

RESILIENT REALISM: “RESILIENT SUPPLY CHAINS AND TRANSPORTATION IN THE WAKE OF COVID19”

LINKCO

This summary of the Resilient Realism Webinar is authored by LINKCO. With twenty plus years of broad executive business experience, LINKCO is well situated to reach out to leaders. The webinar for this Summary took place on June 23rd, 2020 with Tom O’Brien, Executive Director of the Center for International Trade and Transportation (CITT) at California State University, Long Beach and the Deputy Director for the METRANS Transportation Center.

Based in Southern California, LINKCO is an Executive Search and Consultancy serving top Middle Market CXO and upper management clients and candidates throughout the USA.



COVID19 and Supply Chain Shocks:

- Front Load Purchases, resulting in bottlenecks and products pile up at choke points across logistics infrastructure;
- Dramatic change in consumer demand, products pile up at choke points across logistics infrastructure;
- More domestic production, priority for domestic consumers;
- The Political Supply Chain has to be taken into account:
 - Steamship lines;
 - Stevedore companies;
 - Shippers/major retailers;
 - Ports; and
 - Federal Government, State, and Local Governments.
- Regulatory Agency flexibility.

How do we achieve resiliency with the “Last Mile”?

- It starts with Massification and the LARGE Ocean-going vessels;
- Rail and Barge are the next steps;
- Drayage and less than a truckload.

Challenges include:

- Integrating Consumer related distribution with producer related distribution;
- Managing terminal to warehouse/fulfillment to customer; and
- Conflicts with Smart growth and sustainable cities practices like reducing road capacity, parking, car/truck free zones, mixed use development.

Opportunities include:

- Rail shuttle for trucks located strategically around City, prevents logistics sprawl, encourages mix use development;
- Workforce Development: Advanced to entry level jobs. Supply Chain /Logistics Manager to Scheduler/operations coordinator.

Contact LINKCO to learn more about the challenges and opportunities highlighted in the White Paper. Let us help you build a more resilient workforce ready for the future.

LINKCO, linkcosearch@gmail.com linkco.net +1.310.202.7707

QUESTIONS FROM THE WEBINAR

1. What do some risk preventative measures regarding work space look like for Supply Chain and Transportation companies in the wake of COVID19?

In some cases, the supply chain is still an industry that depends upon a hand shake and a paper manifest. Our research suggests that COVID 19 accelerated the transition to digital transactions because of safety considerations. This may have longer term impacts by setting the stage for the adoption of things like Blockchain which people have assumed would be a perfect fit for supply chains but which have met resistance from likely adopters because of legacy business practices. Regardless, imagine workplaces like warehouses, ports and trucks incorporating disinfectant practices in onboarding and training programs.

2. Does this include EV vehicles in industrial transportation?

There is a present and future for EVs in industrial transportation. CA is taking a leading role in this area. The industry is currently responding to state mandates with regard to the transition to ZEV operations; but there are economic considerations at play as well. Wide scale deployment of ZEV technology will depend upon solving questions like battery range, charging infrastructure, and the price of entry for truck drivers as well as the availability of product. It is worth noting that European activity is centering not necessarily on EV but hybrid fuel-cell. We are still in the research phase where industry standards are likely to be developed.

3. Should emphasis be placed on removing road-based transport and placed on rail (electric infrastructure) to move goods more quickly and efficiently?

The shift from truck to rail depends upon a number of factors, including overall cost. The general rule of thumb is that rail begins to make economic sense at about 500 miles. Short of that, trucking is the predominate mode of transport. Part of this is due to the fact that trucking covers the first and last mile and adds cost to the rail haul. If it's already on a truck, often enough then the decision is made to make the entire trip using this mode of transport.

4. To what extent is AI or IOT part of this equation

AI in particular is finding its way into training for the logistics sector. You can learn how to operate a forklift for example using AI and VR. Advanced technology in general will play a role in certain aspects of supply chain management. The post COVID-19 world may accelerate use of applications like blockchain for example as a result of a shift to electronic/virtual means of information sharing and communications across all stakeholders. But the needs for most industry employers, based upon our research, have nothing to do with advanced technology but more effective use of tools to enable things like data tracking and analysis. The single biggest demand for enhanced workforce competencies is related to Excel.

5. What business opportunities are you identifying in these sectors as a result of COVID19?

The supply chain has actually worked quite well in the wake of COVID 19 but there will be a lot of revisiting of predictive analytics and resiliency plans that could have or should have been applied once the crisis revealed itself. That means work for good supply chain managers. Independent of COVID-19, there will continue to be work for people who can navigate the intersection of freight systems, energy systems and technology systems. If you understand the basics of energy costs, capacity and management, you will be a more effective supply chain manager and vice versa.

6. We have spoken a lot about transportation and supply chains. What is the relationship between supply chains and other transportation networks?

All are engaged in mobility and they occasionally share right-of-way. They are often viewed as competing for the same limited funding resources and there is some truth to that, but a fully functioning freight system actually seeks to minimize friction with the movement of people. If the freight sector works well, it should be invisible. But the people who plan for infrastructure need to make sure that they think about how to accommodate the competing uses for the same space. The problem comes when you pretend that the freight doesn't (or shouldn't exist) and don't plan for it. This is the case with the "Battle for the Curb," where a lack of accommodation for trucks and loading activity actually increases the potential for conflicts with cars, bikes and pedestrians.

7. How can transportation and supply chain companies better strengthen cyber resiliency?

Everyone is playing catch-up and the system suffers from a lack of common standards. Blockchain may provide a solution but the supply chain is made up of a lot of SMEs with limited (at least varying) capacities to invest in technology-based solutions. This is a case of the supply chain only being as strong as its weakest link.

8. How do you envision a paradigm shift in the mentality within your industry to accept changes to a more sustainable transport model and thereby make a positive impact on the environment?

The process is already underway. In many ways they led it. The ports in Southern CA established the Clean Air Action Plan and Clean Trucks program which have contributed to a much cleaner supply chain. Regulatory measures play an important role but I think they're more effective when they establish goals as opposed to selecting technology winners and losers. The economics of transport do matter and should be considered when setting policy. You don't want to increase the number of trucks on the road or the vehicle miles travelled because the size of the battery on an electric truck limits your capacity.