Transition to a new normal: DHL and logistics expert Prof. Richard Wilding publish White Paper on post-corona supply chains

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Together with Richard Wilding, professor of Supply Chain Strategy at Cranfield University in the U.K., DHL has released a white paper envisioning possible changes in supply chains following the current pandemic. By analyzing the impact of COVID-19 on key supply chain drivers, the paper provides several strategies and actions to set up supply chains of the future. Based on real cases, the paper outlines possible scenarios for how the logistics industry could transition to a new normal from the current pandemic status quo.

"With the easing of restrictions and the unfreezing of the economy in many regions of the world, it is time to establish a first retrospective summary on the resilience of global supply chains," says Katja Busch, Chief Commercial Officer, DHL, and Head of DHL Customer Solutions & Innovation. "For us as logistics experts, it is important to analyze the challenges and experiences across industries during this crisis and to envision how resilient supply chains can be in the future so that we may best advise our customers. As a world leader in logistics, we have the insights and the expertise to accurately evaluate the situation."

Looking ahead, industries and supply chains will not be the same post-coronavirus as they were before. While today only the outlines of the exact formation of that new normal can be seen, industries will not immediately move into a post-corona phase and return to business as usual. With scientists searching diligently for a vaccine against the disease and many businesses are still managing the crisis, any iteration of normalcy is still a distant goal. In the meantime, an interim phase - the pre-new normal - will bridge the gap between lockdown and the new normal. Obviously, some industries were hit harder by the pandemic than others and thus will recover more slowly. However, the various implications for businesses, supply chains, and supply chain leaders can be subsumed under four categories: Resilience issues, Demand-related issues, Transportation & Warehousing-related issues and Workplace-related issues.

"The photographs and TV images were stark. Long before countries went into lockdown, their supermarket shelves were stripped bare. Pasta, toilet paper, rice, painkillers, canned

tomatoes, flour - all gone. Factories and distribution have a delayed reaction to extreme fluctuations in demand. In the end, fear of lockdown-induced supply chain disruption was no longer the trigger. People were panic-buying because other people were panic-buying," explains Richard Wilding, professor of Supply Chain Strategy at Cranfield University. "As in every crisis, the strengths but also the weaknesses of the system become visible. To become better, it is important to learn from such emergency situations. In the new normal, if your supply chain is the same as the one that you had pre-coronavirus, you're probably doing something wrong."

In a pre-new normal world, supply chains will be re-shaped to make them more resilient. For instance, the fact that both manufacturing and warehouse locations were equally affected by regional lockdowns and varying regulations, will result in more distributed manufacturing, storage, dual sourcing, re-shoring, and near-shoring in the future. Instead of focusing solely on tier 1 suppliers, supply chain leaders will have to take a closer look at tier 2 and tier 3 suppliers as well to check if they are able to keep up with the flow of goods. Furthermore, the demand will be more volatile and consumer tastes may erratically fluctuate, increasing the need for flexible and alternative transportation flows and warehouse networks. While online shopping will be more prevalent and direct-to-consumer sales will increase, other retail channels and industries will be disrupted. These are just some of the facets that influence modern supply chains.

Finally, configuring post?coronavirus workplaces to meet social distancing and sanitation guidelines will also affect the work styles in both warehouses and offices. For remote working, information systems will need to be robust and capable of supporting a distributed workforce by providing access to appropriate data and systems. Warehouse processes need to be adapted to the new standards, such as one-way systems, distributed picking faces, or socially distanced packing areas. Just as procuring for resilience will become an increased focus, remote working will disrupt established processes, providing fresh impetus for digitalization and automation initiatives.

To read the complete White Paper, please click on the following link: https://www.dhl.com/covid-paper-2020

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