



Supply Chain Resilience for the Crises to Come

Our records indicate that this is the first time you're receiving my Weekly Brief, and as BCG's global chair, I wanted to personally welcome you. I started sending this note in mid-2020 with the hope that BCG's latest knowledge and my own reflections could help you make sense of our rapidly changing reality. If you have any feedback, I'd love to hear from you. - Rich

To BCG's network around the world,

Whether you're sitting in the C-suite, managing inventory at a car dealership, or heading down the aisle of your local supermarket, you've felt the recent impact of supply chain disruptions.

Even so, it's relatively common for business managers to view the supply chain chaos of the past two years as an anomaly—disarray caused by the pandemic that will settle down as COVID-19 becomes endemic, more and more people return to the workplace, and we go back to some semblance of normal. Why, many of them ask, should they redesign their business to respond to a crisis that will in all likelihood come to an end before too long?

Of course, it's true that the pandemic is at the heart of current supply chain woes, but it's important to remember that the next crisis, large or small, is somewhere on the horizon. Organizations must [rebalance supply chains for resilience](#) or risk substantial disruptions in the years to come. As Dustin Burke, one of BCG's supply chain experts, put it in his recent [TED Talk](#), this means breaking "the tradeoff between resilience and efficiency."

Looking Beyond Cost

For CEOs, optimizing the supply chain has always been a source of savings. But a drive for efficiency is one of the primary reasons that supply chains have become increasingly brittle over the years. To keep costs down, companies have done their best to eliminate redundancies by consolidating what they need to procure, thus driving down unit costs and relying on “just in time” models that keep inventory low.

That approach was causing trouble even before COVID-19. The reduced flexibility made it hard to respond and adapt to hiccups large and small, including increased tariffs, stricter regulations, and natural disasters.

Cost will always play an important role, but CEOs need to work with their teams to figure out how else to increase the value of their supply chains. Technology is one solution, and it will become increasingly critical. The use of AI, data mining, and machine learning can uncover problems before they happen and even come up with possible answers. By employing **digital twins**, for example, companies can be better prepared to address big crises as well as the day-to-day ups and downs.

Another important solution is to focus on attracting and cultivating talent. This means encouraging high-potential people from within the organization to pursue careers in operations, recruiting from diverse talent pools, and upskilling supply chain teams with more training on the technologies of tomorrow.

Building Breakthrough Visibility

One of the best strategies for making supply chains more resilient is to have true end-to-end visibility into every aspect of how they operate.

Most companies are aware of segments of the supply chain—where an inbound shipment is coming from, say—but breakthrough visibility is much harder and involves a clear understanding of the full web of supply. Who’s the supplier? Who supplies the supplier? Who else does the supplier sell to?

Leading companies are making inroads here, their leaders understanding that responding to an unexpected crisis means looking well beyond immediate assets and the obvious borders of the organization. This kind of transparency will allow them to assess different scenarios and make decisions quickly when they have to.

Transparency will also be critical as companies do the important work of **decarbonizing their supply chains** on the path to net zero. By sharing supplier data, companies will be able to understand the end-to-end carbon footprints of their business, work with suppliers to address their emissions, and redesign supply chains

when necessary.

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The pandemic synchronized massive disruptions. But supply chains have always been vulnerable, and, in fact, disruptions aren't rare. Every year, several industries have one—as do many companies every day. Between crises, stiff competition puts leaders back in the position of thinking about efficiency above all else.

It would be unwise for any of us to think, “This can't happen again.” No matter what course COVID-19 takes, let's be sure to put into practice the critical lessons we've learned about the value of supply chain resilience and mitigate the risks of the next crisis.

Please see below for Dustin's TED Talk and other related content.

Until next time,



Rich Lesser
Global Chair

Further Reading



How to Fix Broken Supply Chains

Supply chain challenges are real, but they're not new, says global trade expert Dustin Burke. In the face of disruptions ranging from natural disasters to pandemics, how do we make sure supply chains can keep up?

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Real-World Supply Chain Resilience

Efficiency in supply chain operations shouldn't come at the expense of flexibility. Here's how leading companies achieve both.

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Achieving Supply Chain Resilience in a Volatile World

The race to net-zero emissions will forever change the way many companies do business. The immediacy, pace, and extent of change are still widely underestimated. Early movers can seize significant advantage. This report shows how.

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