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SUPPLY AND DEMAND

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SUPPLY AND DEMAND

By Nicole Laidler

Supply chain disruptions have affected everyone over the past two years, causing an imbalance in supply and demand. Six Ivey graduates have been in the thick of it all and share their takeaways.



For many Canadians, the pandemic first hit home with a run on toilet paper. Store shelves were emptied as people panicked about their household supply. Supermarkets placed limits on toilet paper purchases, and in some instances sold by the roll. Amazon was out of stock. And memes about stockpiling trended online.

But the pandemic's effect on global supply chains would be no laughing matter. As nations around the world locked down in an attempt to control the spread of the virus throughout much of 2020, the flow of raw materials and finished goods slowed or even temporarily stopped, causing unprecedented disruptions felt by almost every industry. →

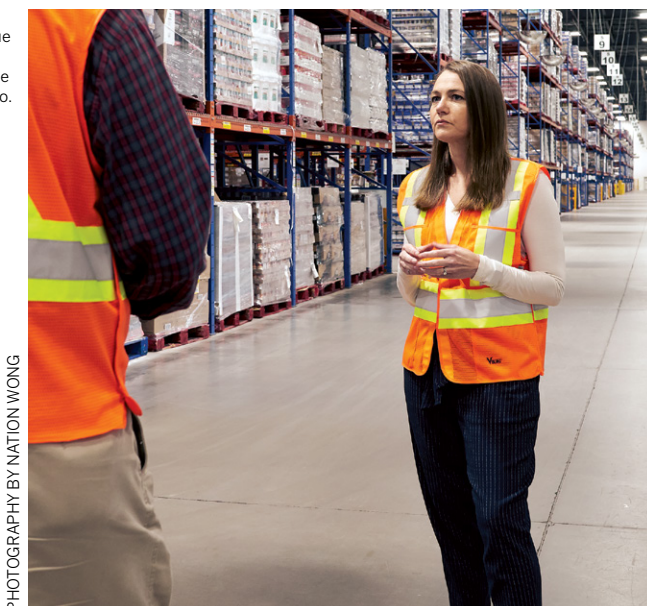
The challenges haven't disappeared with vaccine rollouts and the gradual resumption of normal life. Through 2021 and into 2022, port congestion and pent-up demand are resulting in significant delays as production lines wait for key components like the semiconductor chips needed to manufacture everything from cars and iPhones to refrigerators and gaming consoles.

Then there are the difficulties posed by labour shortages: some workers used stay-at-home orders as an opportunity to change careers, while others remain nervous about returning to the workplace.

While the pandemic exposed vulnerabilities in supply chains and raised questions about globalization, it also gave managers the opportunity to examine their supply chains like never before, and look for opportunities to do things better.

Six Ivey graduates working in supply chain management share lessons learned and the changes and improvements being implemented by many organizations.

Rachael Ibey, MBA '11, speaks with a colleague at the Kraft Heinz Canada Inc. warehouse in Georgetown, Ontario.



PHOTOGRAPHY BY NATION WONG



“Part of my role is looking at how we transform our processes and use the vast amount of data that exists to drive more insights, become more flexible, and really optimize through the entire supply chain.”

—Rachael Ibey, MBA '11

RACHAEL IBEY, MBA '11

*Head of Supply Chain Digital Transformation
Kraft Heinz Canada Inc.*

Rachael Ibey says working during the height of the pandemic was like doing a case study every single day. At the time, as Head of Sales & Operations Planning at Kraft Heinz Canada Inc., she often found herself making decisions in real time in order to ensure everything from Kraft Dinner to Ketchup was readily available to Canadian consumers.

“We have over 1,500 SKUs across Canada in retail and foodservice, so it's a significant number of brands,” she says.

While Kraft Heinz experienced a boost in sales from home cooking, pandemic lockdowns resulted in a sudden drop in demand from restaurants and cafeterias. “With food there is always a risk of waste and losses,” says Ibey. “No one is going to buy a 20-kilogram brick of

cream cheese at the supermarket. We had to quickly find strategies to minimize waste on foodservice products, such as repackaging and manufacturing changes on our retail lines.”

Kraft Heinz was already taking steps to improve supply chain efficiencies before the pandemic began. “COVID-19 really brought to light the need to move quickly on that project,” says Ibey, who took on the role of Head of Supply Chain Digital Transformation in November 2020.

“One of the key learnings from the pandemic is that supply chains had optimized to be very lean, but a shock to the system created an imbalance in supply and demand,” she says. “We are looking at our end-to-end supply chain — manufacturing, warehousing, transportation and planning — to see how we can implement new technologies like AI, automation, and machine learning to enhance our efficiency and be more flexible so we can better meet the needs of our end consumers.”



“During the pandemic, we worked to respond to present needs. But we also accelerated the transformation of our business to prepare for the future.”

—John Bayliss, HBA '99

JOHN BAYLISS, HBA '99

*Executive Vice-President, Transformation Officer
Walmart Canada*

John Bayliss notes that most supply chains were not designed to flex up to 30 per cent in a matter of days.

“I don’t think anyone in Canada had seen the type of panic-buying that pulled through all the buffer inventory in a very short period of time,” says the Executive Vice-President, Transformation Officer at Walmart Canada.

He credits Walmart Canada’s 100,000+ associates — including the 6,000 employed in the company’s supply chain — with getting things back on track relatively quickly.

“The pride our associates took in being an essential service gave our team the adrenaline to do things we didn’t think were possible,” says Bayliss, citing a Toronto warehouse that doubled its regular capacity in order to keep up with demand.

Merchants, replenishment teams, and suppliers worked together to make quick decisions about the most essential items to keep in stock, and Walmart developed creative new partnerships with Canadian foodservice suppliers to meet increased demand for fresh produce and other perishable food items.

“Staying agile and flexible has helped us move forward,” Bayliss says.

Looking ahead, he believes supply chain networks will be built to respond to disruption. “Technology is going to play a large role in how we manage these crises in the future,” Bayliss says.

Just before the pandemic, Walmart rolled out an AI-supported planning suite. “Without these types of tools that can give you real-time assessments and tweaks to your supply chain, I don’t know if we would have been able to stand as tall as we did,” he says. “Using intelligent tools in planning is here to stay.” →



SEGUN BUSARI, MSc '12

Supply Chain Manager
McCaughey Consumer Products

COVID-19 put the global supply chain in the spotlight like never before, says Segun Busari, Supply Chain Manager at McCaughey Consumer Products. “Before the pandemic, a lot of people didn’t know what we do in supply chain. Today, everyone knows because of the impact they saw on the shelves.”

McCaughey Consumer Products works with companies like Shoppers, Loblaw’s, and Walmart, putting Busari on the front lines of trying to balance wild swings in supply and demand. “We were able to manage by constantly doing a predictive analysis of our products to determine trends and what was at risk,” he says.

Being proactive helped Busari work with vendors and suppliers to prioritize products and increase capacity to ensure goods were in stock as required.

Although the shortages caused by panic-buying were short-lived, Busari says importing goods from China remains a challenge. “The cost of a shipping container has gone through the roof,” he says. “Things are gradually improving, but we are still not back where we were prior to the pandemic.”

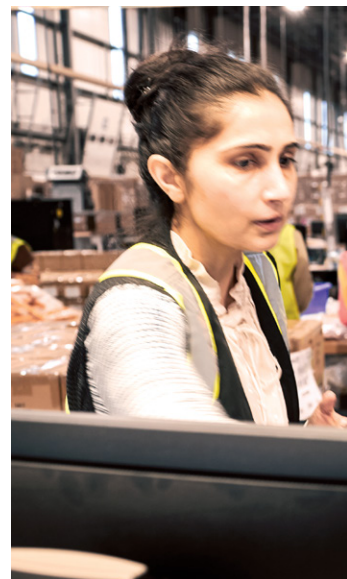
The crisis underscored the importance of investing in technology, he notes. “You need to be able to have an overall picture of your entire supply chain, from beginning to end. Having a clear picture helps you determine where the risks are.”

The pandemic may also force companies to reassess just-in-time. Busari says it might make sense to hold more inventory for certain products. “That way, if there are any problems — whether it’s shipping, whether it’s a pandemic, whether it’s some other crisis — you have enough to service core customers, at least for a few months.”



“The pandemic has underscored the importance of investing in technology to have a successful supply chain. You need to be able to have an overall picture of your entire supply chain, from beginning to end. Having a clear picture helps you determine where the risks are.”

—Segun Busari, MSc '12





PHOTOGRAPHY BY NATION WONG



Segun Busari, MSc '12, collaborates with a colleague at the DSV Canada warehouse in Milton, Ontario — one of McCaughey's distribution partners.

“People are now talking about the potential costs if something goes wrong in the supply chain, and how to mitigate those risks.”

—Nicholas Okada, MBA '12

NICHOLAS OKADA, MBA '12

*Supply Chain Director
Latin America, MSD Animal Health*

In his role as Johnson & Johnson's Senior Supply Chain Manager, Latin America, Nicholas Okada was in charge of keeping the company's many health and beauty products on the shelves in spite of supply chain disruptions caused by COVID-19.

Demand forecasts went out the window as sales of Tylenol and Listerine shot up in the early days of the pandemic, says Okada, who is based in São Paulo, Brazil. “On the other hand, things like feminine care products and sunscreen saw a huge reduction in demand as people stayed home.”

Securing the alcohol used to produce mouthwash became a challenge as supplies were diverted to make hand sanitizer. “I was in charge of three manufacturing sites — one in Colombia, one in Argentina, and one in Brazil,” he says. “I had to make sure I would not have an excess of inventory in Brazil and a lack in Argentina.”

Johnson & Johnson produces different-flavoured mouthwash for each market, he explains. Each country also had different pandemic regulations in place, making it difficult to keep production lines running on schedule.

Delays in international shipping caused additional headaches. To mitigate the uncertainty, Okada increased inventory levels from 40 to 60 days, and in some cases brought in raw materials by air freight.

Okada says the pandemic prompted important conversations about shortening supply chains and streamlining product lines. “Does it really make sense to have a dozen flavours of Listerine, or to bring the raw materials used to manufacture Band-Aids from the U.S. or China?” he asks.

Companies will also make efforts to mitigate risk by improving predictions and putting contingency plans in place. In the past, supply chain management has focused on reducing costs, he notes. “But when you experience something like the pandemic, it might make sense to spend a little more to be prepared.”

Okada has taken many of the lessons learned to his new position as Supply Chain Director, MSD Latin America. The animal health company experienced huge growth as people bought companion animals during the pandemic, Okada says. “It opened up a lot of opportunities for supply chain management professionals in this field.” →

MELISSA PRYSZLAK, EMBA '20

*Director, Logistics & Engineering Supply Chain
Metro Inc.*

Metro Inc. was in the middle of implementing a five-year project to automate and modernize its Ontario supply chain when the pandemic struck. As Director, Logistics & Engineering Supply Chain for the Canadian food retailer, it was Melissa Pryszlak's job to keep the January 2021 opening of a new automated distribution centre on schedule.

"The biggest challenge for Metro was related to our access to people," says Pryszlak, who completed her EMBA during the pandemic. "I actually wrote a business case about it."

Technical experts from Europe were needed to complete construction of the automation components, but pandemic-related travel restrictions put an unexpected wrench in the plans. "In order to get the necessary approvals for them to be allowed into Canada, we had to make special requests to the Canadian government showing

the technical skills of these external experts and that the work they were doing was essential."

Then there was the difficulty of transitioning from one facility to the other. "We had planned to have additional headcount for training purposes and as a buffer for individuals adjusting to their new roles," says Pryszlak. But many employees needed to be at home caring for family members, or were in quarantine due to close contacts. In addition, physical distancing requirements and the need to wear personal protective equipment meant that on-site training was a challenge and could only be done in small groups.

"We had to get creative," says Pryszlak, who launched online training sessions for managers and employees working remotely. "Now we have a library of recorded material that will be a resource for years to come," she notes.

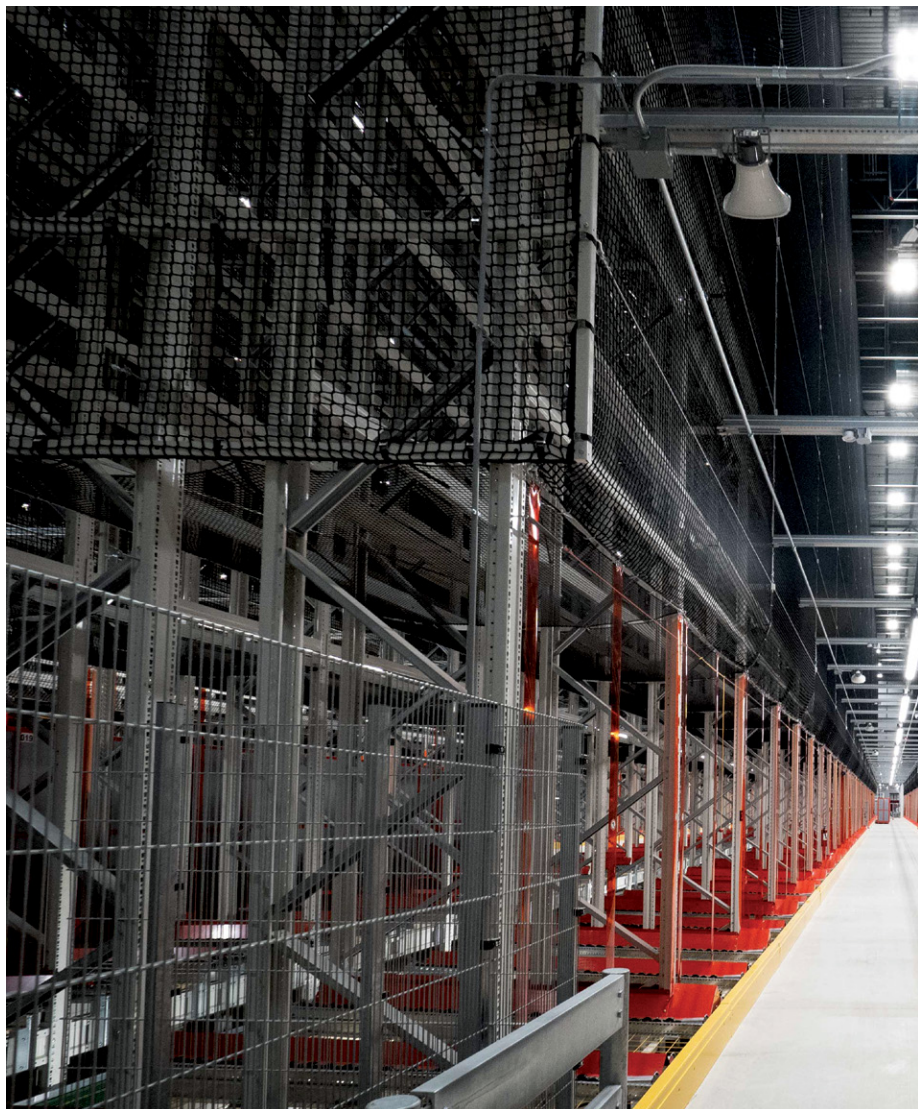
"I would never recommend opening a new facility in the middle of a pandemic," says Pryszlak. "But thankfully, despite all the challenges the pandemic has thrown our way, we were able to meet the target go-live date on time."



"The more manual the work, the harder it is to find people who want those jobs. When we automate, we create new jobs with different skills."

—Melissa Pryszlak, EMBA '20

PHOTOGRAPHY BY NATION WONG





TOP Melissa Prysizlak, EMBA '20, chats with a co-worker at the Metro Fresh Distribution Centre in Etobicoke, Ontario.

BOTTOM New pick path in Metro Frozen Distribution Centre.



PHOTOGRAPHY FROM METRO INC.

“There is not a single country or industry in the world that has not been affected by COVID-19. Many industries are still in reactive mode. Managers will come up with the most economically sustainable model for their company. But is it sustainable for society and the environment? That is in question.”

—Amulya Gurtu, EMBA '07

AMULYA GURTU, EMBA '07

*Chair Business Administration &
Associate Professor of Supply Chain Management
Cofrin School of Business
University of Wisconsin-Green Bay*

Amulya Gurtu has been sounding the alarm about supply chain vulnerability since the Fukushima nuclear disaster of 2011. “We have built massive global supply chains without any contingency plans,” says Gurtu, Associate Professor of Supply Chain Management at the Cofrin School of Business at the University of Wisconsin-Green Bay.

“The first thing any financial planner will tell you is don’t keep all your eggs in one basket,” he notes. But not only have manufacturers in many industries turned to a limited number of specialized suppliers, countries have been short-sighted in the infrastructure needed to move massive amounts of goods around the globe. “We have only looked at the economic side of globalization, without considering the risks and sustainability,” says Gurtu.

Although he could not have predicted the unprecedented supply chain shock caused by the pandemic, Gurtu was not surprised that it caught nearly everyone off-guard. However, he was perplexed by the sudden toilet paper shortage, especially in a state like Wisconsin, which has a large paper industry. He decided to investigate and write a paper about what went wrong.

“It was a failure of multiple systems at the same time,” says Gurtu. Panic-buying, a dramatic reduction in production caused by lockdowns and new safety protocols, the inability to source recycled materials used in packaging, and a shortage of truck drivers created a perfect storm.

As a result of COVID-19, Gurtu says companies have had to become more agile, and have accelerated investments in automation and artificial intelligence. “Managers will come up with the most economically sustainable model for their company,” he notes. “But is it sustainable for society and the environment? That is in question.” ■