JULY 2020

Supply Chain Resiliency Executive Survey Insights

DSCI DIGITAL·SUPPLY·CHAIN·INSTITUTE

BAIN & COMPANY

Key findings

- **Disruption** highlighted fundamental weaknesses in demand planning capabilities, with executives expressing dissatisfaction with demand forecast accuracy and prioritizing collaboration with suppliers and customers to improve capabilities
- **Companies are pursuing supply base shifts,** looking to increase proximity of supply base to customers
- **Supply chain disruption is widely felt,** with most industries experiencing production declines
- **Recent disruption has created a shift in priorities;** investment goals are changing as companies focus on risk mitigation
- **Increase resilience is a top priority,** which most executives associate with flexibility, agility, and visibility
- **Looking ahead to recovery**, most companies expect disruption to continue through the end of the year and well into 2021
- **Expectations about recovery time shape priorities,** with companies expecting longer-term disruption feeling less confident about executing on plans for the future and placing higher priority on investments in resilience and business continuity

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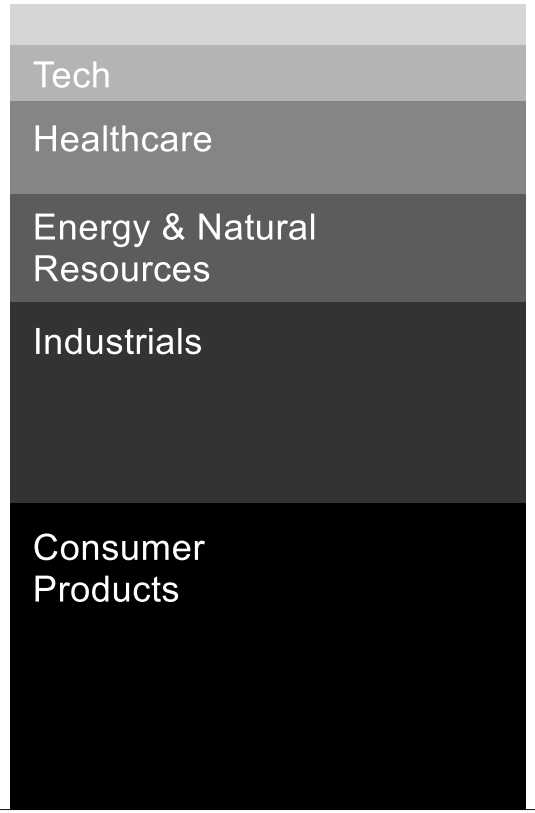
Survey respondents spanned a range of industries and company size

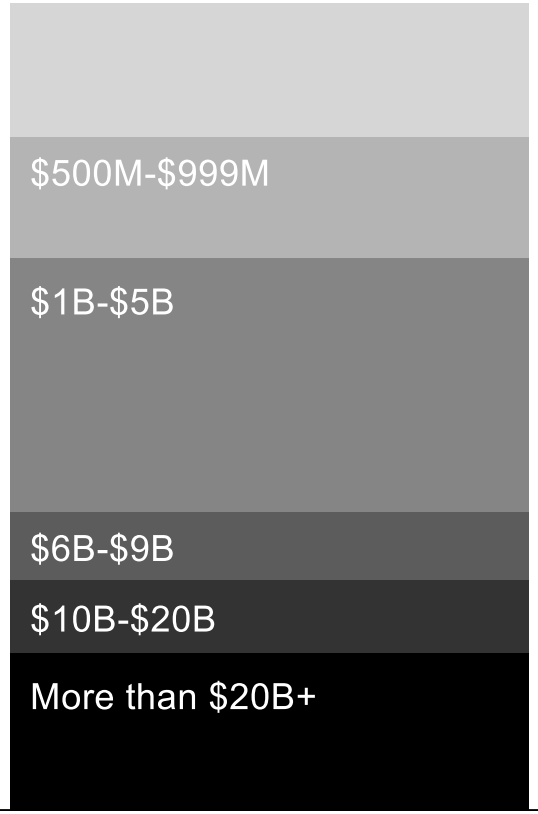
Industry

Total respondents by industry



Company size

Total respondents by revenue



Role

Total respondents by role

Source: DSCI / Bain survey on Supply chain industry resiliency (July 2020) N=200

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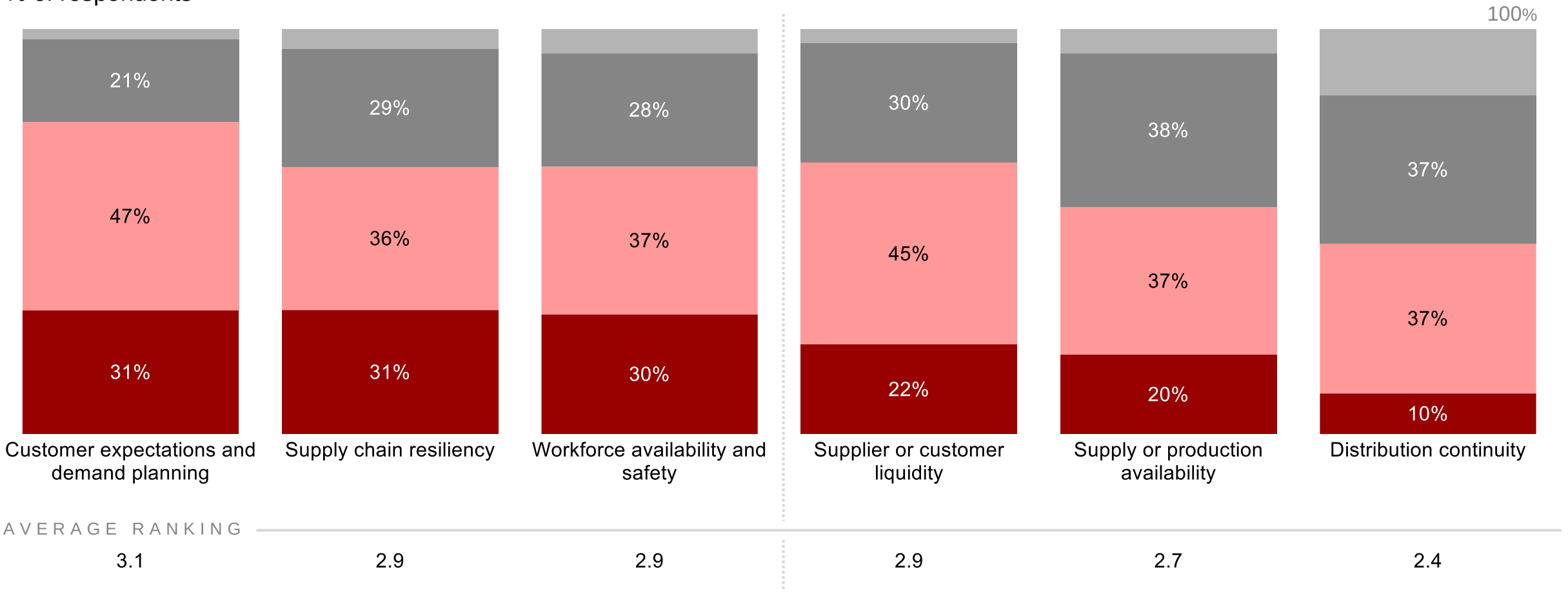
Looking ahead to recovery, executives express highest concern around demand planning, resiliency, and workforce safety

In recovery going forward, concern regarding specific challenges
% of respondents



Q. On a scale from 1 to 4, please rate your level of concern about the following challenges as you think about recovery going forward.
Source: DSCI / Bain survey on Supply chain industry resiliency (July 2020) N=200

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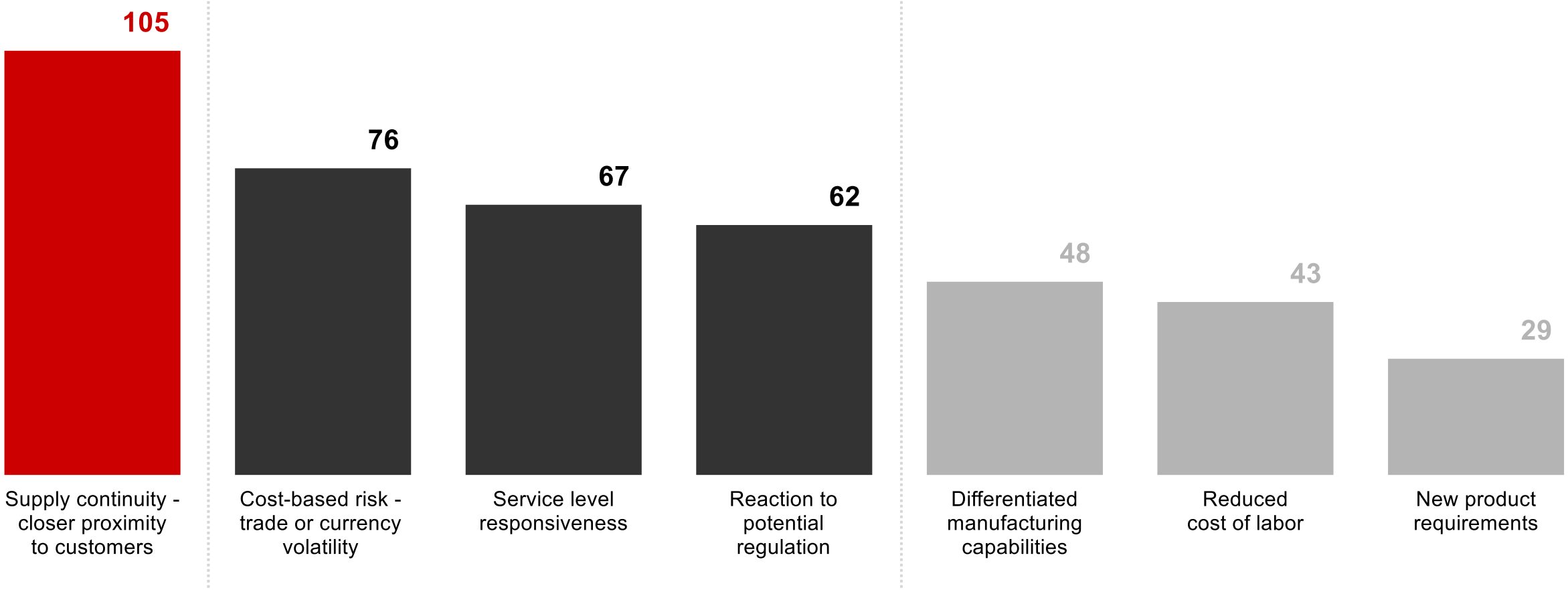
Among companies shifting location of supply base, majority are looking to increase proximity to customers

Reasons to shift location of supply base
# of respondents



Survey Q. Which reasons best describe why you are likely to shift the location of your supply base? (select all that apply)
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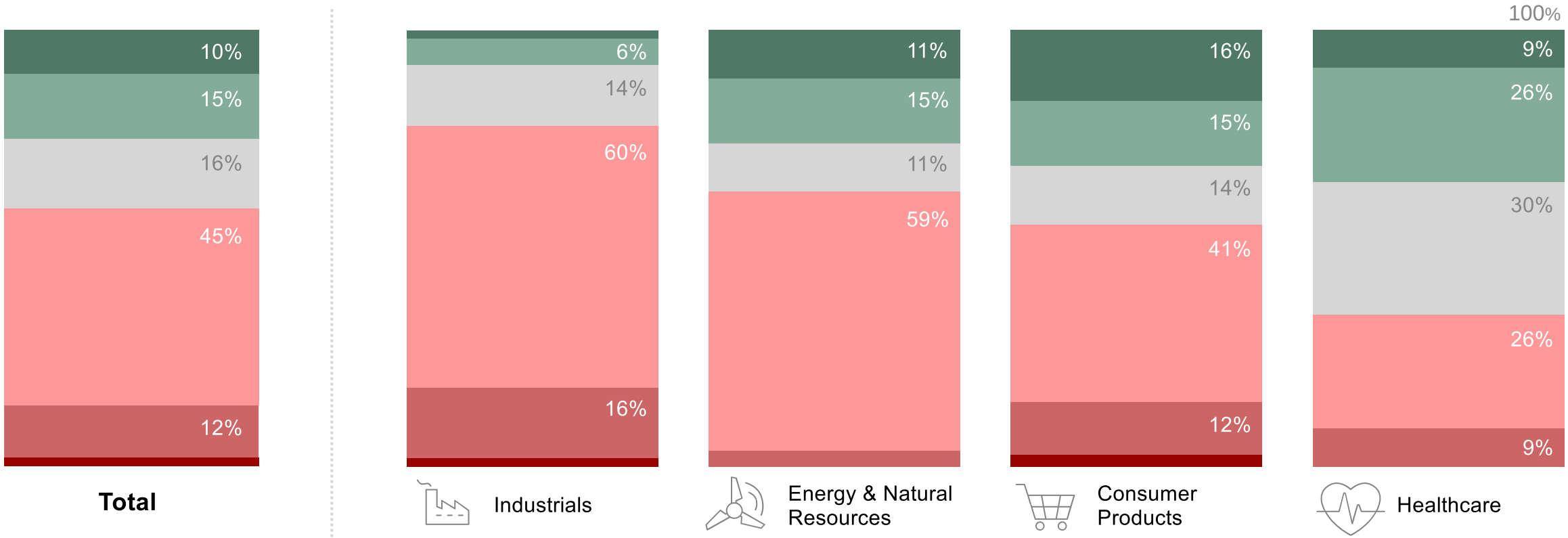
Supply chain disruption is widespread; most expect moderate reduction, with impact varying by industry

Expected impact of Covid-19 crisis on production capacity before reaching steady state "new normal"
% of respondents



Survey Q. How do you expect the Covid-19 crisis to affect your production capacity before reaching a steady state "new normal"?
Note: Significant spike; increase by 25%+ pre-crisis, Moderate spike; increase by 5-25% pre-crisis, Moderate reduction; decrease by 5-25% pre-crisis, Significant reduction; decrease by 25%-50% pre-crisis, Severe and sustained reduction; decrease by 50%+ pre-crisis; Responses for Restaurant & Hospitality, Technology and Other not shown (N=26)
Source: DSCI / Bain survey on Supply chain industry resiliency (July 2020) N=200

Significant spike
Moderate spike
Neutral
Severe & sustained reduction
Significant reduction
Moderate reduction

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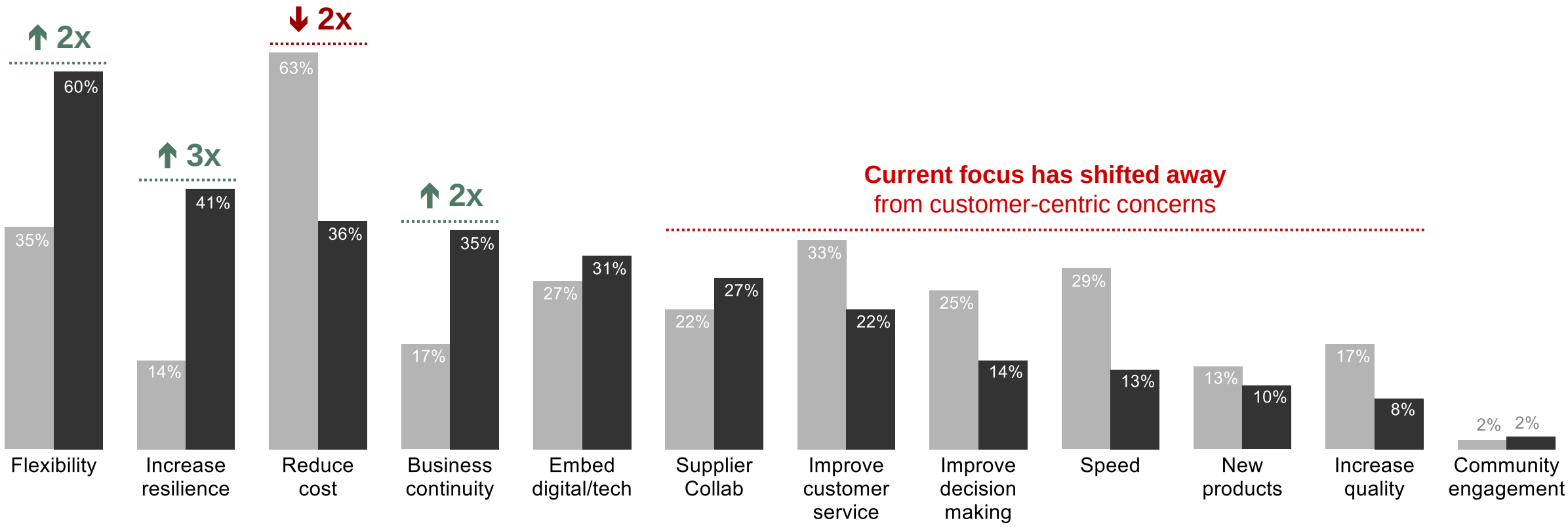
Recent disruption has created shift in priorities; investments goals changing as companies seek risk mitigation in addition to cost reduction

Supply chain investments goals, last 3 years vs next 3 years
% of respondents



Q. Thinking about supply chain investments over the **last 3 years**, please rank your top 3 primary objectives.
Q. Thinking about supply chain investments over the **next 3 years**, please rank your top 3 primary objectives.
Source: DSCI / Bain survey on Supply chain industry resiliency (July 2020) N=200

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Flexibility and agility are seen as key characteristics of a resilient supply chain with the goal of minimizing disruption

Survey question: In your opinion, a "Resilient Supply Chain" means:
Source: DSCI / Bain survey on Supply chain industry resiliency (July 2020) N=200.

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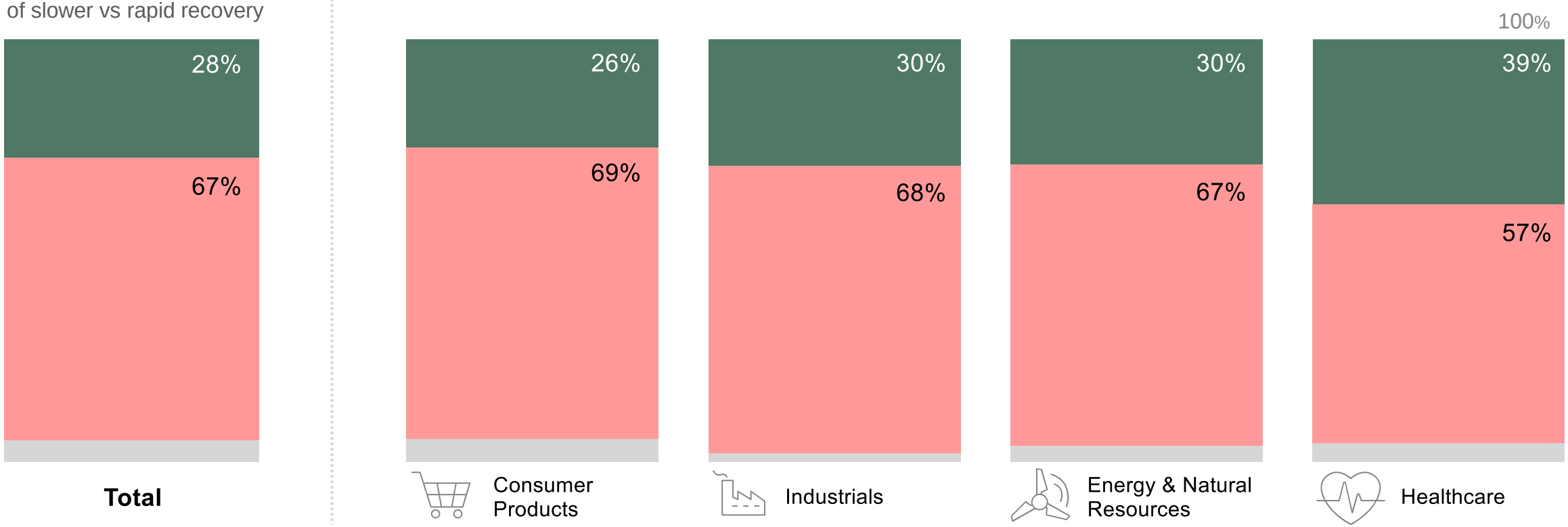
In recovery outlook, respondents expect a slower, longer-term recovery; fairly consistent across industries

Expected time until supply chain to reaches "new normal"
% of respondents

2:1 EXPECTATION
of slower vs rapid recovery



Survey Q. How long do you expect until the supply chain reaches the "new normal" after the Covid-19 crisis?
Note: Responses for Restaurant & Hospitality, Technology and Other not shown (N=26)
Source: DSCI / Bain survey on Supply chain industry resiliency (July 2020) N=200

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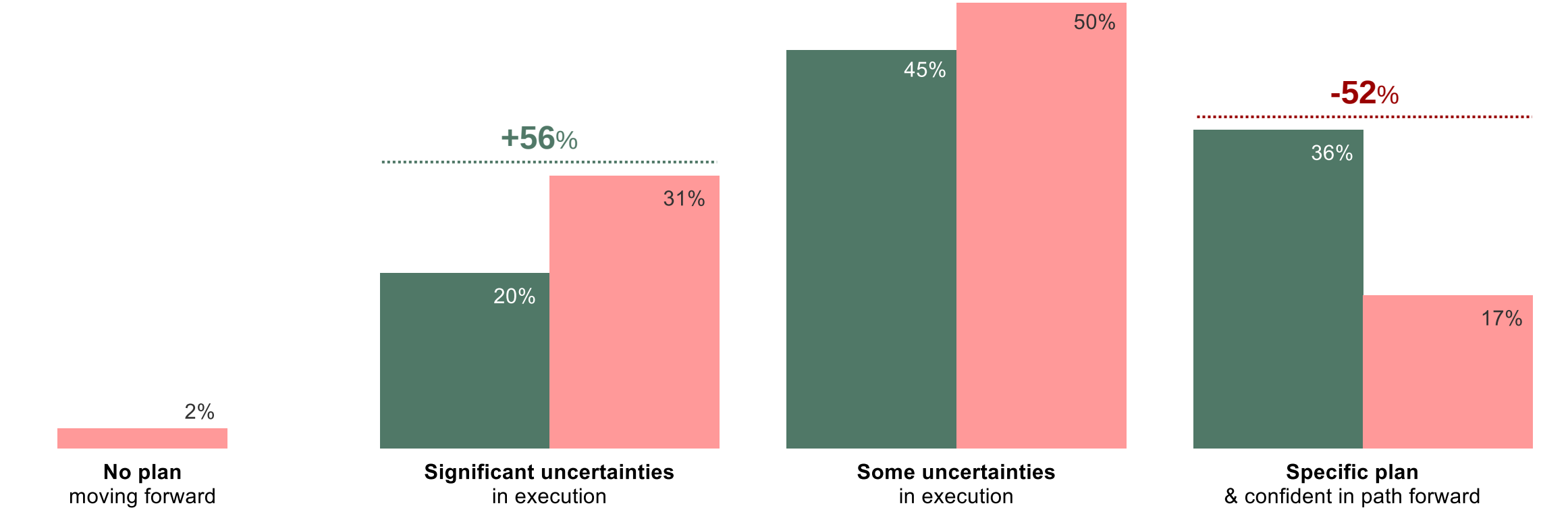
Respondents who anticipate longer-term recovery are feeling less confident about their plans for the future

Confidence in plans and execution to re-stabilize production and supply into "new normal"
% of respondents



Survey Q. What best describes how you are thinking about the recovery as you re-stabilize production and supply into the "new normal"?
Source: DSCI / Bain survey on Supply chain industry resiliency (July 2020) N=200

Rapid recovery (<6 months, N=56) Slower recovery (6+ months, N=134)

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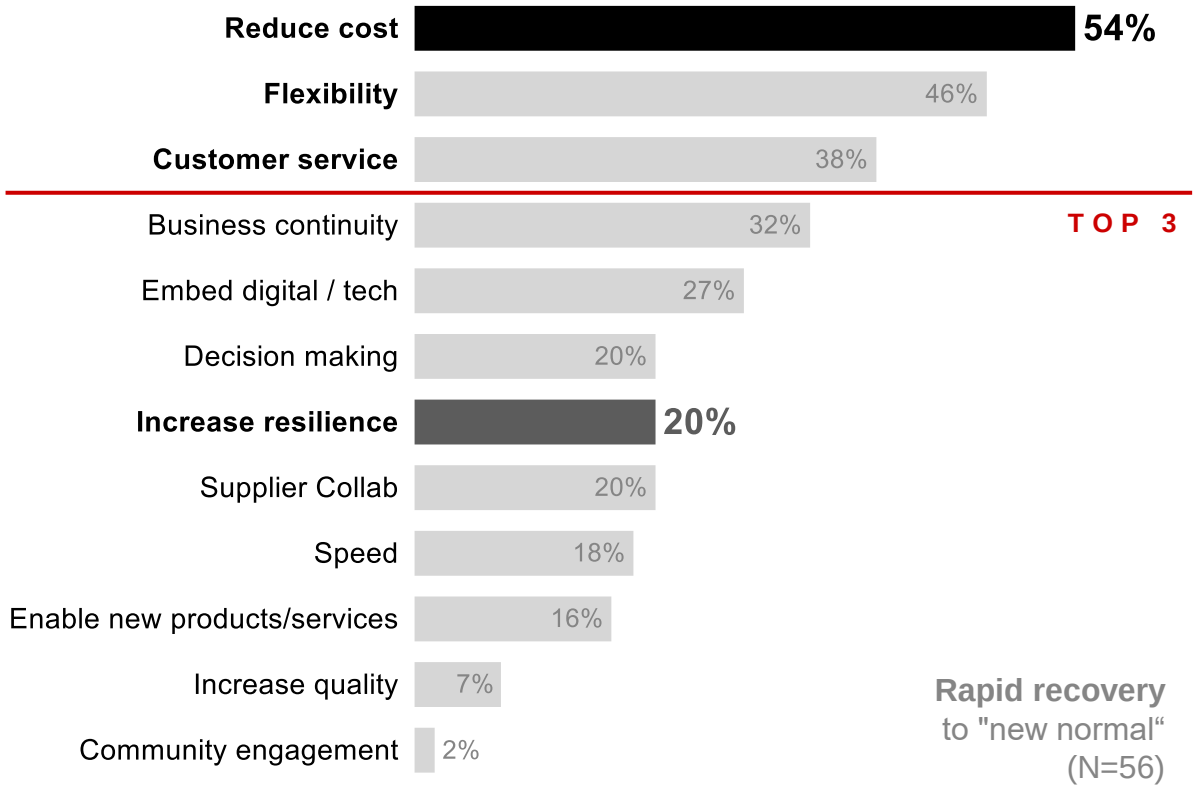
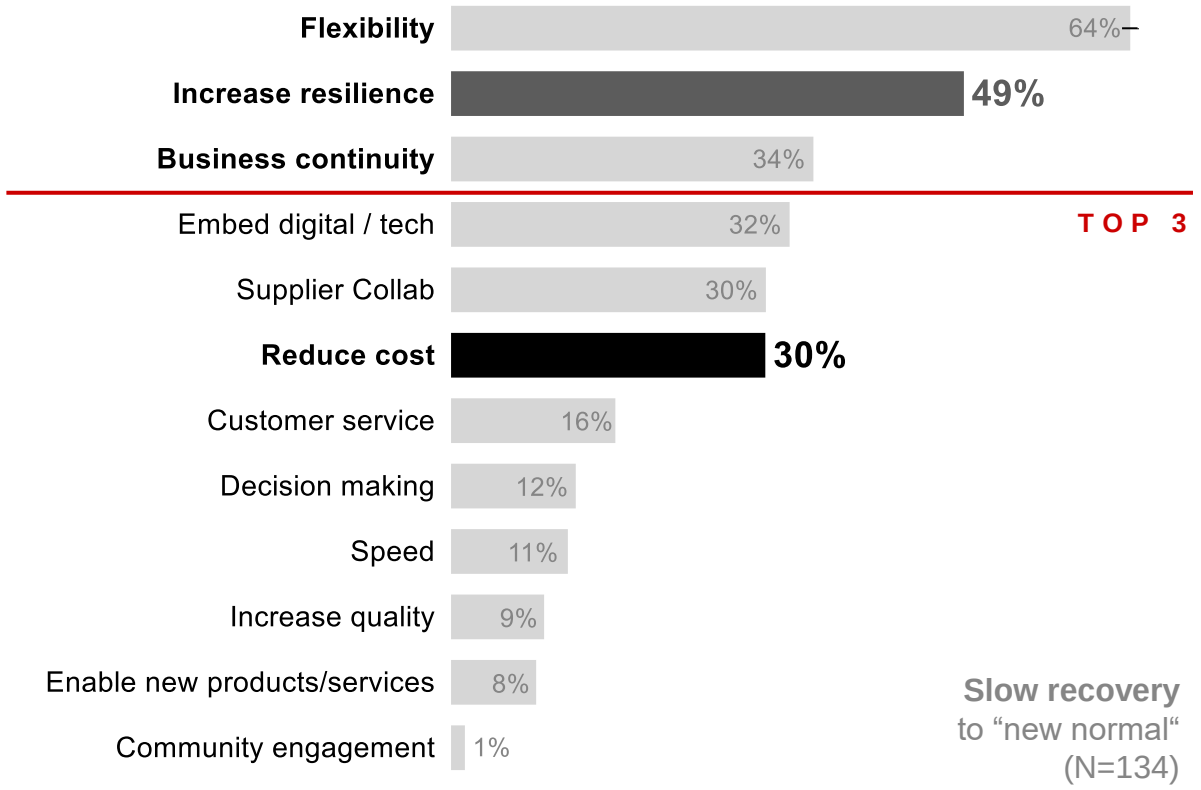
Respondents who anticipate slower recovery are differentially prioritizing investments in resilience

For execs expecting Rapid recovery
Supply chain investment objectives next 3 years



For execs expecting Slow recovery
Supply chain investment objectives next 3 years



Survey Q. How long do you expect until the supply chain reaches the "new normal" after the Covid-19 crisis? Short term meaning 0-6 months, long term meaning 6-12+ month
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Implications

- Supply Chain executives should increase focus on **customer satisfaction (New Customer happiness)** as they re-tool operations
- Companies should actively manage **customer demand, use short planning horizons**, and **create scenarios** for a range of possible changes in demand
- Collaboration without data is impossible, so companies should **create new data points** beneficial to customers and suppliers
- New location selection should **create better value for customers** and leverage appropriate technology (e.g. AI, 3D printing, automation) to offset labor cost issues
- Supply chain executives should intensify efforts to develop and execute a supply chain strategy that **segments customers, increases flexibility and operates efficiently**
- **Flexibility and agility must be accomplished while balancing cost reduction goals;** better customer visibility and enhanced use of AI and algorithms is required
- **Supplier visibility must be improved** through collaboration with Tier 1 and Tier 2 and increased use of shared technology (e.g. Blockchain)

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