

Challenging trade-offs in the future Supply Chain

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The last year has seen a resurgence in interest in Supply Chain after what has been a relatively flat period in both discussion and innovation. First we had Brexit (here in the UK) which increased the media and the public's awareness of the scale, complexity and globalisation of the Supply Chains that drive our economy. Now we have COVID – 19 which has put some of these supply chains under considerable pressure, testing their resilience with sometimes unedifying results.

Quite rightly there has been considerable discussion about how we may have focused too much on the simple cost versus effect dynamic in the supply chain and created what Dr John Gattorna refers to as “overly brittle” solutions ([Linked In - New focus on the supply-side post Covid-19](#)). Inevitably there will be a renewed focus on Resilience in the supply chain but we should not forget the other dynamic we have to resolve, that of Sustainability.

Making the right decisions for supply chains across this new “trilemma” of Performance, Resilience and Sustainability is going to be challenging given that few organisations have the facts on which to base decisions. However, optimising the supply chain for these pressures provides real opportunity to re-assess the role of the supply chain and our interpretation of what value for money actually means.

The financial pressure that the ensuing global economic downturn will create will undoubtedly lead to some short term tough decision making but what we need to focus on are strategic considerations that enable us to take full advantage of the opportunities that are presented.

The same rules apply

There is a real risk that we interpret the current challenges as somehow changing all the principles of supply chain management and look for panaceas – the reality is the basics still apply – there are a limited number of variables in the Supply Chain and these can only be managed effectively through:

- Clear purpose
- Accurate information across the breadth of the supply chain
- Agile organisation
- Strong supply chain managers
- Collaboration upstream and downstream
- A focus on Quality
- Strong processes



Don't throw the baby out with the bath water

There's a risk that some of the attempts to resolve the balance of forces will lead to some short term activities that are ultimately unhelpful for the Supply Chain. Resilience doesn't have to mean more inventory in your or your supplier's warehouses. Instead we should reflect on the agility we have seen recently in supply chains responding enthusiastically to new challenges through collaboration.

Attempts to gain resilience and address short term cost pressures may lead to a reduction in quality in the Supply Chain at a time where resilience and sustainability would suggest we should be investing in quality. Efforts to onshore elements of the Supply Chain whilst rooted in enhancing resilience shouldn't detract from a diversity of supply that would be genuinely flexible and hence more resilient.

Likewise the desire to de-risk the supply chain may lead to efforts to pass more risk contractually to others in the chain and re-enforce transactional relationships when agile collaborative ones are required.

Some of the short term decisions will be good ones but have to be made at pace, there will certainly be a "Covid dividend" where enterprises simply haven't used resources at the tempo they expected to, but they will need to rapidly understand where this dividend sits and how to utilise it. This will require deep understanding of their supply chain; dynamics, purpose and data.

Embrace new technology

It is relatively easy to see how increased data and analysis can play a key role in addressing these challenges and we should continue on this journey with our traditional supply chain data set. However, at the same time we need to exploit the integration of different elements of data technology that we haven't always seen as part of the supply chain toolset.

The integration of Geospatial, Open Source Intelligence with core ERP data will change the way we plan and manage resilience in the future. Platforms such as Geollect (geollect.com) provide an insight to global supply chain activity and performance and enable fact based decision making in real time. In combination with enterprise data this could provide unique insight into supply chain provenance as well as resilience.

The integration of imagery with a wide range of other sensor data and core business data enables systems such as Scortex (scortex.io) to automate labour intensive quality control processes building resilience into the supply chain in multiple dimensions.



The availability, utility and speed of deep data analysis has accelerated massively in the last few years and organisations will need to embrace new tools to ensure that they make good short term decisions as well as strategic ones. Both resilience and sustainability will require analytical baselines and performance metrics to measure and manage progress.

Conclusion

The next few months will see enterprises of all kinds wrestling with short term financial pressures and the need to build in Resilience and Sustainability to their supply chains. Against this backdrop there needs to be a focus on the real potential for creating a virtuous circle that optimises across these competing forces and enables each supply chain to find its sweet spot building on foundations of:

- Quality
- Agility
- Collaboration
- Waste reduction
- Data driven decision making

Whilst challenging this is a time to invest in capability, thinking and information.