Supply Chains for Turbulent Times

Supply Chain Management Review October 28, 2005

The Resilient Enterprise: Overcoming Vulnerability for Competitive Advantage
By Yossi Sheffi
The MIT Press, 2005
$29.95, 316 pages
To order: visit www.mitpress.com

In the world of physical science, resilience means the ability of a material to recover its original shape following a deformation. In the business world, it’s the ability of a supply chain to bounce back and continue normal operations after high-impact, unanticipated disruption. The Resilient Enterprise is all about resilience in the latter context.

The events of 9/11 highlighted the sudden and dramatic disruptions than can impact not only supply chains, but every aspect of life and commerce. And if we needed any reinforcement of that reality, Hurricane Katrina, which happened just after this book was published, provided that with a vengeance.

Drawing from well-known and some not-so-well-known examples, author Yossi Sheffi details how various companies have responded to what he terms “high impact/low probability” supply chain disruptions. Some1like cellphone maker Ericsson1responded passively when a fire in the plant of its major chip supplier threatened to disrupt production. Others1like competitor Nokia1responded aggressively to that same disruption to ensure continued supply and thus continued production. The net result: Nokia was able to capture revenues and market share away from rival Ericsson.

Sheffi, a well-known supply chain thought leader and head of MIT’s Center for Transportation and Logistics, lays out a clear case for taking the active role in assuring supply chain continuity, as he chronicles the many disruptions that can1and do1occur in today’s global supply chains. He lays out a clear course of action that companies can pursue to prepare for disruptive events and minimize their impact. The seven-step plan put forth includes organizing for action; reducing the likelihood of disruptions; collaborating for security; building in redundancies; designing resilient supply chains; and investing in training and culture.

It’s that last attribute, the author maintains, that is most difficult to develop because you’re really talking about the “DNA” of an organization. But without the requisite culture1a culture that encourages innovation, flexibility, responsiveness1the best conceived plans for handling a disruption will never be effectively executed.

The Resilient Enterprise, perhaps sadly, one might argue, is a book for our times. But any professional tasked with keeping his or her supply chain running smoothly in the face of potentially devastating disruptions will find this book an invaluable resource.
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