



## The New (Ab)Normal Approach to Supply Management

By Sue Doerfler



In light of coronavirus (COVID-19) pandemic impacts on their supply chains, organizations around the world are wrestling with what the new normal looks like for them. Yossi Sheffi, Ph.D., the Elisha Gray II Professor of Engineering Systems at the Massachusetts Institute of Technology in Boston, has an even better description of that environment, which he has aptly titled his new [e-book](#), *The New (Ab)Normal: Reshaping Business and Supply Chain Strategy Beyond Covid-19*.

More than just a primer on how supply chains have been impacted — from workplace changes to supply and demand challenges to financial concerns to governmental policies — the book delves into the opportunities presented by the pandemic and what the future supply chain environment might look like. It offers examples of how organizations have been revamping their supply chains through risk mitigation, as well as insights on how companies have adapted and created agility in their quest for economic sustainability.

Among the book's top messages:

1) Supply chain management has been elevated within organizations and in society. There has been a realization that it is a complex function that “makes life possible,” says Sheffi. “Nobody used to know what supply chain management was, but due to the pandemic, now everybody knows what it is.”

2) The pandemic has accelerated the adoption of technology, and many of these technologies are aiding in innovation, manufacturing flexibility and supply chain visibility. Support from top management has helped reduce implementation hurdles, Sheffi says.

Consider, for example, the speed at which retailers have improved their e-commerce presence and adopted omnichannel capabilities, he says. “Retailers suddenly realized that they had to move to e-commerce or go out of business,” he says. They also recognized that to remain economically viable they needed to (1) ensure all their merchandise was available online and continually updated and (2) offer a variety of delivery and payment options, he says.

E-commerce platforms like Etsy, in which artisans sell directly to consumers, have enabled smaller retailers to compete against larger online retailers, Sheffi says. They “offer a dynamic and flexible retailing channel for selling in more volatile and less predictable environments,” he notes in the book. Such sites also enable companies to quickly respond to trends and needs. “Etsy, for example, within weeks had 60,000 people on the platform selling masks,” Sheffi says.

3) Collaboration with suppliers is a critical component of the new (ab)normal supply chain environment. It can determine whether a company has adequate supply, as well as aid with innovation and other value-add opportunities.

Companies often debate the value of supplier relationships and collaboration, Sheffi says, and in good times, getting the best cost often drives supplier selection. “However, organizations in general are starting to look at other objectives, namely, assurance of supply,” he says. “Whether they need more inventory, to move operations or sourcing out of China, or to develop better supplier relationships — all of this contributes to how organizations should not worry about getting the lowest piece price possible but about being able to sustain their operations economically.”

Good supplier relationships can elevate organizations, especially during a crisis, he says: “Demand could be too high, or there's not enough supply, so the question is who gets the supply. The one who gets it is the organization with the trusted, long-term relationship.”

In the book, Sheffi notes: “COVID-19 proved we are all dependent on each other. ... those familiar with supply chains knew the potential power of all the interconnecting pieces to do almost anything if one connected the right pieces and synchronized their activities.”

Sheffi adds that there is a human-interaction element that’s paramount to developing good supplier relationships and collaboration. Existing relationships can be carried out through virtual meetings, at least for a while, he says.

“However, creating new relationships with say, a new supplier in China, requires flying there and meeting with them,” Sheffi says. “You have to negotiate hard — and then have dinner with them. It’s part of creating trust — because at the end of the day, people don’t trust companies, they trust people.

“You have to look people in the eye, look at the product and decide if you want a relationship. I just don’t see it *not* happening. There is no other way to do it. It is too easy to get on the wrong side of the relationship if you just do it in a virtual meeting. (In-person interaction) will come back — and relatively quickly — the minute there is some semblance of a vaccine or therapeutic measures. People have to feel safe.”

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