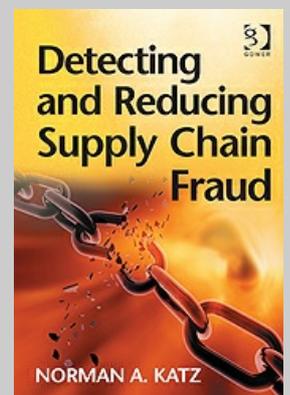


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