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What You Must Know to Survive a Supply Chain Crisis: 5 Priorities from 4 Industry Experts

At the June 2020 LogiPharma Digital Summit, TraceLink hosted a panel discussion on agility, reliability, and predictability in the global supply chain, featuring insights from leading industry and academic thought leaders:

Paul Bittinger
Transformation Leader
Formerly Procter & Gamble; Nature's Bounty

Professor Hau Lee
Thoma Professor of Operations, Information and Technology
Stanford University

Paul McKenzie
Chief Operating Officer
CSL Limited

Michael Wittman
Supply Chain Subject Matter Expert

Moderator
Roddy Martin
Chief Digital Strategist
TraceLink

Do you have a complete picture of your multi-enterprise network of suppliers and partners as you evaluate the reliability of your supply chain in the wake of the COVID-19 pandemic? What are the hidden causes of more frequent "chronic" disruptions and how do they impact on-time, in-full performance, your bottom line, and patient outcomes? And how can building a more agile, more resilient supply chain address recurring issues and better prepare your company to respond to a large-scale disruption?

These highlights from *Lessons from Leaders: Preparing Your Supply Chain Today for Tomorrow's Inevitable Supply Chain Disruptions and Uncertainties* emphasize the need for speed, visibility, and flexibility in resolving supply disruptions—and why companies must replace ad hoc processes with collaborative, multi-enterprise solutions that extend beyond their "four walls."

Agility requires end-to-end supply chain visibility and "smart sensing"

Hau Lee: Agility in a very simple term is really a combination of good sensing and being able to respond well. It's really about sensing, it's a visibility foundation. **Visibility requires us to have both end-to-end visibility, understanding not just where things are but also the stage and the condition of the product, as well as some of the soft attributes, like has the signature been done, or has some approval been obtained.** Then you need your good sense of making intelligence out of it. I call it "smart sensing," "sensitive sensing," "actionable sensing." Then you have to respond, because sensing without action is not actionable sensing, it's not actionable visibility. How can we respond? It requires speed … and flexibility … and collaboration. You cannot single-handedly do it.

Hau Lee: Agility has become even more important than before. After the Japan earthquake, after the need for flu shots and being a surge, this time is a much bigger one. I am using the term that you cannot just have agility. **You need superagility.** In the cloud computing world, they use the term "hyperscale," which is hyperagility.

Paul Bittinger: What agility really speaks to is really making that 85, 90 percent of the supply chain that just happens every day. I'm not talking about the 5, 10, 15 percent exceptions or unusual events, but **using agility to really drive reliability, drive service, and certainly drive cost** in that supply chain on a day-to-day basis.

The COVID-19 pandemic has magnified chronic disruptions of the supply chain

Michael Wittman: The market circumstances in pharmaceuticals—the long product development lead times, the long regulatory approval lead times—have long allowed the manufacturers and marketers of drugs to, quite frankly, be a little complacent and slow to react, and the COVID-19 crisis has put everything on overdrive. I think being extremely intentional about the focus on agility today and **looking at all dimensions is going to be absolutely critical**.

Paul Bittinger: COVID has taught us that every so often it's going to be every country, everywhere, and hopefully not very often. I'm not sure how you plan a supply chain or design a supply chain for a once-in-a-lifetime event. That's a misnomer, because a lot of business people believe they can create a risk-free supply chain if they can just get agile.

What we're all seeing in COVID right now is … you can have three people looking at the same screen with the exact same news story, you're going to have **three completely different interpretations** of what the data is saying: What we should do next, what the risks are, what their contributions could be.

Paul MacKenzie: I think this pandemic … has tested all facets of the business, to a point where every individual facet of the business has had to tap into its business continuity plans, its "what if" thinking. The hurricanes and other things that have occurred over the years, although devastating, certainly only flex one muscle: How could you do logistics or how could you do supply differently? But now, in terms of this pandemic, **every muscle across our supply chain has to be flexed**, has to be flexed in a completely different way, and has to be flexed in concert with all of the other flexing going on along the pipe.

There is renewed focus on sustainable supply chain reliability and resilience

Michael Wittman: Without an underlying reliable supply chain and execution, not just in the supply chain, but also in demand sensing and demand visibility and forecasting, etc., in product development and the robustness of that, the processes for that product development, without that core reliability, launching on an agility focus will do nothing but amplify the failures upstream in reliability. That's not to say that they have to come in succession, but **you can't focus on agility without also focusing on reliability**.

Michael Wittman: If you can measure your reliability throughout the supply chain, a failure upstream at a supplier—while it's already occurred so it's by nature a lagging indicator for the supplier—**it still can become a leading indicator for the patient**, because you've got the lead time for the product to flow through the process and get downstream.

Paul Bittinger: Without reliability, without predictability within your supply chain, then a lot of your visibility and a lot of your planning and a lot of your systems look like they're not working, but what's really not working is reliability and predictability of what's happening. **One of the biggest killers of predictability in the supply chain, or at least in planning, is trying to have a supply chain that can cover any and every possible outrageous scenario in the world**.

Paul Bittinger: I think one of the things we learned was the value of... interim measures. It's easy to look at inventories: Inventory at target, not at target. It was feel-good yesterday or not good yesterday. But trying to sense where you're going, having all these interim measures in place. It can be supplier plan performance, it can be demand plan performance, it can be supply plan performance. **Knowing what you're expecting to occur each day, reliably and predictably**, and then understanding why this is going below whatever control limits or whatever limits you have set on that performance.

Cross-functional collaboration and accountability improve team outcomes

Paul McKenzie: I think the themes that our colleagues have talked about here around sensing, collaboration, reliability room, you bring them together in what we call a "virtual reliability room." I ask every function to check their hat at the door, and really just come in as a patient, come in as a person that has to rely on that medicine day in and day out. Think about if you were that patient, would that smoke signal concern to you? How would you want—as a patient—the organization to respond? It's actually interesting **because as you get people to take off their functional hats, they collaborate better.**

Michael Wittman: When we really hit our stride is when we took a step back and started focusing on a fourth leg of the stool of dimension around dashboarding, and dashboarding all the key metrics from the top down, from the CEO on down and mapping those metrics. I'm a huge believer in managing with metrics as leaders. It gives you a very objective valuation of your performance. You can use the metrics to hold people accountable, not only functionally, but importantly, cross functionally, to start to drive the collaboration … and the focus for the organization. **For me, the key is to determine what is the right metric?** How are you going to focus the business on the metrics that will be most important to the business?

Agile processes must replace ad hoc, unstructured communications

Paul Bittinger: The issue with emails are, number one, they almost never contain enough information to do anything with. They're almost always an advocacy letter "Here's why I'm right and you're wrong" type letter even when they're very collaborative. But most of all, the issue with email is **it just keeps dumping the problem over a partition somewhere**, over a wall. The business person, commercial person, sends the emails so the plant needs to fix it … you can quickly get an email chain of 40 or 50 emails all stacked on top of each other with no solution in sight.

Patient-centric outcomes are driving more agile supply chain strategies

Paul Bittinger: The two moments of truth are: Is it on the shelf? And what's that initial consumer experience using the product? **Those two are the only two things that are true**. Everything else is just trying to make those things happen correctly and continuously improve against them.

Michael Wittman: Your ability to track the flow through the supply chain and measure both reliability and speed of performance is absolutely critical. By measuring reliability in terms of, **"Am I getting my customer downstream and ultimately, the patient, what's needed when it's needed?"** Then, how long is it taking me to do that? You do that through your performance management measurement system, and starting to categorize the failures, whether it's an audit failure, or whether it's a lack of the inability to hit a cycle time that you've set a goal for in your supply chain and response time. It could be [Overall Equipment Effectiveness] performance on a manufacturing floor, or it could be a late truck delivery to a customer or to the back door from a supplier. Whatever those events are, you need to be measuring robustly in your performance management system and throughout the supply chain, being able to take those and categorize them into buckets in terms of where, when, and most importantly, why failures occur?

Start Building a More Agile Supply Chain Today

Agile Process Teams from TraceLink is a collaborative application that gives multi-enterprise, cross-functional teams the ability to sense, analyze, resolve, and continuously improve chronic supply chain disruptions—and respond quickly and decisively to large-scale events, from natural disasters to global emergencies.

Built on TraceLink's Opus Digital Network Platform, Agile Process Teams allows you to quickly establish real-time and verified collaborative relationships with trading partners. By connecting internal teams with external suppliers to provide a complete picture of your multi-enterprise supply network, Agile Process Teams fills a critical gap in your supply chain planning toolset—and provides a global system of record for supplier exceptions and a centralized repository of supplier issues that would otherwise be locked away in disparate purchasing, quality, and supply chain silos.

Learn more about Agile Process Teams from TraceLink