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# Supply Chain Blues (Last of a Series)

THE LEAD | October 6, 2021

Last fall, the Harvard Business Review examined Covid's impact on supply chains [link]. The pandemic, they wrote, "exposed vulnerabilities in the production strategies and supply chains of firms just about everywhere,"

The study also presciently identified "the growing electronics content in modern vehicles" as a potential bottleneck. Today we are witnessing how the shortage of semiconductor chips is hampering auto production.

Moving production in-house and increasing automation could help with uncertain labor and even social distancing. But consumers are demanding more choices, spawning a blizzard of SKUs. We love our Cheerios, but do we really need 23 varieties? (Including Pumpkin Spice, Limited Edition).

A recent EY survey [link] of 200 senior supply chain managers showed 97% of industrial product companies being negatively impacted. But 92% of all companies "did not halt technology investments."

The top priorities of these executives were "increased efficiency and visibility." These objectives are generating more interest in sensors that track goods along the supply chain, telegraphing location and condition.

EY analysts had expected companies might push ESG concerns aside in the face of pandemic urgencies, but found a surprising 85% were *more* focused on sustainability. This likely derived in part from their clients heightened awareness of ESG performance.

How will managers apply lessons learned from the past eighteen months? EY identified several areas for future development: Building in resiliency for future supply shocks, optimizing warehouse costs, reducing waste in the production process, and digitizing autonomous supply chains complete with "robots in warehouses and stores, driverless forklifts, and delivery drones."

While Covid clearly exposed weaknesses in global supply chains, whose aftereffects will be felt for years, managers may see this as a turning point when businesses pivoted logistics towards a digital, 24/7 future.