

## 5 ways to strengthen your supply chains

The pandemic offers valuable lessons that can help you compete in the months and years ahead

4 minutes read

### Key takeaways

- Lessons from the pandemic can help companies transform how they view and build supply chains
- Diversifying suppliers and finding local rather than global partners may strengthen supply chains
- Strategic investments in new technologies could help protect supply chains from future disruptions

The coronavirus revealed stark vulnerabilities in the supply chains that move products from the raw material stage, through production, and to a customer's door. As key segments of this system faltered, businesses responded in real time, finding new ways to source materials and keep their products moving. The lessons learned from this experience can help companies transform how they view and build supply chains, says Matthew Elliott, Business Banking Midwest Region Executive for Bank of America.

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*A lot of people have gained a deeper understanding of how connected they are to other businesses, and the importance of planning, resilience and due diligence*



Matthew Elliott | Business Banking Midwest Region Executive for Bank of America

In preparing for the new economy ahead, “small and midsize businesses have the ability to be more agile than larger companies,” says Anna Nagurney, John F. Smith Memorial Professor of Operations Management at the University of Massachusetts Amherst. Recent conversations with these two experts revealed five ways to make your supply chains stronger than ever.

### 1. Reskill your workers



Business success almost always comes down to people, and in the scramble to keep supply chains moving during the pandemic, companies have often had to ask workers to fill unfamiliar roles or take over for colleagues unable to work. Now, “reskilling” employees to master new, often broader responsibilities in a revamped supply chain can help companies prepare for unexpected demands, Nagurney says. “We’re really seeing the importance of teamwork and collaboration,” she adds. Encouraging workers to be familiar with their colleagues’ roles will make it easier for them to fill in for each other when needed. Make sure you also provide tools and training for employees to perform tasks both in person and remotely.

### 2. Diversify your suppliers



The pandemic has taught hard lessons about the dangers of depending on too few suppliers. “If you have only one supply source for your major product line, that’s a risk you need to pay attention to and manage,” Elliott says. Moving forward, even if a current supplier is meeting your needs, steering some business to alternative suppliers can help you build redundancies into your system and prepare for future disruptions.

This article is part of our ongoing series, [The coronavirus, the economy and the road ahead for businesses](#). [View the series](#)

### 3. Think local



Trade disputes, tariffs and geopolitical tensions have pushed companies of all sizes to consider shifting global supply chains closer to home, and the coronavirus is only hastening that trend. While situations and needs will vary from business to business, shorter, more localized supply chains could offer long-term advantages, Nagurney says. “It’s easier to ensure higher quality of products and greater transparency, and if something goes wrong, you can readjust more quickly.” As a small or midsize business, you may also find opportunities to join the supply chains of major U.S. companies as they “reshore” more of their operations.

#### 4. Consider strategic upgrades



While the pandemic has pushed many companies to reduce their costs, it’s also important to minimize risks and improve reliability. Strategic investments in new technologies could help protect your supply chains from future disruptions. Advanced tracking software, for example, can help you monitor your products through the supply chain and identify and correct weak points, Nagurney says. As this technology improves and becomes more accessible, more small and midsize businesses could also invest in robotics that move goods around warehouse floors or load vehicles, and in drones that make deliveries.

#### 5. Plan, review and monitor



Breakdowns at crucial points in their supply chains have made it difficult or impossible for many businesses to get products to market. Now, strategic planning can help you anticipate needs across your supply chain. Continually review your supply chain at each crucial juncture, Elliott suggests. “Consider developing a scorecard that monitors the financial health of your suppliers and customers,” he says. Then you can keep tabs not just on your own reliability and efficiency, but also that of your essential partners.

As you review your supply chains and consider necessary adjustments for a post-coronavirus world, he adds, speak with your banking partner about ways to maintain security and facilitate cash flow throughout your supply chain.

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Matthew Elliott, Business Banking Midwest Region Executive for Bank of America



Anna Nagurney, John F. Smith Memorial Professor of Operations Management at the University of Massachusetts Amherst

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