

## ***The Toolbox: Sustainability and Supply Continuity for 2010***

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No one denies that our economy has suffered major setbacks these past 15 months. To hear the news or read the headlines, you would swear we are in the worst conditions since the depression. That's not really true! Some situations like unemployment have gotten much worse. Uncertainty and lack of confidence have been the biggies. Good companies continue to survive.

Being unemployed the past 9 months has given me time to review older articles and presentations I wrote during 2003, 2004 and 2005. The cast of characters changed more than the degree of the problems! Each year brought its own unique economic disasters or meltdowns. We were forced to examine what we as supply chain professionals would do-- to redirect our organizations and better manage the remaining resources. Daily, we hear the new term "**sustainability**" thrown around in the news. Tied to it, is the issue of **Supply Continuity**, (disruptions, risk)—all factors which ISM and worldwide SCM websites and blogs echo weekly:

- **Your company's Supply Base—How sustainable is it?**
- Does your Supply Base allow for your flexibility to adjust currently for risk, supply disruptions or outright loss of a supplier? Can you go to plan B?
- Is there a mechanism or contingency to modify existing supply agreements, allowing for emergencies or major changes during the specified time period?
- Are your strategic suppliers willing to take a bigger role, risk or stake in supply replenishment? At risk might be 3PL agreements.
- Any of your strategic suppliers in stress financially? Check the warning signs.
- Paul Teague, Editor has a 1-14-2010 article posted on watching for supplier stress. Check out Purchasing Magazine's bizconnect website with this link:

[http://www.purchasing.com/article/443482-when\\_it\\_comes\\_to\\_supplier\\_finance\\_watch\\_for\\_the\\_warning\\_lights.php](http://www.purchasing.com/article/443482-when_it_comes_to_supplier_finance_watch_for_the_warning_lights.php)

- Stated as a job criteria for a Commodity Mgr position in Detroit viewed on CareerBuilder 2-5-10: "Monitor financial health of supply base to ensure supply continuity is not jeopardized." Companies expect this of their SCMs!

My old boss advised me 1-22-2010, that the supply chain I put in place the past few years survived well and in tact, these last nine months. He could not find any better sources than what I had already put in place. Guess my efforts weren't all for naught. Still, it didn't save my job!

Looking ahead for 2010, I've noticed an increase in notifications and web alerts, priming us for coming price increases. Gold is not all that is increasing. The dollar is losing value, so is the Euro is losing some of its backing as well. Let's explore price increases and cost savings next month. For the remaining time in February:

1. Take stock of your suppliers.
2. Explore if your firm has a succession plan in place for your management team. I had a part in formulating one at my former company. It kicked in, the very day I was let go.
3. Examine steps your suppliers have taken to position themselves to resume full activity.  
Re: Maybe they work 4 day weeks now, to keep staff.
4. Are YOU prepared for a turn around? Do you have a contingency plan?
5. Give this some serious thought. It may save your company and your job.