



Don't Let a Good Crisis Go To Waste: Executives Retool for the New Normal

Executive roundtable discussion about trends shaping business operations and how these trends are influencing strategies for post pandemic success.

The past year has been a harsh reminder that supply chains are complex, interconnected, and sensitive to shock. But the lessons learned will fuel transformational changes as decision makers find their leverage points and rethink their global models and process technologies.

To support the desire for peer-to-peer learning, TBM brings together middle market manufacturing and service sector executives from major companies to discuss a variety of industry topics. Here's an overview of their insights and key strategies:

Supply Chain Flexibility

Think Regionally: To establish a more flexible and resilient supply chain, several organizations are working toward sourcing, assembling, and delivering from their own backyards. For companies with networks of suppliers and sub-suppliers,

establishing regional supply chains presents an incredibly complex challenge. But as one executive pointed out, that challenge might be worth taking in a post-covid world. “If I can cut out the issues of sitting in port or getting stuck in customs for three weeks, it makes my supply chain a lot more resilient.” With locations in the U.S. and Mexico, the company is focused on resourcing locally whenever possible. “You can’t do it for everything, but you can really change your supply footprint over time by trying to produce in the area where you do business.”

Consider Insourcing: One company is finding success by bringing parts of their supply chain in-house, giving them greater control over how products are being made and the time it takes to fulfill orders. “With finite resources and finite capabilities, we’re pulling the insourcing lever the hardest right now,” said one executive leader. The company is aggressively bringing machining in house where it was previously done outside and qualifying the products in machine facilities where they used to buy them.

Leverage Value-Add Automation: Some participants are turning to advanced automation systems and robotics for lower-value tasks, maintenance troubleshooting, and assembly line training. As TBM’s Ken Koenemann observed, important questions need to be asked before embarking on automated solutions: “Where do we do it? What’s the right way to do it? And where does it add value? People are making life-changing decisions that are affecting the labor force. And it’s going to make us rethink how we’ve approached operations around automation.”

Engage Suppliers: COVID-19 highlighted the need for stronger and more proactive efforts to build relationships with suppliers. As one executive put it, “We’ve transitioned from a reactive approach and just trying to live another day to more of a proactive approach. Even if something’s not broken, we’re still reaching out to key suppliers to ensure they remain non-problematic, as well as to explore new opportunities with availability of material and pricing.” The results have surpassed expectations. “We thought due to everything being so tight, we’d be talking to a lot of hands. But we’re actually getting good engagement from current and potential new suppliers that we didn’t expect.”

Hiring and Retention

Enhance Employee Skills for the Future: Automation isn't a typical retention strategy, but it is easing concerns for some participants during the tight labor market. Several mentioned they are using automation to drive low-value labor down and help their high-value workers accomplish more. Since it's often cheaper to retrain current employees than find and hire new ones, this approach can have an important impact on the bottom line now and in the future. Workstation robotics, advanced analytics, and AI are being implemented to drive assembly line teaching, expand skill sets, and increase productivity. Commenting on the benefits, one leader noted: "We can measure them as they go up the learning curve, understand how well they're performing, and monitor where we want them to be going forward."

Bring the Border to You: One organization is experimenting with bringing employees from their sister company in Mexico to their U.S. operations to help them sustain production. As their president explained, "We're located in rural America, and big picture, we don't foresee population growth where our factories are located. We realized we can bring workers from Mexico temporarily as long as they've been working for us for two years." The company is in the process of doing the visa applications for employees who meet the qualifications and hope to bring them on board in their U.S. locations by September. Assistance, while costly, is provided for training, transportation to work, lodging, and meals to facilitate their transition.

Incentivize and Recognize: With the war on talent in full force, the labor shortage is still a significant problem for the supply chain. Many warehouse and production workers fall into the category of shift employees who have yet to return to the workforce due to a variety of reasons that may include pandemic-related health concerns, childcare issues, and generous unemployment benefits. Several participants are focusing on attracting and optimizing their labor force by introducing incentives such as sign-on bonuses, hourly wage increases, and pay-for-performance programs to keep teams engaged and reduce turnover.

Digital Innovation

Take Advantage of Process Innovations: Companies have seen a major shift in customer demand during the crisis, as well as disruptions to their supply and

transportation networks. This has brought home the importance of visibility across the supply chain. To optimize their operations, one executive highlighted how they are working with a leading digital fulfillment provider to help them leverage AI and machine learning. With 50+ plants and warehouses, the company has a complex manufacturing network. To keep their transportation and warehousing costs low, they invested heavily in the provider's warehouse management and transportation management control modules. "Before we had too much inventory, too much cost, and then everything was affected by Covid. Now we have a better handle on the supply chain across the board. We're about 90% through implementation, and it's been very successful."

Gather Data with the End in Mind: There was consensus among participants that effective supply chain decision-making is only as good as the data influencing the decisions. Many have invested in data gathering and analysis, only to be disappointed in the results. Getting to good data is no small feat. As they strive to leverage advanced analytics and artificial intelligence, all of the leaders plan to constantly refine their approach to data gathering and stay focused on the outputs that can actually help them make decisions, differentiate products, and satisfy customers.

FROM COST CENTER TO COMPETITIVE ADVANTAGE

The pandemic was not just a blip on the radar. It has left indelible marks on supply chain practices and professionals. But the crisis has given companies a unique opportunity to reimagine their supply chains, human capital practices, and technology adoption. TBM can help you stay ahead of the issues and successfully implement innovative strategies that will generate real results. Reach out today to start the conversation about your specific post-pandemic reset.



Gary Hoover, Vice President, Global Private Equity Practice

Gary has over 30 years of experience as a global leader. He rejoined TBM after working as Vice President of Operations at ESAB. Gary currently leads TBM's Global Private Equity practice.



Ken Koenemann, Vice President, Technology and Supply Chain Practices & Dploy Solutions

Ken Koenemann leads TBM's Supply Chain and Technology practices and is currently leading new product development for TBM's proprietary software business, Dploy Solutions.