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From Toilet Paper To Vaccines, All Eyes Were On Supply Chain In 2020. What About 2021?

Sharon Goldman Contributor

[Manufacturing](#)

Freelance business and technology writer

According to Yossi Sheffi, professor at MIT and director of the MIT Center for Transportation and Logistics, supply chain is typically the “asphalt of the road” —that is, when it works, there’s no need to talk about it.

In 2020, of course, *everyone* wanted to talk about supply chain, thanks to both real and perceived challenges in getting products from factories to consumers during the Covid-19 pandemic. From toilet paper shortages and shipping delays to problems getting PPE to healthcare workers and delays in rolling out Covid-19 vaccines, few topics were front and center in the media like the trials and tribulations of the global supply chain.

“In March, I realized we were experiencing the biggest emphasis on supply chain issues in my lifetime,” says Sheffi. At the time, he was working on a fifth book about the history of innovation in supply chain management, but he quickly pivoted.

That shift resulted in his latest book, *The New (Ab)Normal*, which examines how companies had to rapidly change their operations in the face of disrupted supply, hoarding problems, government mandates and medical supply needs. He details how businesses grappled with the chaos of the pandemic, and explores what enterprises are likely to do to survive and thrive in 2021 and beyond, after the pandemic starts to subside.

“It was history as it was unfolding,” he says. He worked on the book until August, usually on four hours of sleep a night, and had to be ready for anything. “Many things changed along the way, particularly regarding vaccine development, which happened far faster over the summer than anybody thought,” he adds.

Supply Chain Heroics Marked 2020

The biggest takeaway regarding supply chain's 2020 trials and tribulations? The supply chain *did* hold. While there were egregious, devastating missteps around medical supply ("The lack of PPE surprised me," says Sheffi), on the whole, the supply chain did not break. "This was the supply chain's finest hour, with people who did heroic things," he says.

Consider the nation's food supply: Overnight, half of the locations receiving food deliveries — including university campuses and large institutions — closed completely in mid-March. The supply chains for those recipients were not built to efficiently deliver to supermarkets or restaurants, because the machinery was meant for huge pallets and 100-pound sacks of products such as rice and flour, rather than the one-pound containers supplied to retailers. Consumers also changed their consumption habits dramatically, buying less fresh produce, for example, and more bread and pasta.

But companies managed to adjust, and the food supply chain kept rolling along, thanks to the efforts of workers and "the ingenuity and commitment of the people and organizations who run and operate the supply chains," says Sheffi in *The New (Ab)Normal*. The media, Sheffi insists, overreacted and exacerbated the crisis with sensational coverage. "Photos of empty shelves were typically taken at the end of the day, whereas grocery stores typically replenish at night," he says. "In the morning, visitors would have found stocked shelves."

The companies that succeeded in 2020 were able to make changes that boosted agility in order to shore up fragile supply chains. For example, one of the biggest transportation issues to tackle was the lost of airplane capacity. Over half of freight goes in the belly of U.S. passenger planes, which had significantly reduced flights. However, in a rare bright spot for airlines, Korean Air reported quarterly profits in the second quarter, during the height of the pandemic. That's because they pivoted to running cargo-only flights, shipping South Korean tech products around the world, from companies such as Samsung and LG. "Korean Air was one of only a couple of airlines to make a profit in 2020," Sheffi says.

2021 Supply Chain Opportunities

Now, while companies look to succeed in 2021, the pandemic still rages — but there is a light at the end of the tunnel. The challenge is how to keep supply

chain flexibility and speed but not cut corners, says Sheffi: “You want to eliminate unnecessary bureaucracy but keep the necessary gates and hurdles.”

According to *The New (Ab)Normal*, managing within this continued uncertainty calls for preserving resources required for survival, response and recovery; focusing on agile decision-making processes; and attaining new levels of information sharing both inside and outside the organization.

While all eyes are on supply chain areas such as Covid-19 vaccine distribution, which Sheffi agrees does not look promising right now, the speedy vaccine development proves that companies can do things better and faster than they ever thought.

“I’m very optimistic,” he says. “Companies know how to do things better now and can anticipate and plan for future supply chain disruptions.” As industries look ahead, the growth opportunities are vast: “There is going to be a big economic expansion, just as after World War II the U.S. had the ‘Roaring ‘20s,’” he says.

There are many roads to supply chain success in 2021, thanks to continued growth in e-commerce and omnichannel retail, as well as lower technology barriers to entry for small suppliers, and new deals in fulfillment and delivery. The crisis may have made people and companies more resilient, Sheffi says in *The New (Ab)Normal*: “Although Covid-19 may have exposed the fragile links lurking in the global economy, it also accelerated the adoption of a great many technologies and practices that will make the global economy more robust over time.”