



Time is Now to Honor Inspirational Supply Chain Providers

By Yossi Sheffi · April 1, 2020

Editor's Note: This message was posted to Facebook by Yossi Sheffi, director, MIT Center for Transportation & Logistics. He asked us to share this with our readers.

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As people hunker down in their homes to isolate themselves from the COVID-19 pandemic, an army of dedicated professionals keeps the country's food supply chains humming under trying conditions.

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They make sure that food flows to supermarkets and other retail outlets as well as to e-commerce fulfillment centers, even though media images of empty shelves tell a different story.

Shock images distort reality

Empty shopping aisles make for good TV since every media professional knows that "fear sells." However, we should not assume that these pictures are a proper reflection of reality.

When the reported number of COVID-19 infections began to climb, panic buying ensued. The first stay-at-home recommendations followed soon after, feeding the buying frenzy.

The inevitable outcome was a sudden run on essentials that left retail shelves bare. Retail stores cannot maintain the large inventory levels needed to meet extreme peaks in demand that may happen once every 100 years or so. Such a policy would require them to store huge volumes of perishable items and bear exorbitantly high spoilage costs.

Moreover, the extra storage space needed is very expensive in cities, and it is much more cost-effective to keep stock in warehouses outside of metropolitan areas. In addition, warehouses allow for what is called risk-pooling. One store may order more items on a particular day while another store orders less, so the warehouse can keep a balanced inventory of goods.

When all retail outlets experience a massive spike in orders, the warehouses that support them strain under the pressure. In response, they order more stock from their wholesalers, prompting the wholesalers to place orders with farms and manufacturers. Completing this process takes time since it involves various activities such as transporting supplies to wholesalers, the breaking of pallets, putting goods away,

picking and packing, and shipping goods to stores. Also, retail outlets cannot stock their shelves while shoppers roam the aisles. This is never a good idea and dangerous during periods that require social distancing. Thus, shipments are transferred to the stores at night and handled by shifts of workers who unload the incoming trucks, break the packaging, and stock the shelves.

Unfortunately, even the most respectable media outlets contribute to the unnecessary panic buying by showing pictures and videos of empty shelves. What they never tell their readers and viewers is that these pictures are typically taken at the end of the day. Morning images, taken as stores open, would show well-stocked shelves. However, since fear sells, bottom-line concerns or just carelessness drive journalists to hunt for impactful stories – whether right or not.

Time to lay the ghost of shortages

Let me emphasize that there is no danger of the U.S. running out of food anywhere in the country. Our food is, for the most part, grown and processed in the U.S., and transported by American truckers to American warehouses as well as neighborhood stores and e-commerce fulfillment centers. These food products are not made in China.

Sure, there are delays and uneven availability of deliveries from retail stores as well as e-commerce giants. This is, for the most part, a transportation capacity issue. Long haul trucking is struggling to meet the increased demand. However, the US Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) has stepped in to help truckers. The FMCSA relaxed its hours-of-operations rule. As a consequence, truck drivers can now operate longer hours in their efforts to speed up the America's food supply chains. Few outside the industry realize the role of truckers in helping the nation.

Others along the food supply chain are ramping up as well. Amazon, for example, is enticing worker to move from its regular fulfillment centers to its online grocery operations, offering them a \$2/hour pay increase on top of its elevated minimum pay of \$17/hour.

On the local delivery side, retailers are ramping up. Many are using integrated fulfillment solutions which allow them to quickly implement a system of ordering, delivery, tracking, and payments.

In short – there is no reason to panic.

This advice even applies to our national fetish for worrying about the availability of toilet paper. In this case, the current scarcities are caused by spot shortages that are temporary since it is not likely that people will be using MORE of the product during the pandemic. Be assured that supplies are already starting to catch up. Similarly, food shortages are a temporary (evening) phenomenon. Most people are not eating more (well – for the most part), so supply is already catching up with demand.

Inspiration behind the scenes

The incredibly fast catch-up of supply is a testament to the great people who run and operate U.S. supply chains. Behind the person who delivers food orders or the supermarket clerk who serves customers is a complex supply chain involving millions of men and women who make sure that vital supplies reach consumers.

They carry out this taxing work in the face of unprecedented demand. These supply chain professionals and operators who continue to accomplish the impossible every day are the unknown and unsung heroes of the COVID-19 crisis.