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Outdated Supply Chain Strategies

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The insurance industry spends millions of dollars each year in efforts to repeal insurance laws that they feel are not favorable to them. Anything that goes against changing current policies and giving consumer more protection and value they want no part of. Instead of finding ways to change their strategies and make a profit they look for reasons not too.

As a distribution center, storage facility or a third party provider are you like the insurance industry or are you continually looking for ways to keep up with your industry and make a profit. Supply chain strategies are like goals they need to reviewed, updated and measured on a quarterly, semi, or annual basis to see if you are meeting or exceeding your goals, or if they are outdated and need revision.

A company in Florida who had a government contract operated in this manner of not changing anything for they felt their system worked and didn't create problems for them, and as long as they were getting by they were happy even if products on the shelf were outdated and no longer of use to the government. The sad truth was that they had severe problems which the government recognized and they lost the bid for a new contract and the project manger was fired.

It's hard to say if not changing their strategy was the main cause of the organization not getting a new contract but it sure didn't help their cause much. Strategies once developed need to be reviewed and streamlined for the organization to stay competitive in the industry. Strategic analysis should analyze the strength of your business position and the external factors that affect that position. Strategic analysis should include:

1. Factors associated with your customers and competitors
2. Innovation: what role can and will you play in the future
3. How will your current policies, practices and resources help you achieve your new role?

I read an article where the author associated strategy with a NFL game, in that you have a basic game plan but depending on how the defense lines up the quarterback sometimes have to call an audible. That is a good concept if your business is cell phones or other businesses based on fads and trends but supply chains, distribution centers, manufacturing can look at the companies historical records of sales, inventory, purchasing and current industry events to get an idea of what to expect in the future. Calling an audible based on what is happening now doesn't make sense and your

organization can't adapt that quickly. Applied and consistent review and minor changes to your basic strategic plan is all that is needed and not abrupt overnight changes.

Developing strategies if properly done doesn't have to be time consuming or complex the problem is with some organizations they fail to do them at all or do them when they are in a crisis mode and then wonder why they are still trailing the competition.

Case example: I know of a company in Arizona who was experiencing severe management and personnel issues but wanted to be a world-class storage facility in the small to medium size market. The only problem was that they didn't know how to go about it. They hired an independent consultant to do an employee study, and went out and hired a management team away from an industry leader in the logistics field hoping to solve their problems but it didn't work. Why? They fail to develop a strategy and when they did it was in a crisis management situation, then came the financial crisis of 2008 and everything concerning plans had to be put on hold which in turn put them further behind the competition.

You could say they called an audible, but the best method is to have a consistent strategy no matter how small or what type of resources you have available and review it on a regular basis to ensure that you are meeting or exceeding your goals.