

[music]

-When you look
at the geopolitical issues,

the geopolitical conflicts,

those things have
tremendous implications

for your ability to have a more
agile supply chain.

As much as we like to think
our supply chains are local,

the reality
is every supply chain

is global.

-A company can't afford
a supply chain disruption.

[music]

-You're playing
Jenga with your friends

carefully removing
and placing blocks

one on top of the other to build
a tower as tall as possible,

but this
is no ordinary Jenga Tower.

This tower represents
our global supply chain system

and each block represents
a piece of the puzzle

from where goods
are manufactured

and transported and you,

the consumer,
are on the very top

and then your clumsy friend
comes along and bumps the table.

Everything crashes

and that's what can happen

to a global supply chain.

Whether it's a natural disaster
or a pandemic

or even a sudden change
in the market,

we need to be prepared

to handle whatever
comes our way.

That's what this episode
is all about.

We'll show you how companies

are building more resilient
global supply chains

that can weather any storm.

[music]

-Say you wanted
to open a bakery,

your bakery brand is 100% local,

and your shop from the drywall
to the paint to the flour

is locally sourced.

That's ambitious,

but that's your bread,

but you discovered a problem.

You need the best cocoa beans
for your chocolate,

which aren't available locally.

They are all the way here

on the Ivory Coast

and that is just the tip
of the supply chain iceberg,

from cars, to food,
to pharmaceuticals.

The world is interconnected
in ways you cannot imagine

and supply chains are global.

-As much as we like to think
our supply chains are local,

the reality is
every supply chain is global.

-That's Randy Bradley,

well-known
in the supply chain space.

He's an associate professor

at the University of Tennessee's
Haslam College of Business

and has consulted many local
and global businesses

and governments.

-You may not be
a global organization,

but much of what you use
is not necessarily produced

within the walls
or within the borders

of the country
in which you disseminate

or in which you distribute.

Therefore, by definition,
you have a global supply chain,

even if you only have
a local market

for your goods
and your services.

I always say
that every organization,

regardless of size,

has to think about glocal the G

for the global
and then the local aspect.

Essentially what I mean

by that is there is

nothing wrong
with thinking locally.

-Trade agreements reduce
the barriers

for companies looking
to source materials

and products.

This makes it easier
for American companies to source

and even manufacture goods
in countries like Mexico,

China, and India,

but definitely
more products made overseas

and transported
to markets worldwide.

Advancements in technology
have made global production

and logistics
more interconnected

and transparent
than ever before.

Who knows what the future
holds for you, the customer?

-If I'm your customer
and I'm 10 miles down the street

from your distribution center,
I am not thinking

about all
of the other global partners

you have to have that product

or service available to me,
all I know is I want it

within the next two hours
or within the next three hours.

You have to have
local execution,

but local execution

is also going to be based
on the effectiveness

of your global network.

If all I think about
is how do I execute local

and I never really think
about managing

my global side of things,

you're going to find yourself
in a very difficult position

in terms of trying to fulfill

and meet
those local expectations.

-When you order
a specific product,

you don't necessarily care
about the global supply chain

or the logistics behind it
arriving in your hands.

All you care about
is that you get it

at a good price and quickly.

It's easy to overlook
the intricate process

behind the delivery.

With the rise of e-commerce
and direct-to-consumer sales,

the challenge of delivering
on price

and quick service is
increasingly complex.

We asked Greg Javor,
the senior vice president,

Global Supply Chain Operations
at Mattel Inc,

about the current landscape.

-Now with e-commerce and DTC,
it's continuing to increase

the pandemic just escalated

the amount
of demand that there is,

but when you're delivering
to the consumer store,

it's lot more challenging
than just delivering it

to a retailer in a store.

I think it's going
to continue to play out.

It's here to stay,
so it will continue

to get more complex

to deliver small parcels
efficiently to a home.

The world is digitized,
72% of the world's population

has a cell phone,
that's going to be the medium.

You can go
on your cell phone today

and you expect updates
on your shipments.

You expect to know
if your shipment's

going to arrive on time
and where it's at

in the supply chain,
so that's the difference today.

Companies are having to respond
with digitization and respond

in a timely manner to customers
and the customer or the consumer

has many, many choices.

-Chief product supply
chain officer of Unilever,

Biswaranjan Sen,

tells us about what they do.

-Since we're making sure

that we build
a segmented supply chain

that has the ability
to deliver the right product

to the right consumer
or the right shopper

at the right time,
at the right price.

There is no one-size-fits-all
in our game.

There might be products
where the demand

is extremely stable,

allowing us to run

the supply chain

in a certain manner
and driving for efficiencies.

There are
parts of the portfolio,

which are extremely volatile

and therefore, requires us
to have the capability

to respond to that volatility

without being out of stock
on the shelf and is getting

that balance right
because if I try and build

a responsive supply chain
for something

that doesn't require it,

it's an overkill.

Equally, if I run

the supply chain for efficiency

for a volatile category,

I'll be out of stock

on the shelf.

-It's much like making sure

a pandemic doesn't lead

to a toilet paper drought.

Building

a resilient supply chain

requires a balance

between quickly responding

to changes in demand,

global and local execution,

and a segmented supply chain

that can deliver

the right product

to the right consumer

at the right time.

-A company can't afford
a supply chain disruption.

[music]

[silence]

-Just like a football team needs
a strong defense to withstand

getting rocked
by the next Tom Brady,

a company needs
a resilient supply chain

to tackle unexpected disruptions
in the business world.

With a strong defense,

companies can mitigate risk,
reduce the number of points

scored against them
and maintain their reputation

in the league
when unexpected challenges

arise.

Ask anyone at any company
what will happen

if there's a disruption
in their supply chain game plan

and they will all say--

-A company can't afford
a supply chain disruption.

-Mattel, like many big companies
such as Nike and General Motors,

can get tripped up
by unexpected disruptions

in their supply chains.

During the pandemic,
Nike faced delays

in product launches
and deliveries

due to factory closures

in China and Southeast Asia.

General Motors also experienced
production delays

and parts shortages

due to worldwide
factory shutdowns

and they missed out
on some big cash.

One disruption in the chain
can create a domino effect.

-When you look
at the geopolitical issues,

the geopolitical conflicts,
those things have

tremendous implications
for your ability to have

a more agile supply chain.

When you are having to divert
the transportations of goods

that used to go
through one country

because it was
much more efficient and now,

it's having to travel
around that country

to go through another country

where it was not necessarily
a more immediate thoroughfare,

there's not only delays
or increased

in terms of lead time,

but there are also
additional costs

because of the days
of transportation

that you're paying for,

which means now, you're having

to build up more inventory

to account
for the longer lead time.

-In the past,

many companies opted
for offshoring,

which means relocating
manufacturing

to a foreign country to take
advantage of lower costs

or other economic benefits,
but offshoring lengthens

the supply chain
and can also expose you

to a greater risk
of supply chain disruptions.

In recent years,

many companies have decided
to reduce this risk

by bringing their manufacturing
operations

back to their home country,

a process known as reshoring.

That's exactly
what Automha is doing.

We spoke to Steve Dale,
the VP of Automha.

-We're introducing
pallet runner GX.

It's the latest version

of the palette runner
product line

that's been
in existence since 2001.

We've improved the reliability
and the speed of the cart.

As well, this is the same cart

can operate in any environment

from ambient

to cooler, to freezer

without any form

of modifications at all.

-You are telling me

this is like the Tesla

of the supply chain industry.

The gas economy

is killing me these days.

Maybe I should get one of these

and start my Tony Hawk Pro

skateboarding dream.

-We are very proud as well.

We are announcing today

that we're going to be producing

this cart in Buffalo, New York,

come the end of 2023.

We will be moving
production currently from Italy

to Buffalo, New York.

That production center
will handle the Americas

from very northern tip of Canada

to the very southern tip
of Argentina.

-Many factors come into play

when the decision
to reshore is made.

-For several reasons.

Number one is we want to invest
in the areas of the world

that we do business.

Automha is a global company
but we feel it's very important

to be a part of the community,

invest

where we actually are doing
business with our clients.

Secondly is what we experience
with the global pandemic

and the shipping
and the supply chain issues,

we felt
that if that type of situation

arises again,

being more local
to our client base

would serve them better.

As well, we wanted
to reduce lead times

and being more proactive
in meeting our clients'

challenging timeline demands.

-Similar to how football teams
undergo adjustments

when switching stadiums,

companies that choose to reshore
their operations often face

the need to adapt
their business practices

to suit the new location.

The extent and nature
of these necessary changes

vary greatly depending
on the unique circumstances

of each case.

It's important to recognize
that not all companies

will be impacted
in the same manner.

When companies
opt for reshoring,

they typically encounter
a series of considerations

that require careful evaluation
and subsequent adjustments.

We wanted to know how Steve
sees Automha adjusting

to the move.

-We keep in the same process

but what we will be doing
is we will be

contacting local companies

that can provide us
additional help

in production
of certain components.

We expect initially for there
to be an increase of people

employed directly by Automha

but at the same time

within the greater Buffalo area,

we believe that we'll be working
with other companies

that will be able to help us
with the supply chain

and the production of the cart.

-To build more
resilient supply chains,

some businesses

are bringing
their operations back home

with strategic planning
and local support,

reshoring could be a smart move
to minimize supply chain risks

and enhance customer service.

Ultimately, the success

of the reshoring process

will depend

on the specific circumstances

of each case,

but it is a practicable option

for many firms.

Reshoring can also help

in disaster response.

Stick around.

Let's find out how this helps.

-Flexibility and resilience

when you think

about what those terms

mean in disaster

are really about enabling

people who've just had a bad day

to continue getting

the resources

they need.

[music]

-In times of disaster,

having a strong network
of partners

can be crucial
for effective response

and recovery efforts.

One organization
that has been able to build

such a network

is American
Logistics Aid Network

or ALAN.

ALAN draws
on its extensive network
of supply chain associations

and partners to gather
information, resources,

and knowledge to quickly provide
assistance when disaster

strikes.

We spoke
to their Executive Director,

Kathy Fulton.

How do they do this?

-ALAN is really fortunate
that we sit right in the center

between government,

nonprofit, and business.

We have
this vast network of partners

that we can draw
on for information,

for resources,

for just knowledge
about what's really happening

in a disaster.

-Maintaining a strong network
requires constant effort

and outreach to various
supply chain associations

and communities.

How does ALAN
maintain this network?

-We're very fortunate to have
industry associations,

supply chain and logistics
industry associations

that we work with who open
their networks to us.

They're more
than willing to say,

"Here are the people
in our community

who could be beneficial
to your activity."

We do just
a huge amount of outreach.

We want to know everybody
who's out there,

sometimes to our detriment
the amount of time we spend

on the road talking to people.

We're just very fortunate
to be able to draw

on that network and to have
so many different activities

that touch each of those groups.

We're just bringing
everybody together to talk

about those common challenges.

-Between 2020 and 2021,
when the US faced

many events that resulted
in more than \$1 billion worth

of total damage apiece,

including the COVID-19 pandemic,
Hurricane Ida,

and several devastating
tornadoes and wildfires,

ALAN was able to assist
47 humanitarian groups and store

or deliver more
than \$9.5 million worth

of products for disaster relief.

This requires a flexible
and resilience supply chain.

-Flexibility and resilience,
when you think

about what those terms
mean in disaster,

are really about enabling
people who've just had a bad day

to continue getting
the resources they need.

Now, maybe they're getting it

from a different location
than they did before.

Maybe they're not able
to go shop

at the grocery store
they're accustomed

to shopping at and they have
to choose another one.

I think what we need to be doing
as supply chain professionals

is thinking about,

"How do we enable

that flexibility

after a disaster regardless
of who the provider is?"

Whenever a disaster
has not occurred,

what ALAN would call
blue sky conditions,

the sun is shining,
birds are singing,

everything's okay,

when a disaster occurs,

we really need
all hands on deck.

We need to be flexible
in our response activities.

When I say we, I mean
the entire industry needs

to be flexible to say
"We're going to put

the needs of the community ahead
of our own business needs."

It doesn't mean
that they're not going

to continue to sell
their products and make money.

It just means that,
"Hey, we've got

to make sure this community
comes first."

-During times of crisis,
such as natural disasters

or pandemics,

prioritizing
the well-being of individuals

becomes crucial.

In such circumstances,
the expertise

and ingenuity
of supply chain professionals

become vital
in ensuring the timely

and effective delivery
of essential resources

like food,

water, and medical care
to those in need.

ALAN mobilizes these resources
ensuring that critical supplies

reach the appropriate
destinations precisely

when required.

-There's this great example

from the pandemic
of the food retail sector,

grocery stores who provide food
at home versus the food away

from home sector,
the food service sector.

The food service sector
really didn't have

anything to do.

Their warehouse people
were without work

because the restaurants
were shut down.

The retail food industry
recognized that and they said,

"Hey, what if we have
this partnership

where your staff,

who is trained
in all of the same things

that we do,
they come and work for us

for a short amount of time?"

It's an agreement

not with the employee itself,

but an agreement

between these two businesses.

When I talk about,

"How do we think about

who owns the resources

or who do people work for?"

In a catastrophic situation,

we're really going to need

that flexibility,

that creativity,

that agility that I think

supply chain professionals

are really well positioned

to think about and to plan for.

-Experts like Dr. Randy Bradley

warn companies
to be careful to make sure

it's true flexibility
and resiliency you're building

into your operations

and not just redundancy.

-The thing that concerns me
about the current approach

to building
in greater resilience

is I think we're building
in redundancy.

What I mean
by that is essentially,

organizations
are still stockpiling.

That's essentially
what we're doing

and we're calling

that resilience.

We're saying

we're more resilience

because if there's a disruption,

it won't affect us.

It's not affecting you

because you're carrying

much more inventory

than you would typically carry,

that's not

a long-term solution.

That is like putting a bandaid

on a hole in the dam.

-Question is,

what can we do to help

the business deal

with that volatility

and actually make

that our competitive edge

because if we can
deal with the volatility better

than others,

then that helps us
win on the shelf?

Then it requires unpacking
the layers

in the value chain right down
to tier 2, tier 3 suppliers

or right up to the shelf
and looking at it saying,

"Where are those critical
pinch points in the value chain,

which could derail us
if we don't build resilience

for it if we don't have
an agility plan for it?"

To me, it's more a mindset shift
in embracing

the age of volatility.

-A resilient supply chain
is crucial for any business

that deals with goods
or services.

It ensures
the smooth flow of products

from the source
to the end consumer

and can quickly adapt
to disruptions

like natural disasters
or pandemics,

even changes in demand.

To keep the Jenga Tower
from collapsing,

we need a solid foundation,

a steady hand,

and the ability to adapt
to unexpected movements,

just like a resilient
supply chain.

Thanks for watching.

I'm your host, Kristin Moran,

and we'll see you
on the next episode

as we explore
The Jobs of Tomorrow.

[music]