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Supply Chain Resilience vs. Flexibility, Sustainability, & More

Geo-political and pandemic dynamics have demonstrated the need for supply chain resilience; the ability to bounce back and adapt to disruptive change. But is resilience the only or primary requirement, or are there other factors to consider such as flexibility, sustainability, continuity, cost and efficiency?

Supply Chain Resilience vs. Sustainability

While resilience and sustainability have much in common, with both seeking enduring supply chain solutions, their subtle differences are nevertheless important. A sustainable supply chain is one that seeks to practice policies that benefit society and the environment to ensure resources continue to be available.

However, resource limitations that affect availability are detrimental to resilience. As sustainable resources usually need careful management to ensure future availability, this may mean reducing off-take and other conservation policies that may affect supply chain resilience.

Supply Chain Resilience and Continuity

It could be said that resilience and continuity are different sides of the same coin. Continuity is the ability of a business to continue to operate after a major disruption. Business continuity planning incorporates strategies for managing supply chain risk to ensure continuity in the face of foreseen and unforeseen risks.

Similarly, supply chain resilience seeks to ensure that the supply chain is robust enough to survive disruptive incidents and influences. Whereas continuity planning identifies strategies for recovery, resilience also incorporates establishing mutual and enduring business relationships with suppliers.

Supply Chain Resilience vs. Cost

Supply chain managers seeking to develop resilience should understand the need for give and take as well as the benefit of dual sourcing policies and long-term supplier relationships. Conversely, there's still the need to manage supply chain costs appropriately as price is always a major determinant in consumer decision making.

Supply Chain Resilience vs. Efficiency

Efficiency can be defined as a system focused on producing exactly what's required with minimal waste. For example, lean production techniques focus on incremental improvements in efficiency so as to reduce waste.

Resilience on the other hand strives to create a system that's robust and able to withstand disruption. In this sense, resilience and efficiency are, to a degree, incompatible, although it must be accepted that each is important and neither can be neglected.

Determining the Appropriate Trade-Offs

With COVID-19 still a major concern, resilient strategies are very much in focus. However, in the real world, there has to be a balance between resilience, agility, sustainability, continuity, cost and efficiency. Over-emphasis on any one philosophy means you're vulnerable if that's the wrong strategy for the time or situation.

Determining the best strategy requires a mix of predictive and prescriptive analytics to determine future trends and reveal the best strategies and decisions to preserve the business and create a balance between these sometimes conflicting yet vital attributes.