



The White House's Call for Critical Supply Chain Reviews: Get Ready

By Jim Bureau, CEO of [JAGGAER](#)

Supply chains made headlines in 2020, but not in a good way. The challenges in getting everything from toilet paper and refrigerators to semiconductor chips and personal protective equipment (PPE) were under the microscope.

As February ended, President Biden called for a deep review into potential vulnerabilities in U.S. supply chains, putting the criticality of supply chains back into the spotlight. Now, the focus is a proactive strategy to shore up any weaknesses that might slow the economic recovery.

It makes sense. After all, the supply chain can be considered the backbone of any economy. From raw materials to finished goods, and the transportation networks that move it all, without the supply chain, nothing is produced or available to be consumed. In fact, the administration's announcement should be a call to action for all industries: Now, in anticipation of an energetic recovery, is a very good time to review and strengthen the vital supply chains upon which business depends.



Know the Weakest Link

Among the many lessons learned in the past year, one worth taking to heart is just how fragile supply chains have become. The complexities of product transformation in today's global manufacturing models have attenuated supply chains to the point that any disruption has the potential to be disastrous.

Today's supply chains are made up of hundreds and even thousands of suppliers who may rely themselves upon hundreds or even thousands of suppliers. In many instances, suppliers are located thousands of miles away from where the goods they provide are used. Orchestrating the sheer number of suppliers and the distances between the manufacturer and its suppliers can quickly become overwhelming. But it does not have to be that way.

The "5 P's" – prior planning prevents poor performance – can be a powerful prescription against disruption. It starts with awareness of the role that suppliers play in the process. There are three essential questions to ask to narrow down which supply chains and the suppliers that make them up are most vital to the business:

- ➡ Where are the risks?
- ➡ What are the dependencies?
- ➡ Where are the opportunities to shore up weakness?

With a clear view into where risk lies, the next step is to develop plans for mitigating exposure. There is no better way to lessen exposure than to design resiliency into supply chain strategies.

Resilient Supply Chains: The Antidote for Uncertainty

While uncertainty has been the constant state in which we have lived for the past year, the truth is that uncertainty has always been a force in

manufacturing. Many factors keep manufacturers on their toes all the time: fickle consumer behavior, global economic conditions, Mother Nature, geopolitical instability and more. One key to navigating uncertainty is having resilient supply chain strategies that make it possible to pivot when needed.

Building a supply base that can respond to shifting conditions is essential. With the visibility gained from identifying potential risks and opportunities to strengthen supplier performance, manufacturers can design strategies and build relationships that mitigate risk and drive positive outcomes. Some of these include:

- ➡ **Managing by category:** Not all categories are equally important. Know which ones are critical to the business, manage them strategically – and be sure none of them is sole-sourced.
- ➡ **Diversifying the supply base:** There are many benefits to incorporating minority and women-owned suppliers into the supply chain. In addition to expanding the list of qualified suppliers, doing business by doing good is powerful for the brand.
- ➡ **Engaging for the long term:** Squeezing suppliers to drive down costs is a short-term strategy that can have significant consequences. Take the time to build a partnership that benefits both organizations and when challenges arise, the symbiotic relationship will pay off.

Also recognize that supply chains are dynamic. Continuously review and analyze supplier performance, evolve strategies as needs and conditions change, and fine-tune to ensure supply chains are aligned with overall business objectives. These steps are key for resiliency.

Built for More

Market leaders have always known that building and executing high-performing supply chains is critical for business success. When supply chains are responsive to business conditions the benefits reach far beyond limiting risk exposure, including:

- ➡ Improved profitability
- ➡ Stronger competitive advantage
- ➡ Societal impact
- ➡ Positive brand awareness

President Biden's action for a supply chain review signals a turning point in the pandemic. With the possibility of a return to something that resembles normal, the economy is poised for growth. Manufacturers who take the time now to examine their own supply chains have an opportunity to build in resiliency and position their organizations to make the most of what comes next.