BIZCOMMUNITY

In 2023, supply chains must anticipate disruptions and have processes to manage them

By MJ Schoemaker

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The past two and a half years of disruption have shown that traditional and historic supply chain processes are insufficient. Companies have increasingly discovered that what they were doing could not contend with the constantly changing environment and new challenges.

In addition to Covid-19, supply chains have been impacted by numerous other chaotic disruptions in recent years, including the blockage of the Suez Canal, riots and unrest in parts of South Africa and issues at the Port of Durban, the COVID-induced container shipping crisis, and the power crisis across Asia and Europe.

2022 was yet another interesting and challenging year for supply chain professionals, as they continued to manage the disruption and volatility of the world. Just as we thought that our supply chains could not be stretched any further, we all watched in horror as disasters of floods and droughts affected South Africa. Business continuity has been difficult and cracks in the armour of resilience are showing.

MJ Schoemaker, President, Sapics (The Professional Body for Supply Chain Management)

It is clear that companies must do things differently to mitigate the risks and succeed in today's challenging and constantly changing environment. What we need are forward-thinking supply chains, so that businesses, communities and economies can withstand future disruptions and volatility. The most important supply chain trends emerging in 2023 will be geared towards future-proofing supply chains, so that they are equipped to anticipate disruptions and have processes to manage them.

The main topics that will be topping the agendas of organisations aiming to future-proof their supply chains include supply chain resilience, flexibility, agility and transparency; human resources, training and education; digital transformation; sustainability and the circular supply chain; entrepreneurship and innovation. Businesses need to understand how all the strategies and techniques can be applied and developed in an environment where constant change is standard and disruptive events need to be managed.

Supply chain resilience, flexibility and agility

Regular planning, strong risk management processes and budgeting are more critical than ever in a world where supply chain disruption is now the norm. The challenge for organisations is to manage cost versus customer satisfaction. Inflation is an additional factor of disruption which calls for cost optimisation to be a key priority.

Human resources, training and education

On the HR front, there has been a shift in leadership consciousness and new skills are needed. The style of leadership that this new normal demands entails a move from thinking that "it's about me" to a mindset of "it's about us". Supply chain management is a constantly changing and evolving profession, so it is vital for all supply chain professionals to keep updating their skills sets and knowledge and honing their expertise.

Those interested in pursuing a career in supply chain management today will find that there is more demand than ever before for supply chain professionals. However, there is also more emphasis than ever on suitable supply chain qualifications and continuous skills development.

Digital transformation to drive transparency

Supply chain digitalisation aims to leverage digital technologies to ensure that supply chains are more connected, have end-to-end visibility, are more resilient, flexible, efficient and cost-effective than ever before. That's the aim; but there are a host of reasons why many companies are failing to achieve real value from their digital transformation initiatives. Businesses need to relook at these.

Sustainability and the circular supply chain

As environmental pressures continue escalating amid the very clear effects of climate change, more and more companies are making sustainability a key priority. Beyond being simply the right thing to do, sustainable supply chains are an expectation of customers, shareholders and employees alike. For many organisations, these stakeholders don't just value environmental consciousness; they demand it.

Entrepreneurship and innovation

Economic challenges caused by the pandemic, the war in Ukraine and natural disasters have had a ripple effect on already constrained global supply chains. Governments around the world are striving to drive economic growth and job creation, and supply chain has a role to play.

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Resilient, optimised supply chains have the power not just to get goods from A to B, but to save lives, protect the environment and grow economies. The rise of supply chain management has the potential to help fight South Africa's dire youth unemployment crisis, while at the same time addressing a deepening supply chain skills shortage across many sectors.

Along with the overarching drive to future-proof supply chains, there are some specific supply chain trends that are emerging from a disruptive world. These are micro-fulfilment for last mile optimisation; elevating supply chain executives to the C level; preparing for new risk events; integrating flexible contracts; increasing inventory reserves; investing in supply chain agility; improving supply chain forecasting; and investing in analytics. Businesses cannot afford to ignore these.

ABOUT MJ SCHOEMAKER

MJ Schoemaker is the president of Sapics (The Professional Body for Supply Chain Management), a non-profit organisation founded in 1966 to elevate, educate and empower the community of supply chain professionals across Africa.

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