

There's No Such Thing as the "New Normal" for Supply Chain



Here are the three key areas that Gartner says supply chain leaders should focus on as they emerge from the pandemic and prepare for the future.

The coronavirus pandemic has put chief supply chain officers (CSCOs) under pressure to adapt and prepare their networks for an uncertain future. In fact, Gartner says supply chain leaders should focus on adapting their strategies, investment and leadership styles to ensure long-term efficient growth.

"Companies that achieve long-term efficient growth over their industry peers during turbulent times, do so because they are better at protecting large, transformative growth bets across the business cycle," says Tom Enright, Gartner Supply Chain's vice president and analyst at the company's recent [Supply Chain Symposium/Xpo](#). "They avoid reactive responses to macroeconomic conditions and take advantage of uncertainty to break away from industry competitors."

"The call to action for supply chain leaders has been seemingly clear: survive the current turn and prepare our organization for the new normal," adds Lisa Callinan, Gartner Supply Chain's vice president and team manager. "However, our research shows two things to be true: survival cannot be the goal and there is no such thing as the 'new normal.'"

To achieve long-term growth through uncertain times, Gartner says CSCOs should focus on strategy, leadership and investments. All of these elements must be adaptive in nature and built to withstand future disruptions and shocks.

Creating a Future-Proof Strategy

According to Gartner research, 80% of companies still base their strategic planning cycles on an annual calendar. This means that the strategy might be outdated in the case of a disruption during the year and there are no resources available to reevaluate the new situation and pivot quickly.

Adaptive strategy is a change from the previous point in time exercise to a continuous adaptive process, Gartner points out. This approach recognizes that regular changes in response to a dynamic external environment is the only way to keep pace and grow stronger. The core of an adaptive strategy is the continuous monitoring and identification of trends.

"Supply chain leaders should make it a regular exercise to learn about, and evaluate, the current trend landscape. They must focus on those trends that will impact their business and present opportunities to grow and gain an advantage over competitors," Enright says. "It's crucial to regularly update the strategy to reflect changes. Adaptive strategic planning is an always-on activity to navigate and succeed through any turn, in any version of the future."

Wanted: Adaptive Investments

In addition to strategy, adaptive investments must be a priority for CSCOs. According to Gartner research, 72% of strategists say slow budget reallocation is the biggest barrier to a more adaptive plan. "Supply chain leaders must work to remove this barrier and align integrated processes such as investments and budgeting with the adaptive approach," it advises.

One step toward achieving an adaptive investment approach is through capability funding. Supply chain leaders can allocate blocks of funds to several initiatives. According to Gartner, this allows them to remain flexible in directing additional funds to initiatives when priorities change.

“A second option is to mimic the approach that venture capital firms use when assessing whether to fund early-stage start-ups,” says Callinan. “Success with a prototype or trial is the basis for developing more accurate estimates on how much further funding is needed. Teams feel less constricted and feel less pressure to present a solution that guarantees returns from the start.”

Resilient, Effective Leadership

The immediate aftermath of the COVID-19 crisis demanded acute skills from leaders, who had to respond to the initial chaos and make teams comfortable with remote working environments and new structures. To help their teams deal with the shock of disruption and strengthen their organization, Gartner says, supply chain leaders needed to rethink what constitutes effective leadership.

“This next phase will demand another set of skills from leaders,” Enright says, “who will need to balance their leadership style and develop skills as master communicators to empower change and adaptability within the supply chain organization.”