

Managing Supply Chain in current scenario and shaping the future through Digital Platform

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Abstract

The year 2020 has turned out to be most unexpected situations in the lives of each and every common man in the whole world which all started in Wuhan, China and has travelled across in leaps and bounds crossing several boundaries. In view of which companies have to rethink and transform the way they look at various things be it managing the materials, men, finance, information etc., In this article the researcher tries to find out the challenges involved in supply chain and how the companies and industries are currently managing their supplies specially when it comes to the essentials like food, groceries, medical supplies etc, and how the rest of the companies or industries can manage their supplies henceforth. Also the actions that can be taken in the speedy recovery and march towards digital transformation in order to support the supply chain management challenges.

Key Words: Supply chain management, Digital, Challenge, Recovery, Actions, Trust

Supply Chain Management

As we all know supply chain management involves the most important three flows viz., products / material flow, Fund flow and information flow. Supply Chain Strategies are the critical backbone to Business Organizations today. Effective Market coverage, Availability of Products at locations that hold the key to revenue recognition depends upon the effectiveness of Supply Chain Strategy rolled out. Very simply stated, when a product is introduced in the market and advertised, the entire market in the country and all the sales counters need to have the product where the customer can buy and take delivery. Any glitch in the product not being available at the right time can result in the drop in customer interest and demand which can be disastrous. Transportation network design and management assume importance to support sales and marketing strategy.

China's role and importance to global trade has grown significantly—as a primary producer of high value products and components, as a large customer of global commodities and industrial products, and as a very attractive consumer marketplace. A new Dun & Bradstreet study also estimates that 163 of the Fortune 1000 have Tier 1 suppliers those they do direct business with in the impacted area. Just because the companies don't have any direct suppliers in the impacted areas in China, does not mean that they are safe from disruption. Visibility to only Tier 1 suppliers will likely be insufficient for most organizations looking to manage supply disruption risks. However, very few organizations can trace their supply chain beyond their Tier 1 suppliers, and advanced digital solutions are generally required to trace supply networks reliably across the multiple tiers of suppliers that are required to fully understand supply-side risk. The domino effect of plant closures and supply shortages across the extended supply network can quickly lead to significant supply chain disruption.

Even for those companies that are not directly reliant for production or suppliers in Wuhan and surrounding impacted areas, logistics within China has been affected. As the transportation hub for many industries, Wuhan is home to the largest inland port in the country, and has a well-developed infrastructure in water, land, and air traffic. Important industrial cities such as Beijing, Shanghai, Guangzhou, Chengdu, and Xi'an, are also all within 1,200 km of Wuhan SCM in current situation Global SCM

Objectives of the study

1. To identify the challenges involved in supply chains, by the companies /industries in the current scenario
2. To recognise the ways to overcome the challenges in view of managing their supply chains.

Challenges involved

Change in reality

Almost every business have been impacted in the current scenario and almost all have to change and accept the reality has had a change altogether. For many of the them, the companies have closed their shutters and there is a huge loss of revenue. They have to struggle for their living and increase their liquidity. On the other hand some companies have made use of the situation and have seen increase in demand of their products. However, the more risk the more reward that these companies have been experienced with.

Uncertainty is immense with regard to the level of the spread of the virus, time, the recovery. The economic damage is huge and the unemployment has reached a huge hit even in countries like United States. Government has taken steps to recover the economic loss by providing funds. However, the success might differ based on the timing and speedy recovery. At this point of time, companies should emerge in building trust. The companies might also experience the shift of business revenue in terms of geography when the economies re open. Considering the effect that the virus had made on the countries. While companies who have indulged in travel, restaurant, non-essential retailing would suffer, companies involved in sectors like digital, on line education, grocery etc., would emerge significantly.

Normalcy

With social distancing and use of sanitizers or personal hygiene is considered utmost importance, the companies have to rethink the layout of the office space or shop floor in terms of being able to give the necessary to the workers. Certain roles have been identified that can be implemented through online / work from home concept and we can guess there would be changes in the human behaviour because of the spread of disease, which the companies should be able to consider it as normal and implement measures to suit the general psychology of the workers / employees.

Companies might also try to adapt local sourcing techniques and more resilient supply chains. Every business should be clear in and confident in its purpose, in order to win the trust of employees and customers. Those involved in international business should clearly understand the political, economic and cultural differences post crisis and restructure their strategies. The present scenario has challenged the businesses to rethink how they operate. The supply chains need to be still lean and the three basic flows material/ product, information and fund need to be re-assessed for smooth operations. Digital operations might kick off and small companies might have to accept this normalcy

Trust

Institutional trust refers to trust in formal institutions : systems, governments, companies and organizations. Social trust refers to faith in people; it connotes social ties, and interpersonal trust between individuals within communities, workplaces, and stake holder groups.⁵

Elements of Trust: Social, Economic, Psychological, Digital

Social Trust: Whether my physical location is safe to work?

Whether my co-workers take necessary safety precautions?

Whether I can use shared resources in my work place?

Whether I can attend social gatherings / meetings?

Economic Trust: Will I lose my Job?

- Will I get salary during this crisis?
- Will the company support me during these critical times?
- Whether the company will exploit me?

Psychological Trust

- Will the company empower me to do the job?
- Will the company understand my difficult times if I'm not able to meet the dead lines?
- Will the company trust me? For the works I'm doing?
- Will the company entrust works as before?
- Will the communication be effective?

Digital Trust

- Will my data be secured?
- Will the company stand beside me for enhancing the cyber security?
- Can I trust when my personal transactions are shared via web?
- When more and more business transactions are increasingly virtual will the company ensure integrity?

Managing the challenges

The companies need to re-strategize in order manage and overcome the challenges put forth by the environment. Considering the present situation to continue for the next one year at least, the companies need to plan on certain things few of which is listed below to move into future.

- Opportunities and risks will differ, so capital infusion needs a check
- Shift / restructuring in forecasts likely
- Operation, strategies, finance models need to be re build to suit current uncertainty levels.
- Digital enablement and resilient supply chain model planning likely.
- Rapid change in funding plans
- Giving thrust on commercial eco system
- Might join hands with government /other businesses / even competitors to overcome the challenges
- Analyse the power of big data and making use of it
- Understanding the importance of business continuity and thriving to respond and re build.
- Flexible time periods
- Focus on core competency
- Understand existing source of supply and activate alternate

- Planning and Inventory policy reformulation
- Prepare for close down
- Demand supply synchronization possibility
- Digital supply chain overcoming Traditional supply chain preparedness
- Companies must ensure social trust by providing necessary protective gears like masks, gowns, Checking temperature, etc.,
- Companies must ensure economic trust by reducing the anxiety of loss of job and doing away with exploitation etc.,
- Psychological trust may be instilled by clearly communicating the organization's goals and give the employees the required responsive support.
- Digital trust can be ensured by providing adequate digital privacy to employees

Overcoming /recovering and shaping the future through digital platform

Overall large scale deployment of workforce in remote destinations and bringing them all together to help the organization achieve their goal is a big challenging task, when it comes to information sharing. When it comes to materials flow, technology should propose solutions for stable operating systems. This may lead to switching vendors, offering alternatives and creating conducive remote working nature ultimately leading to resilient supply chain. By enhancing the digital innovations and presence, companies digitally meet the needs of the customers like emergence of tele medicine, chat bots to support remote patients, professional services, education including sports.

Conclusion

As the companies march through this unprecedented crisis, they also should focus on their core abilities which they have accrued over decades and take into consideration the changes that is expected. The crisis has made dramatic changes in daily life of the individuals and so the business, the way they operate. Understanding the changes and implementing strategies with the support of the digital platform is the key. Planning effectively taking into consideration the uncertainty and forecasting accordingly is the need of the hour, with special reference to various geographies.

However, the crisis have shown that technology has still been underutilized. For example, video conferencing is evolved decades before , but only now extensively it is being used across many sectors. Online learning platforms, remote working has been found successful and the crisis has already taught companies to cut down operating costs. Ultimately there is a shift in the perception and our fundamental ways of working.

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