

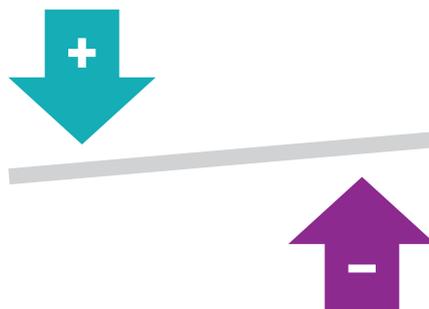
Resilience post Covid-19: Fusing research and industry practice

As you might recognise there have been a whole series of impacts as a consequence of Covid-19, much research effort has been expended recently and one such paper by Remko van Hoek¹ has looked at this comprehensively. From which I have distilled a few high factoids:

- World's largest 1,000 companies have 12,000 factories worldwide
- 60% of respondents from a 700 strong survey stated a lack of transparency in their supply chains
- 49% of companies in a 450 company sample had rolled out a business continuity plan, of which;
 - Only 57% had identified their critical suppliers
 - 64% expected a return to business in 3 months
- An ISM survey highlighted that 44% had no business continuity plans
- CIPS survey found 58% of respondents will move from single sourcing & 47% will hold more inventory
- Only a limited number of research publications on supply chain resilience are based on empirical data.
- Risk factors in supply chain have been identified as critical since 1958, six decades ago!

Looking at the "seesaw" of risks and mitigations as well as the factors between we can see that building in resilience is the case of building a multi layered strategy and approach just the same way as may be necessary for organisations to be both lean and agile to hedge against the factors beyond our normal span of control.

- Near and far shore suppliers
- Lean and agile supply chains
- Supplier diversity
- Value vs cost
- Collaboration
- Active/full information sharing
- Inventory buffers



- Globalised supply chains
- Specialised factories
- Cost vs value/diversity
- Short termism
- Single sourcing
- Remote sources
- Extended payment terms

One researcher asserted that "resilience challenges have arisen from a cost obsession and short term cost focus in supply chain management", hinting that perhaps the pendulum needs to swing back closer towards a value proposition. Singling out the drive towards a higher degree of collaboration where trusted information can be rapidly shared along with risks and benefits.

The paper then summarised the risks and challenges in the following table but recognised that the Covid-19 “shocks” we are experiencing are different disruptions and crises from the past and occurring must faster and are not universally applicable. In short “we didn’t see this coming!”

	Suggestions for improving supply chain resilience from literature	Selected risks reported by participating supply chain executives	Resilience efforts targeted and pursued by participating supply chain executives
SUPPLY RISK Supply disruptions resulting from plant closures	<ul style="list-style-type: none"> Avoid overreliance on single/few factories for supplies Ensure multiple, flexible and alternative sources Include near and local sourcing in the supply chain 	<ul style="list-style-type: none"> Shortage of supply and extended leadtimes Slow ramp up after factories reopen Logistical bottlenecks as a result of rush supplies Lack of preparedness to respond to disruptions and limited applicability of existing plans 	<ul style="list-style-type: none"> Rebalance supply-lines to include more local and nearshore suppliers and plants Reduce reliance on single plants and single locations Accept inventory level increases for the sake of agility
DEMAND RISK Demand spikes leading to product shortages and logistical bottlenecks	<ul style="list-style-type: none"> Inventory buffering Active information sharing throughout the supply chain Use IT to improve visibility into demand and transparency of inventory 	<ul style="list-style-type: none"> Short term peaks in certain categories Reductions in demand in other categories Short term peak in transportation demand followed by surplus capacity in transportation Need to speed up online and IT capabilities 	<ul style="list-style-type: none"> Accelerate digitization initiatives for greater visibility Introduce new types of automation Adopt a relationship approach to help suppliers and grow relationship capital for the long run
CONTROL RISK Need to engage suppliers in response	<ul style="list-style-type: none"> Focus on ensuring supply with bottleneck suppliers, ensure collaboration with strategic suppliers Negotiate savings with selected suppliers only 	<ul style="list-style-type: none"> Need to focus in ensuring supplies and getting priority with disrupted suppliers Seeking inventory and improved terms with suppliers as part of coping with (financial) pressure on the company 	<ul style="list-style-type: none"> Focus on critical supplied and resist the temptation to opportunistically benefit from softness in the supply market Only seek savings and payment support from selected suppliers

Covid-19 supply chain risks reported by participating executives and the responses they are pursuing In summary while there is a focus generally on relationships there is a risk that companies might opportunistically and unilaterally push additional payment terms and conditions. Further an earlier increase in tariffs on product from china may have driven a degree of readiness that otherwise may not have been in place. Some final “sound bites” captured were as follows;

- Additional inventory might provide a short term fix but may well prove to be a burden in the longer term.
- Digitisation projects are in acceleration mode
- While there is softness in the market place some are taking a relationship approach for the long term
- SRM and supplier scorecards are back on the agenda
- Supplier enabled innovation needs to be adopted more regularly
- Talent management and development is needed more widely and consistently

I am confident there will be more to report on in the coming weeks and months to contribute to this area of debate and research.

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¹ van Hoek, R. Research opportunities for a more resilient post-COVID-19 supply chain – closing the gap between research findings and industry practice. International Journal of Operations & Production Management Vol. 40 No. 4, 2020 pp. 341-355 © Emerald Publishing Limited 0144-3577 DOI 10.1108/IJOPM-03-2020-0165

