

Bill's Building Blocks

Which Way to Turn?

I made the big mistake of trying to park at the mall on Black Friday. The road leading up to mall parking was bumper-to-bumper a mile away. Just four car lengths from the turnoff to the main entrance was a four-way stop; good luck with that! As it was impossible to enter at the main entrance, one of the side entrances seemed a better choice. Once inside the parking garage every aisle was clogged with more bumper-to-bumper traffic. Even shoppers leaving the mall had no room to back out; and once they managed, a swarm of cars from both directions fought for their parking space. Every turn leading to the next parking level seemed to have a huge SUV or a pickup truck blocking the view. After 25 minutes of traveling three miles per hour I just drove home.

Like inside the parking garage, it is impossible to clearly see which way to turn your supply chain. Will customers stay at home for last mile delivery? Will the United States become a cashless society? Will machine learning automate your back office? Are brick and mortar retail stores and shopping malls really going away? Will DCs be completely automated with robots? Will truck deliveries to and from factories be autonomous? Will air pollution limit where you can work? Will climate change negate logistics schedule predictability? Will blockchain alliances segment your selection of trading partners? Will closed borders prevent ground transportation options? Will the cost of tariffs prohibit using foreign suppliers? Will China cut off access to rare earth metals? Will a trade war with China lead to a currency revaluation of the Dollar? Will market losses in FAANG stocks trigger a change in monetary policy? Will the Brexit outcome diminish European demand? Will an intellectual property loss compromise your business? Will an information technology breach bankrupt your business?

As supply chains are reviewed in 2019, there is much to angst about. Any decision to reengineer a supply chain should incorporate flexible, agile planning. Plans should be predicated on protecting the highest revenue and the highest contribution and the most strategic pairing of market demand with product supply. Can a supply chain adjustment stay favorable to throughput yet reduce the impact on climate change? Can a change protect access to key markets with predictable cost-to-price margins? What are the contingencies to protect a sole source supply? What change is necessary to ensure supply with predictable inventory turns? Use a SWOT analysis to understand company Strengths and Weaknesses while building on Opportunities and mitigating Threats.

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