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By Carl Collen

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Supply chains face "major changes"

CH Robinson's UK head predicts big changes for supply chains post-Covid-19



Chris Mills

The coronavirus pandemic will prove to be a defining moment for supply chains, according to the UK head of one of the world's largest logistics platform providers.

Chris Mills, regional managing director transportation for Western Europe at CH Robinson, believes that recent events around the world will transform the logistics landscape, leading to significant technological investment, heightened risk management, new levels of supply chain visibility, and a refocus on skills.

In addition, Mills also envisions a new world characterised by diversified supply networks, increased competitor collaboration and intensified competition in the last mile to customers as e-commerce investment continues to grow.

"One-size fits all supply chains will become a thing of the past," he said. "Whilst the assumption has been that raw materials are readily available for

sourcing and production globally, enabling a lower 'cost-to-serve' model, the coronavirus pandemic has thrown a curveball for the global logistics environment.

"Going forward UK businesses will need to optimise production and distribution capacity of their supply chain with dynamic, rather than static, operational capabilities," Mills continued. "Companies should research suppliers in different geographical locations or consider having a secondary source outside the primary one.

"Hand in hand with creating a diversified supply chain is the need to ensure true end-to-end visibility. For many companies Covid-19 will have shined a torch on the length and complexity of their supply chains and the fact that they don't know their supply networks inside out as they should do.

"A lesson from coronavirus will be the need to ensure heightened visibility to

enable a much deeper understanding of supply networks, inventories and sales including the geographical locations of suppliers and the different goods that pass through them; stock levels in warehouses and end points (eg retail store or end supplier) and the purchasing patterns of buyers," he added. "This will mean supply chain visibility platforms will be in high demand, enabling data from multiple sources to be turned into actionable strategy to support more agile and rapid replenishment and avoid overspending on inventory."

Mills also believes that more rigorous risk management will be high on the agenda of supply chain leaders.

"While many global firms recognise the value of a risk management plan, it is often placed at the bottom of the priority scale in the absence of a crisis situation," he explained. "Given what has gone on it is highly likely that interruption risk management strategies will be seen as vital going forward, as will

the ability to look ahead to forecast if the demand for goods may change due to

spirit engendered by Covid-19 will be the catalyst for more competitor collaboration

the future as robots will replace people and in doing so safeguard against the spread of

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changing market conditions.”

There will be increasing investment in technology, according to Mills with talk about it turning into action and implementation.

“For too long industries have been using traditional and outdated siloed systems that act as a barrier to generating business-critical intelligence,” he said. “Information through digitisation is vital to understanding supply network set up, where risks lie within it, where opportunities are for new efficiencies as well as determining emerging patterns of demand so that supply chains can instantly react accordingly.

“Increasingly analytics and artificial intelligence will be introduced to equip supply chain leaders with the information to be in front of demand, to respond quicker than ever to changing market conditions and to analyse and test potential scenarios before they take place.”

Mills also believes that the new collaborative

in supply chain management.

“In the UK we’ve seen the food and drink supply chain business form a united emergency group to ensure that the industry can continue to feed the nation,” he outlined. “This has involved coordinating industry initiatives and sharing ideas to strengthen manufacturers and suppliers’ links with retailers, foodservice companies and logistics providers.”

Mills anticipates that skills development will accelerate to keep up with the new digital and automated-led logistics world that will help to build greater resilience into supply chains if there are repeat events.

“New skills development will be essential in the new world of logistics post Covid-19,” Mills said. “Critical will be digital savviness and the ability to adapt to technological progress and to analyse data to derive insights and make informed recommendations. Automation will doubtless be another area being actively considered in

future epidemics in warehouses.

“Also, as supply chains are likely to exist closer to home post the coronavirus, automation has the potential to replace cheaper labour overseas. Structures, processes and skills will need to be put in place for managing the integration between human employees and their robot colleagues.”

Mills’ final prediction is that the supply chain will need to respond to heightened competition in the last mile as e-commerce operations grow in the wake of the coronavirus.

“Last mile logistics will be a highly competitive environment as companies look to their supply chains to give the best possible customer experience,” he concluded. “This will call for technological innovation to enable retailers to scale up home delivery systems fast once normality returns.”