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Why Supply Chain Agility Needs to be the Next Normal?

Doing things, the same way we've always done them will no longer serve us, so we can't simply put it back in its place. The definition of pulling the rug out from underneath someone is that doing so causes their plans to fail because they have little recourse or time to respond adequately.

It's a fitting metaphor for the world's supply chains, which have always had to figure out how to respond rapidly in the face of rug-tugging disruptions. The only way to respond is to build in the supply chain agility necessary to be able to respond more effectively next time our rug is yanked.

But we also don't have to put things back in the same place. Similar to, the rigid, linear supply chains of old do not fit today's needs. As it is no longer serving its original purpose and no one even likes anymore, antiquated supply chain systems endure.

Rigid, linear supply chains are not agile

The drive for greater cost efficiencies drove supply chains to operate as lean as possible. And S&OP was built to work within the constraints of structures and systems, all aiming at producing the perfect plan. But between these silos cause latency, and systems limited by processing speed and storage can take days to compute plans. By the time the plan is completed, it is hopelessly out of date.

Adding to that, even the forecast in a time like this, when the historical data that would normally be used to predict demand is not indicative because the demand patterns will continue to vary based on whatever shape consumption takes as the economy recovers.

Our supply chains have always needed agility to respond quickly, but especially once they sense disruption. The most accurate prediction we can make for the future is that times of disruption are the new normal. Which means agility needs to be the new normal.

What makes a supply chain agile?

The three capabilities essential to an agile supply chain are visibility, concurrency, and collaboration.

- **Visibility** depicts the ability to view the entirety of your supply chain. It empowers you to plan across all the network and not just in functional silos. It means sensing problems immediately, with alerts that monitor your data, flag exceptions, and show the impact.
- **Concurrency** depicts the ability to make and manage synchronized plans across time horizons, business processes, and organizational boundaries at the same time.
- **Collaboration** is about bringing the right stakeholders together, in real-time, to evaluate alternative scenarios against your most important corporate metrics. When you can run scenarios across a connected supply chain instantly, you can create hundreds or even thousands ready for various what-if questions. Today's supply chains, what served yesterday's needs won't be useful going forward. Lean supply chains without subtier supplier visibility oriented toward a monthly planning process simply no longer work as designed. As we move from crisis management to the new normal, let this be a wakeup call for the supply chain of the future.

We can't be sure of the near-term future. What we can be sure of is change, disruption, and volatility. Agility, especially supply chain agility, is the surest capability we can develop to help us navigate these times.

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