



COVID-19: WEEKLY SUPPLY CHAIN HIGHLIGHTS

QUICK UPDATE: Keeping You Informed

While most CEOs are focused on immediate actions to reserving cash, we are finding that supply chain strategy is taking a predominant seat in every board room today. Our eyes are opened to the criticality of supply chain as a fundamental backbone to nearly every business today and into the future. While we work with you on today's needs, we find that those that are using today's supply chain learnings to shore up longer term scale and risk management, will be the ultimate benefactor's long term. We found the following highlights to be very relevant and synergistic with our own findings and long-term strategies with clients today.

DISTRIBUTION:

With the impacts of the COVID-19 pandemic being felt across the globe, Supply Chains are being stretched to their limits. One prominent suggestion is to have manufactures distribute directly to the end user, which effectively removes the traditional Distributor from the supply chain. **As trusted advisors, it is our view that this approach, while acceptable for a limited number of key items, is not a viable long-term solution. Wholesaler-Distributors play a vital role within supply chain.** Removal of these experts will drop levels of distribution efficiency, negatively impacting days-to-deliver while increasing landed costs. Maintaining a healthy supply chain which is proven and fully utilized is our best defense to current and future distribution challenges.

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LOGISTICS and TRANSPORTATION:

Ground Transport Pricing: Capacity has continued to tighten, and the outbound tender reject index is higher than at any point in 2019. Carriers remain in a favorable position regarding negotiation. Carriers are less likely to entertain or adhere to fixed bid pricing and will often avoid them by stating they simply don't have capacity while they fill their trucks with others freight who is willing to pay more. **To combat this, LynnCo is working with clients to dual and triple source transportation ensuring you have capacity options at tolerable pricing.**

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International Capacity: With the fear of imminent border closings and low inventories, a spike in air freight demand has created extreme volatility in air cargo pricing. During this week, we have experienced pricing for air charters and air cargo capacity move as much as 500% within just a few hours of original capacity quotes. **We are advising clients to assess their price tolerance and commit quickly when you find capacity in your desired price range.** Furthermore, securing with some form of advanced funds will protect capacity procured until your freight is picked up.

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INVENTORY:

COVID-19 is causing dramatic disruption for retail “necessity” items. Sales have skyrocketed on these items, many of which are sourced from overseas regions now highly restricted. **During this crisis period we recommend companies immediately begin to consider air chartering of these necessity items before this transportation option becomes more restricted. At the same time, companies should begin to explore alternate or multiple sourcing sites closer to home for necessity items.** As we move forward, new consumer demand and supply plans must become data driven, dynamic and lean. **Read More:** [Here](#)

TECH SYSTEMS:

In a COVID-19 world, Blockchain technology can rise to the challenge. With distrusted supply chains and lack of visibility to product, old ways of procurement are too lengthy. Couple that with the need for new suppliers, financial payments and the need for track & trace visibility, Blockchain become the premier technology. Transactions such as financial and data are safer than with any other technology. **We are advising our clients that when speed to market is paramount and you have the need for inbound track & trace – think Blockchain.**

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As your trusted supply chain advisor, LynnCo is committed to keeping you abreast of critical changes around supply chain and will send weekly updates. We stand ready to significantly help you navigate through these choppy waters. In doing so, we have created the Concierge Service Team to provide immediate and ongoing support with your supply chain planning and preparation initiatives. You can reach the team at: concierge-service@lynnco-scs.com

From the desk of Wendy Buxton, President

