

IS YOUR SUPPLY CHAIN READY FOR ECONOMIC RECOVERY?

Having survived the recession to date, for which there is evidence in some sectors that the worst is behind us, businesses should be planning not only how to recover but also to grow and become stronger than they were before the economic downturn. That is not to say that the recession is over, nor will there suddenly be a sharp rise in demand, but planning how to react to economic recovery and capitalise on every opportunity as and when it arises is crucial.

Where measures have been taken to rationalise and contract to combat recession, businesses need to be sure that they can react to the inevitable upturn in trade as and when needed and not be found wanting or lacking in resource and strategy when the time comes.

Long term security will be highly dependent on a robust and sustainable Logistics strategy within your business and within that of your customers and suppliers throughout the supply chain.

A lack in demand has forced some manufacturers and LSPs to diversify into other sectors and their capability to revert back to their original product or service supply may have lessened, leaving potential “gaps” in your supply chain.

A process of continual review of your supplier base is therefore required in a structured and manageable approach without committing to future volumes or spend, but with supply-chain readiness being the key factor. With the risk of using a much hackneyed term, a regular “Health Check” of your key suppliers and LSPs can only assist in your future growth strategy planning.

This process can be kept simple and should comprise of the following key steps:

- *Full Current State Logistics map* for your business focusing on your costs; product volumes; your production / warehouse locations; customer base; your suppliers and distribution networks.
- *Future State Strategy proposal* showing what your costs could be and identifying how to optimise your resources and strategy to reach the reduced costs.
- *Road Map for Strategy Implementation* – to identify how to implement the changes required for the successful delivery of the Future State strategy

This is a useful exercise with your existing supply base regardless of whether you have been able to maintain the relationship with your suppliers. If you have not been able to, because they have diversified or ceased trading and are unable to supply in the future, then it will identify the need to source alternative product and service suppliers for the future – thus ensuring your own supply chain security in readiness for economic recovery.

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