

## Dr. Yossi Sheffi Director of the MIT Center for Transportation and Logistics

This is episode 17 and I am happy to have with us today [Dr. Yossi Sheffi](#).

Dr. Yossi Sheffi, professor at the Massachusetts Institute of Technology, where he serves as Director of the [MIT Center for Transportation and Logistics](#). He is an expert in systems optimization, risk analysis, and supply chain management, which are the subjects he teaches and researches at MIT. He is the author of many scientific [publications](#) and five books:

- [Urban Transportation Networks: Equilibrium Analysis with Mathematical Programming Methods](#) (Prentice Hall, 1985)
- [The Resilient Enterprise: Overcoming Vulnerability for Competitive Advantage](#) (MIT Press, 2005)
- [Logistics Clusters: Delivering Value and Driving Growth](#) (MIT Press, 2012)
- [The Power of Resilience: How the Best Companies Manage the Unexpected](#) (MIT Press 2015)
- [Balancing Green, When to Embrace Sustainability in a Business \(and When Not To\) \(2018\)](#)

Under his leadership, MIT CTL launched many new educational, research, and industry/government outreach programs, leading to substantial growth. He founded the [MITx MicroMasters in Supply Chain Management](#). He is the founder and the Director of MIT's [Master of Supply Chain Management](#) degree. He also led the international expansion of MIT CTL by launching the [Supply Chain and Logistics Excellence](#) (SCALE) global network of academic centers of education and research. The network includes centers modeled after MIT CTL in [Zaragoza, Spain](#); [Bogota, Colombia](#); and [Kuala Lumpur, Malaysia](#).

From 2007 to 2011 he served as the Director of the MIT [Engineering Systems Division](#), where he set a strategy, revamped the [PhD program](#), and set the division for [future growth](#). Outside the university Professor Sheffi has consulted with governments and leading manufacturing, retail and transportation enterprises all over the world. He is also an active [entrepreneur](#), having founded and co-founded five successful companies:

- Princeton Transportation Consulting Group Inc.
- LogiCorp Inc.
- e-Chemicals Inc.
- Syncra Inc.
- [Logistics.com Inc.](#)

Stay tuned as we cover:

- extensive **interviews** with more than **100 executives** on **sustainability** in business
- **“profits versus planet”** or is it instead a more subtle issue of (some) people versus (other) people
- the example of **Walmart and Greenpeace** fighting for sustainable seafood

- **younger** people are more **environmentally aware**
- **price premium** is related to a **brand** that symbolizes quality – **Forbes** has valued the **Coca-Cola** brand at over **\$50 billion**
- how is **sustainability impacting supply chains?**
- the example of **Patagonia** – outdoor clothing marketed as **sustainable**
- **issues** which are prevalent in today's Supply Chain which are being **overseen?**
- How to **evaluate** how **much resilience** you need in an organisation?
- How will **3PLs** be impacted by huge **ecommerce** companies?
- Top **3 attributes** that a **Chief Supply Chain Officer** needs to have?
- What is your vision for supply chain and logistics education?

**The interview is split into 4 parts – so if you want to skip directly to the point of interest please go ahead:**

- [02:38] Part 1 – Talking first about your latest book – *Balancing Green, When to Embrace Sustainability in a Business (and When Not To)*
- [28:11] Part 2: Industry Trends
- [01:04:55] Part 3: Talent and Recruitment in Supply Chain and Logistics
- [01:11:48] Part 4: Future of Education

## **SHOW NOTES:**

Episode #17: Dr. Yossi Sheffi Director of the MIT Center for Transportation and Logistics

### **Part 1 – Talking first about your latest book – *Balancing Green, When to Embrace Sustainability in a Business (and When Not To)*:**

- [02:38] Drawing on extensive interviews with more than **100 executives**, what are the implications of balancing traditional business goals with **sustainability**? What's a realistic overview on how executives think about this issues?
- [04:36] For companies, **sustainability** is not a simple case of “**profits versus planet**” but is instead a more subtle issue of (some) **people versus (other) people**—those looking for jobs and inexpensive goods versus others who seek a pristine environment. The question is, how far one should go with **sustainability**? And maybe touch upon the three basic business rationales for corporate sustainability efforts: **cutting costs, reducing risk, and achieving growth**.
- [08:26] You give the example, of **Walmart** – worked with various stakeholders to develop seafood certification programs that **support sustainability**. In 2015, the environmental group Greenpeace contended that Walmart was not doing enough, whereas Alaskan fisherman and state officials complained that the company was asking too much of them. **So what's the best way to go about it?**
- [11:52] Another example that you give, we see that **younger** people are more **environmentally aware** than older folks. As they grow in **purchasing power**, they

may buy from companies that are sustainable. What are your views on this?

- [15:25] But part of the **price premium** is related to a **brand** that symbolizes quality, youth, or other desirable attributes. **Forbes** has valued the **Coca-Cola** brand at over **\$50 billion** based on the brands contribution to sales. This is why companies with valuable brands are particularly susceptible to NGO pressure campaigns. DO you have any examples in this direction and what are your views?
- [19:08] How did **Unilever** become “**sustainability**” focused?
- [21:18] How is **sustainability impacting supply chains**? Would you argue that sustainability is in fact a supply chain **issue**?
- [24:52] Let’s talk a bit the example of **Patagonia**, the American clothing company that sells outdoor clothing marketed as **sustainable**.. They sell to people who **care about the environment**. The company is committed to sustainability throughout the supply chain. Can you tell us a bit more about this **study case**?

## Part 2 – Industry Trends:

- [28:11] Some of the major customer pinch points are being resolved by the emergence of **Omnichannel** and Blockchain. What would be the best way to gear ourselves for the **change** that is on-going and is to come from a retailer perspective?
- [34:33] What are the **issues** which are prevalent in today’s Supply Chain which are being **overseen**?
- [38:45] With Supply chain **Digitisation** becoming a key topic for many organisations, will the Supply Chain function move from the back office (**Cost Centre**) to Front Office (**Revenue Generation**)?
- [41:49] Its been 2 years since the book [\*“The Power of Resilience”\*](#) was published, how has the type of supply chain **risks** that threaten large organizations shifted, if any and with development of IoT, AI etc .. are company adopting technology to mitigate identified risk? (or even enable them to identify other risk and mitigate / prevent those risk?) – if yes, what are some examples.
- [47:10] How to **evaluate** how **much resilience** you need in an organisation?
- [50:30] In your book, [\*“Logistics Clusters”\*](#), you have applauded **Singapore** as one of the **successful logistics clusters**. What will [\*Singapore’s Smart City drive\*](#), with the push for a [\*Smart Nation\*](#) which is about transforming Singapore through technology. To leading economy powered by digital innovation. How would this add to Singapore’s status as the global leader and a formidable competitor to other logistics clusters?
- [53:19] What impact will **blockchain** have on **Supply Chain and Transportation**?
- [01:02:01] **Global retail** companies build their own supply chain logistics network. How strongly will this effect the business model of **3PL logistics provider**? (we would also add do you think the ecommerce giants like **Alibaba** or **Amazon** will go and offer 3PL services?)

## Part 3 – Talent and Recruitment:

- [01:04:55] In the age of digitization, machine learning, robotics, What **skills** will be required by future supply chain leaders? What are the top 3 attributes that a **Chief Supply**

### **Chain officer needs to have?**

- **[01:06:51]** Considering your academic background it would be interesting to know which are the most **relevant skills companies** are looking for in **fresh graduates** and if Asian universities are preparing students. Maybe splitting between China/Singapore and other countries (**ASEAN** area and India).

### **Part 4 – Future of Education:**

- **[01:11:48]** **What is your vision for supply chain and logistics education?** What are the type of **skill sets** needed. A challenge exists today in closing the gap of what's need now and what the education system is producing.
- **[01:12:59]** Some examples of **teaching students** at **MIT** – how do you give them the best resources to learn?
- **[01:14:34]** How do you see **MOOC's** developing in future?  
Will **Universities** like **MIT** will go completely **digital** or will it co-exist with on campus education?