



- McKinsey survey: Globally, more than 90 percent of supply chain managers are investing in the resilience of their supply chains during the Corona crisis.
- But more often than not, they are simply increasing inventories instead of focusing on long-term effective measures such as regionalization of suppliers.
- Only the healthcare industry has consistently relied on nearshoring and regionalization of suppliers so far.



Supply chain managers worldwide are under pressure: More than 90 percent invested during the Corona crisis to make their supply chains more resilient to external disruptions. More often than planned, however, supply chain managers resorted to the ad hoc measure of simply increasing inventories. And less often than planned, they also relied on long-term effects by regionalizing their supply base. These are the key findings of a comparative study for which management consultants McKinsey & Company surveyed more than 70 supply chain managers from leading companies worldwide - for the first time in 2020 and again this year. Further results: Digital technologies are used much more frequently today than at the beginning of the pandemic, for example real-time monitoring or analytics based on artificial intelligence (AI).



The survey also quantifies the striking shortage of IT specialists in the area of supply management: in 2021, only one percent of the companies surveyed had enough IT specialists. "In the wake of the digitalization push, the need for IT skills is becoming even more of a bottleneck than it already has been," reports Vera Trautwein, McKinsey expert for supply chain management and co-author of the study. "As a result, the scope for action is also decreasing dramatically." In 2020, ten percent of the supply chain managers surveyed still had access to sufficient experts with the relevant IT know-how in their departments. How did the supply chain managers act during the crisis? Almost all respondents (92 percent) have invested in the resilience of their supply chains, and 80 percent have also invested in digital supply chain technologies. But while 40 percent of the 2020 respondents in McKinsey's first "Supply Chain Pulse" had still planned nearshoring and expanding their supplier base, only 15 percent ultimately put this into action. Instead, significantly more managers than expected - 42 percent versus 27 percent - expanded their inventories.



The 2020/21 comparative study also shows that supply chain managers have acted very differently in the crisis, depending on the industry. Healthcare can be considered a pioneer in the regionalization of the supply chain: 60 percent of the respondents in the industry have actually concentrated procurement, production and sales in a region such as Europe or North America, which they have also announced. In 2020, 33 percent of companies in the automotive, aerospace and defense industries had also announced this. However, according to their own figures, only 22 percent actually did so. This was despite the fact that more than three quarters of supply chain managers had given this measure priority. The chemicals and raw materials sectors made the fewest changes to their supply chains.

After the crisis is before the crisis

Over the years, supply chains have evolved into a high-frequency sensitive organism. Consistently globalized, optimized to fluctuations in consumer demand and with as little inventory as possible to cut costs. "This strategy has left companies vulnerable," notes McKinsey partner Knut Alicke. "And during the crisis, measures were taken that were more effective in the short term." As a result, supply chains are not yet resilient enough to prevent future disruptions. "For companies, nearshoring of suppliers remains a key factor in increasing their crisis resilience in the medium to long term." In addition, however, he said, the expansion and use of

digital technologies are the key factors for resilient supply chains.



The pressure to act is great: Massive supply chain disruptions occur on average every 3.7 years and disrupt supply chains for at least one month. This was the conclusion of another McKinsey study on supply chains entitled "[Risk, resilience, and rebalancing in global value chains](#)" back in 2020.

Source: McKinsey & Company [Düsseldorf, Germany]