

# Three steps to start your journey out of supply chain chaos

How to move beyond firefighting and emerge stronger from the crisis





# Chaos persists in global supply chains

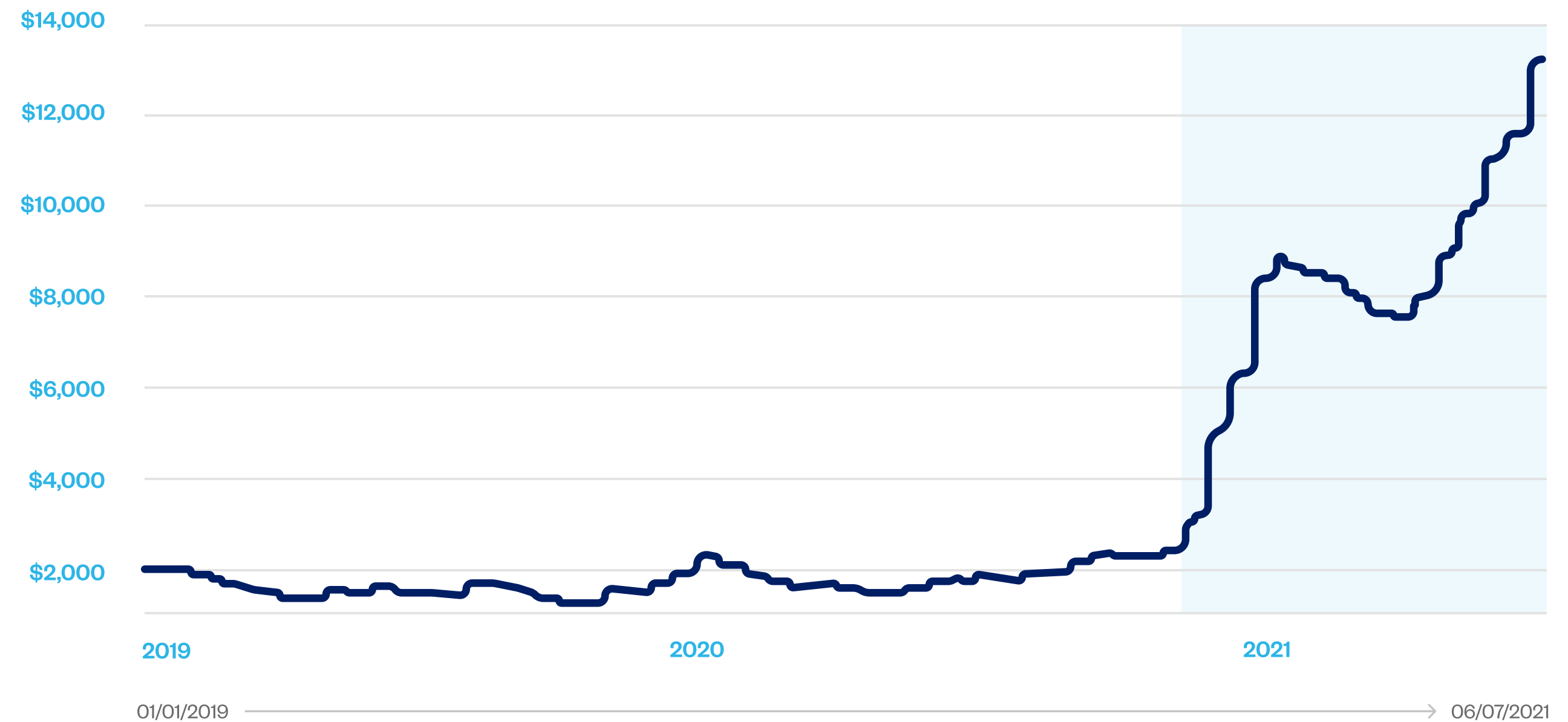
## There's never been a time like it.

The global pandemic has seen demand for goods skyrocket while shutting down container ports and disrupting operations throughout the supply chain. Demand for containers has exploded, with the resulting capacity shortages creating astronomically high freight rates and daily battles to secure space at almost any cost.

Freight rates in July 2021 were between 4x and 8x higher than at the start of 2020.

And that doesn't include additional fees like peak season surcharges and space guarantees.

## China Main - North Europe Main (Spot 40ft)



Source: Xeneta



# Start your journey into a more sustainable supply chain future

After 18 months and with many months still to go, something has to give – but what? What can supply chain managers do now to beat the chaos and emerge stronger from the crisis?





# In July 2021, we brought together supply chain professionals from across Europe to try to identify a way forward.

Leading the discussions were Frederic Gomer of transformation consultancy B2G Consulting and Mick Jones, strategic advisor to Zencargo.

This paper summarises the discussions and offers three steps you can take to start your journey out of supply chain chaos.



## Frederic Gomer

Frederic Gomer is the co-founder and managing partner of B2G Consulting, an international consulting firm engaged in supply chain transformation in emerging and challenging markets.

With a background as a global end-to-end supply chain management expert, Frederic has extensive experience working in a range of industries including manufacturing, aerospace, automotive, retail, pharmaceutical, heavy industries, and oil & gas.



## Mick Jones

Mick Jones is a global supply chain expert combining a broad end-to-end operational and strategic background with significant practical experience of delivering value through optimisation, synergy and integration.

His experience includes eight years at senior leadership level in Lenovo and five years at MD level in DHL, running key end-to-end and systems-driven projects.



# The firefighting can't go on forever

Supply chain professionals agree the current situation is unsustainable. Everyone tells the same story: days filled with constant phone calls and emails just trying to book containers and space at rates that preserve at least some level of margin, and not always succeeding.

Even when you book a spot rate, by the time you can talk to an agent they've gone. We're really struggling to get containers from China and India to the UK in a timely fashion.”

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Global Operations Manager, Furniture Manufacturer

Tough decisions are having to be made around what to ship as a priority, by which freight mode, and to which port. Without visibility in their own systems to guide those decisions, supply chain professionals are having to press their freight forwarders and logistics providers for information – and often finding they're just as much in the dark.

Storage requirements are changing and growing too, as goods arrive at unplanned times and at unplanned destinations. While some products are stocking out, escalating freight costs are raising the prices of others, driving down sales and creating excess inventory.



High freight rates mean we've had to raise the price on some of our products by 50%. That has affected sales, so our stock level is rising immensely.

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Supply Chain Manager, Gaming Equipment Company



# New realities make transformation even more essential

**The current volatility looks set to last until after Chinese New Year in 2022, but even then things won't return to 'normal'.**

Freight rates are likely to remain several times higher than they were at the start of 2020, with analysts advising logistics managers to make assumptions based on 2015 rates, before the container market crash.

And even as the pandemic abates, new threats – from climate change to geopolitical instability – will continue to put stress on single-source, just-in-time supply chains.

For many organisations, adapting to these new realities and protecting the business from future risks will mean making major changes to the way the supply chain is operated. For companies that hadn't already embarked on a supply chain transformation, this is the ideal moment to start making the supply chain more efficient, more resilient, and more fit for purpose. And for those who had already started, it's time to redouble those efforts, rather than putting them to one side in order to tackle daily fires.

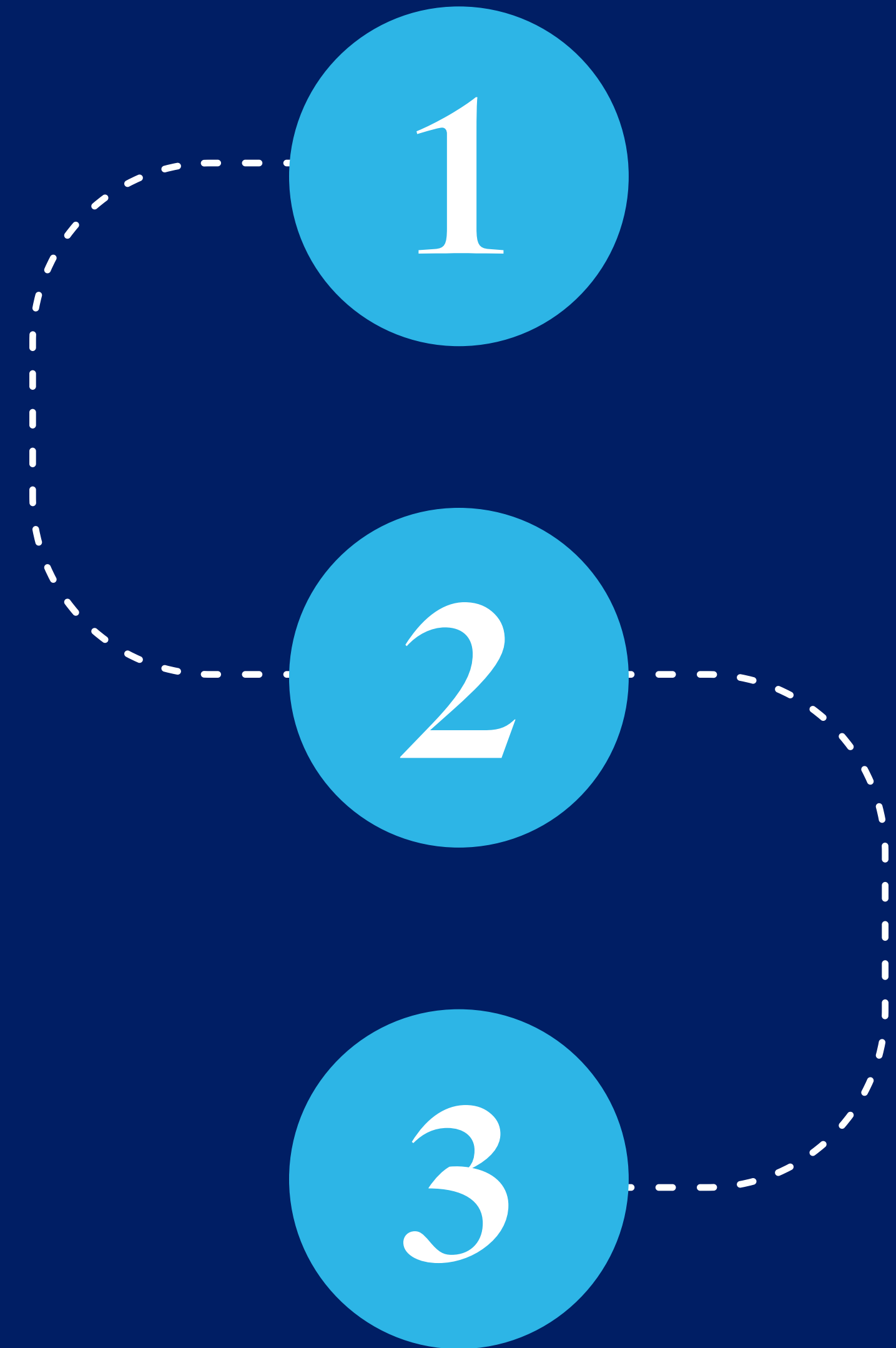
*Freight rates are likely to remain several times higher than they were at the start of 2020.*



# Three steps to start your journey out of supply chain chaos

On the upside, this could be a chance for supply chain professionals to become agents of change, leading the business out of the crisis and into a more sustainable future. **But how is that possible when every day is consumed with firefighting?**

Frederic Gomer recommends three steps to start preparing now for a post-pandemic world, and to advocate for the resources you need to alleviate your day-to-day problems in the meantime.





# Find a 'burning platform' to gain senior-level support

The pandemic has shown that tactical change is surprisingly easy to implement in a crisis. But to catalyse and implement long-term strategic change - change that remedies the root issues that exacerbate firefighting - is very hard, and needs sponsorship from the top.

Supply chain isn't usually a board issue, but Covid has raised its profile at the top of the organisation. Supply chain managers can use this new awareness as an opportunity to get senior-level buy-in for transformation.

When you're in charge of distribution or transport or planning you can do a lot, but you can't transform the whole organisation. It has to come from top management.

Frederic Gomer, B2G Consulting

The key is to identify a compelling reason for change - a 'burning platform' - that will resonate at senior leadership level. It could be spiralling transportation costs eroding profitability, customer churn due to long wait times, or production delays due to shortages of critical components.

Whatever the trigger, to get senior buy-in it must be something that has a material impact on the business as a whole, and not just on supply chain operations.

Single sourcing has been effective for years in terms of efficiency, but people are starting to question it. There's a good opportunity to go to senior management and say that we need to tear up the map and start again to build a supply chain that's fit for purpose going forward.

Senior Director of Global Supply Chain and Procurement, life sciences company





# Questions to help identify your 'burning platform'

**Has the crisis caused any major problems that are materially affecting the business?**

e.g. Lead times are spiralling and we don't have any back-up options.

**Has the crisis exacerbated any problems that we've managed to put up with until now?**

e.g. Outdated systems or manual processes are slowing things down even further.

**Are there any areas where we are coping now, but which are likely to cause strategic issues in the long run?**

e.g. We've had to shelve a digitalization project to focus on tactical firefighting.





# Use credible data to drive home the need for change

No matter what 'burning platform' you identify, you'll need to back it up with credible data. It should show not just why the current situation is unsustainable, but also how making changes now will enable the business to exit the crisis faster and in a stronger position.

Compelling visualisations comparing the current situation with what the future could look like will work better than spreadsheets to get attention and drive fast decisions.

**A graphic comparing forecasted freight costs with product profitability, for example, could work to grab attention quickly.**

At the same time, beware of over-relying on data to determine the way forward. However much you trust the data in your systems, it should only be used as an input to guide decision-making, rather than prescribing a decision in itself. The decision of what to change and when will rest on many factors, but having credible data to underscore the need for change is always a good first step.

Data is critical for gaining buy-in. It's the raw material that gives you insights so you can take the right informed decisions quickly. And that's a competitive advantage currently, and a real asset.

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Frederic Gomer, B2G Consulting





# Questions to help identify credible data points

## What information do we have access to right now?

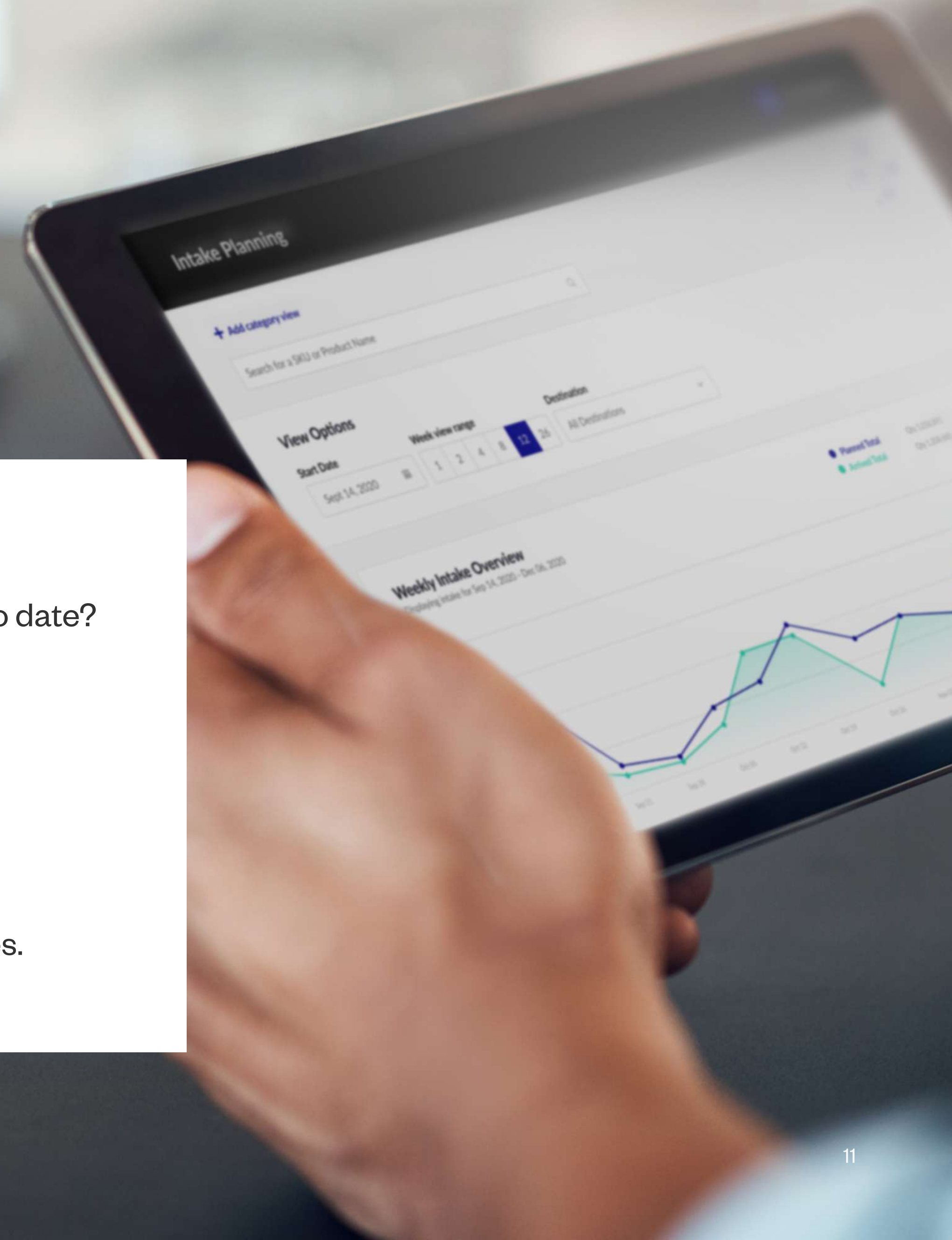
Where does it come from, and how much do we trust it? Is it comprehensive and up to date?

## What assumptions have we been making, and how does that differ from reality?

Are we using placeholders anywhere, or out-of-date quotes?

## With the information we have, what scenarios might we be able to anticipate?

Perhaps our total freight spend by month, or a revised understanding of our lead times.





# Craft a clear and resonant message

For change to happen, the reasons for it must be well understood and accepted not just at board level, but throughout the organisation. That means crafting a compelling message for change that will resonate across the business – and, crucially, chime with the culture of the organisation.

If the culture is one of customer obsession, for example, the message could focus on the impact on the customer. Or if it's about innovation, it could focus on potential delays in getting new products to market.

Always start by understanding the culture of the organisation, because you can't fight culture. And unless you understand the culture, you won't get the buy-in of top management

Frederic Gomer, B2G Consulting

Without that message, the appetite for change may never become strong enough to drive meaningful action from the top. Supply chain may be its own worst enemy on that front: as a function full of people with incredible firefighting skills, it's easy for other parts of the organisation to think that 'supply chain will find a way' and that there's no need for change.

During the annual budgeting round I gave a presentation to top management on the impact of rising transportation costs. They were shocked at the context of what was going on.

Senior Director of Global Supply Chain and Procurement,  
life sciences company

Supply chain leaders must challenge that view, finding a way to convince colleagues that change is necessary, that it will make the business stronger, and that the sooner it can happen, the better.





# Questions to help craft a resonant message

**What is the one thing I need people to understand?**

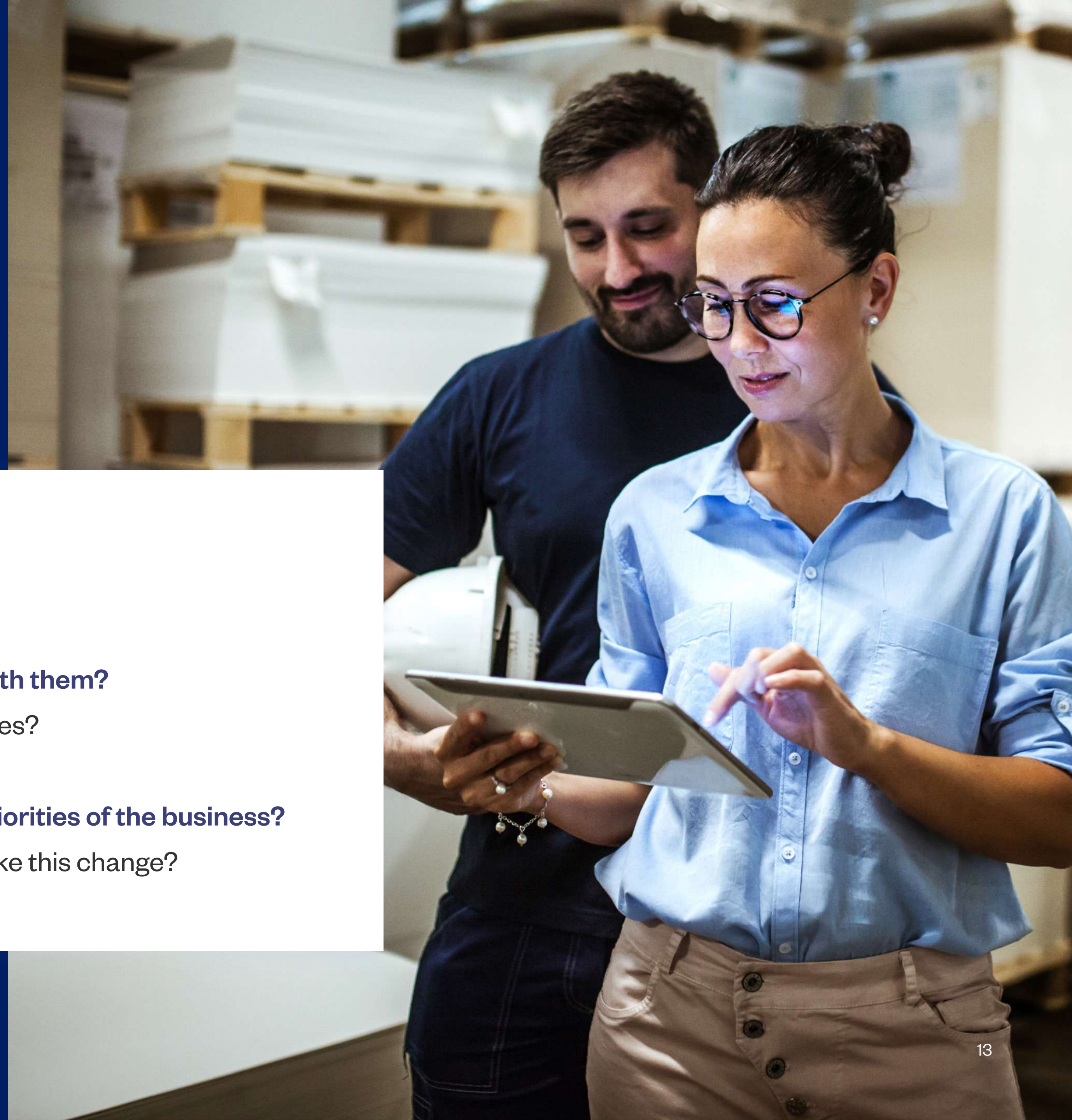
e.g. Freight will cost at least triple our original projections.

**How can I frame the message in terms that will resonate with them?**

Am I assuming they know what I know? Do they need examples?

**How can I show that this will have a direct impact on the priorities of the business?**

How can I best communicate what will happen if we don't make this change?





# Start your journey into a new supply chain future today

Supply chain transformation has become a critical business imperative, driven by the events of 2020-2021 and made all the more necessary by the wider changes taking place in supply chain dynamics.

Companies armed with real-time insights and a proactive approach to change stand to exit the chaos faster and emerge stronger into the new supply chain reality.

**That's where Zencargo can help. As a digital freight forwarder with expert and highly experienced consultants, we can provide the data and advice you need to make the right changes now, and the right supply chain decisions going forward.**





# Book a short consultation

A short consultation now could save your team a huge amount of time and your business a significant amount of cost. To discuss how we can help you emerge faster and stronger from the crisis, use the button below to book a no-obligation consultation with a Zencargo specialist.

[BOOK NOW](#)

"Working with Zencargo has directly increased our product margin. Their insightful advice has helped us continuously optimise and execute cost savings across our network."

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Dominic Moulding, Logistics Manager, Swoon

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