



Friends-of-the-Firm Briefing

COVID-19

Medical Professionals Will Save Lives...

Supply Chain Professionals Will Save Livelihoods

By

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A must read article... never in the history of global supply chain management has there been a challenge of the magnitude of the COVID-19 pandemic. When the pandemic begins to fade, supply chain professionals are going to be faced with a “triple bullwhip” that has never been experienced before... a demand bullwhip PLUS a supply bullwhip PLUS a logistics bullwhip.

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GDI Consulting & Training (GDI) provides practical solutions to complex business and managerial problems in manufacturing and related industries. Our firm has successfully assisted clients around the world for more than 35 years, having performed more than 175 projects in over 110 companies in 21 countries. GDI applies specialized and common sense solutions... *not overly-intellectualized approaches...* to numerous types of challenging client problems in manufacturing and distribution industries

COVID-19... Medical Professionals Will Save Lives... *Supply Chain Professionals Will Save Livelihoods*

The COVID-19 pandemic is surely the most complex event that modern global societies have had to deal with since perhaps WWII. But this catastrophic event is in some ways even worse than global warfare. In war, you can see your enemy and study that enemy's strategies, all for the purpose of out-flanking, out-maneuvering and out-living your enemies. And while war is, as they say, "hell"... it is an event that utilizes substantial historical precedence in strategic and tactical planning. As every officer educated in our country's military academies will tell you, "*there is a plethora of past war-fighting lessons to learn because man has waged a plethora of wars.*"

A viral pandemic on the other hand, has substantially less historical precedence and lessons-learned to rely on when formulating strategies and tactics necessary to beat it. For Americans, this is especially true because the COVID-19 pandemic is not just *somewhere else*... it is also being fought on our own soil. This is unusual and unprecedented to anyone alive since 1865 when General Robert E. Lee surrendered to General Ulysses S. Grant at the Appomattox Courthouse... the last time a major war was prosecuted on American soil.

After every war, society changes in big ways. For example; at the conclusion of WWI, America's Wall Street replaced London as the center of world finance. While over 110,000 Americans lost their lives in this terrible war, the U.S. emerged as a global superpower, setting the stage for enormous economic growth and standard-of-living improvements that were appreciated by nearly every family in America. Every man, woman and child's life changed after 1918, in ways they could not have imagined when this war broke out just four years earlier. Even today, we celebrate the "*breath of life*" resulting from blood transfusions supported by the invention of blood banks... an outgrowth of WWI. Think about this... it took ONLY four years to change society in ways that are relevant today, 102 years later.

WWII resulted in even more and arguably larger societal changes. The most notable changes experienced by practically every American, included:

- The mass migration of families from inner cities to suburbs, driven largely by a "*psychology of anguish*" that caused returning GI's to want a simpler, quieter and more family-centric life. This migration in turn led to a rebirth in religion... and an expansion of church building across the nation.
- The creation of the GI Bill allowed returning veterans to attend trade schools and colleges, paid for by the Federal government. Many became engineers, which in turn created the talent pool necessary to send men to the moon in 1969, a mere 23 years later. Between 1946 and 1969, America's volume and breadth of technology jobs expanded and Silicon Valley was effectively created. The manufacturing industry soared as technology and consumers drove demand for manufactured goods.
- Pent-up demand for consumer goods led to a domestic product development, manufacturing and sales boom. And while Americans were consuming at rates never seen before, the average U.S. citizen was not over-consuming. Many sociologists believe that while this "*greatest generation*" sacrificed in WWII, their memories of the 1929 Great Depression were also etched deep into their brains. The combination of the Great Depression and WWII seemed to have invented self-reliant, grateful but cautious citizens. These citizens also initiated one of the biggest baby booms in our country's history. The impact these babies have had on American society are of course, too numerous to describe here.

Now we find ourselves in a different war... a silent war perhaps. Silent or noisy, we are in a war to save societies across the globe. This war on a virus never seen before, is one that has little precedent, at least in modern times. Sure, there have been previous pandemics (examples include: cholera, yellow fever, bubonic plague, swine flu, and SARS), but mostly they ran their course, killed scores of humans and resulted in large societal changes.

In 1918 and 1919, over 500 million people worldwide were infected by the H1N1 flu virus, resulting in more than 50 million losing their lives. Average lifespan in America actually fell by 12 years as measured in 1920. Such a loss of lifespan can and did change society forever.

Much like major wars, after every pandemic, society also changes in big ways.

It is clear that the 1918 pandemic changed healthcare and delivery of health services across the globe. It also resulted in substantial federal monies invested into university research programs. This pandemic led to the creation of the science of influenza, which led to vaccines, antiviral drugs and antibiotics. It also led to a global influenza surveillance system (before big-data capabilities existed) that monitors and predicts outbreaks to this day. Even with our current COVID-19 outbreak, the direct lessons-learned from the 1918 pandemic, such as social-distancing, robust hand-washing, respiratory and cough etiquette, are saving lives every day.

In terms of COVID-19, these lessons are so powerful, and our current knowledge of viral pandemic management is so advanced, that **leaders of countries across the globe for the first time ever, took the unprecedented step of shutting-down commerce in order to socially distance people... on a mass scale never seen before.** When one studies modern leaders in the virology research and medicine delivery professions, one can easily come to a reasonable conclusion that we are in good medical hands. Listening to these doctors, who have themselves listened to prior pandemic lessons-learned and connected that knowledge with state-of-the art medical technologies, is a good bet. None of us should be second-guessing the collective wisdom of these professionals... unless of course we are one of them!

It is the medical profession that will save our lives... but it is the supply chain management profession that will save our livelihoods.

President Trump and numerous others have admitted that while social distancing is critical to saving lives, it comes at a huge economic price. Shutting down global economies cannot be accomplished without years of subsequent pain. This pain will not be medical in nature. It will be economic, and more precisely, standard-of-living in nature. Some have said the quarantines cannot be worse than the medical cure... which is nonsensical on its surface because dead people do not feel pain. Yet we can still be inspired by this premise and encouraged to reduce the economic pain we are all surely going to experience.

When the virus begins to subside and social distancing rules relax, it will be the supply chain professionals' time to step up and save numerous global economies. There will be no profession whose efforts will be more needed than that of the supply chain management profession. **I don't care if you are in procurement, conversion, planning, distribution, logistics or reverse logistics... coming out of this pandemic, each of you will have a job driven by a corporate imperative AND a societal imperative.** Just as doctors take an oath to do no harm, all of us in the various supply chain disciplines need to take a metaphorical oath to contribute to society, and to reverse the draconian damage done to our society, country and way of life... from the efforts employed to save that same life.

This will not be easy. As of the writing of this article, most ships, barges, containers and planes are in the wrong global locations. Prior to cranking up global supply chains, extremely complex planning will be necessary to position these assets where they are needed. This could easily take 90 to 180 days, disproving the

“*rapid turn-on of the economy*” philosophy currently promoted by politicians who understand little about global supply chain systems and networks.

Likewise, with the enormous temporary furloughing of talent, companies are going to need to expeditiously restart and redeploy human assets, just as hospitals and clinics had to redeploy human assets while fighting for patients’ lives.

Global supply chains will certainly change in ways we could not have predicted as recently as December 2019. Manufacturing in China is sure to take a hit with much of it moving to other countries, including certain European and North American venues. No one knows how deep this will go, but political AND economic pressures are certain to start the migration of manufacturing supply chains out of China. Procurement specialists will need to align their supply bases as well as their supportive logistics providers. It is even possible (some say reasonable) that the U.S. State Department and Department of Defense will determine large swathes of food, pharmaceutical, precious metals and medical devices to be of national security interest, meaning that selection of suppliers and locations of manufacture will now include a compliance element not previously experienced. Robust, formal, fact-driven supplier performance and risk assessments are sure to follow.

The use of technology will also advance with supply chain leaders calling for more vertical transparency in their global supply chains. Blockchain technology’s ability to provide immutable transparency and proof of origin will likely be central to these new global supply chain structures. Professionals are going to need to know about advanced technologies if they are going to effectively implement these new post-pandemic global supply chains.

Communications between leaders, teams, suppliers and manufacturing sites will likely change. You can’t mandate your entire team to work remotely for several months without them picking up some new communication skills and processes. Does anyone really think global supply chain professionals will anytime soon be travelling as much as they did prior to COVID-19? Does anyone doubt that the convergence of information systems, computational power and new communication processes won’t change the fundamental fabric of work?

Total-cost recognition, including risk-costs will surely be part of the new supply chain landscape. Companies will demand the valuation of risks associated with certain supply chains, and those valuations will likely become part of the supplier selection process. The lowest-cost mentality will die a quick death in the supply chain of the future... meaning that supply chain professionals are going to have to learn how to assess AND monetize risks prior to selecting suppliers or siting new manufacturing plants.

I could go on for a very, very long time on how global supply chains and the professionals who operate them will change. What’s important, is to accept this and get prepared. Also look for opportunities for competitive advantages that can be delivered from newly constructed supply chains. Companies that can recognize these and be 3 moves ahead of competitors, can do more than survive... they can prosper and dominate markets.

I repeat... it is the medical profession that will save our lives... but it is the supply chain management profession that will save our economies and livelihoods. If you are a supply chain professional, get ready to step up to a responsibility that is in many ways, bigger than you and your company.

For a GREAT video that explains how your company should respond to the COVID-19 pandemic, click here:

[Weathering the COVID-19 Pandemic’s Impact on Global Supply Chains](#)

About the Author



Alan G. Dunn is currently President of GDI Consulting & Training Company and founder of the Manufacturing Executive Institute (MEI). He is also the creator and lead-instructor of the 18-month Next Generation Global Supply Chain Leadership Development Program at the California Institute of Technology's (Caltech) Center for Technology & Management Education (CTME), where he has taught since 1984. Mr. Dunn also serves on the University of California at Riverside's (UCR) Advisory Board for Transformative Leadership in Disruptive Times.

Mr. Dunn specializes in supply chain management, strategic planning, manufacturing management, operations management, leadership development, cost management and business finance.

Previously, Mr. Dunn was a Vice President at Gemini Management Consulting and a Partner at Coopers & Lybrand. In both positions, he led large technical manufacturing teams through innovative productivity enhancement projects. Mr. Dunn has participated in >188 significant manufacturing and distribution projects inside >118 companies. He has worked in 24 countries and across most manufacturing sectors.

Over his 40-year career in global supply chain consulting, Mr. Dunn has served on the Boards of Directors of numerous public, private and non-profit companies. He is the recipient of the National Association of Corporate Directors (NACD) prestigious "*Director of the Year*" award in 2007.

Alan is a career Association of Supply Chain Management (ASCM) volunteer, having served as the President of the Orange County Chapter in 1984 and Chairman of ASCM in 2015. He was inducted into the "*ASCM New England Supply Chain Conference Hall of Fame*" in 2022.

Mr. Dunn has a degree in business management from California State University, Fullerton.

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