

THE SPARK

Sourcing and Procurement Flash Report

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DISTRIBUTION & LOGISTICS

Demand for distribution and logistics services is outpacing supply at historic proportions. The need for strategic diversification is critical.



The way we interact with businesses has drastically changed in response to life with COVID. The shock of our new reality can be felt up-and-down the supply chain, as organizations face a knot of capacity constraints, inventory imbalances, and fluctuating demand.

As businesses adjust to a dramatic shift in eCommerce spending and home deliveries, distribution capacity is being consumed at the highest rate in 10 years. These new behaviors present a serious manpower and economic challenge for leaders desperate to sustain normal distribution and logistics operations. Adding to the complexity, available labor and rate pressure make meeting fulfillment targets even more difficult. Increased inventory and demand requirements are weighing down firms, leading warehousing and industrial real-estate towards a choke point, with cost-per-square foot increases up 10% vs 2019 rates.

Choices on freight mode, particularly how it is procured and how it flows within an operation, are more vulnerable than ever. Value often deteriorates by remaining in a single model and not staying hyper-vigilant in the competitive sourcing process. Furthermore, there is not enough strategic evaluation of cost and flexibility trade-offs which further undermines total value. Developing logistics partners, refining predictive freight price capability, and gaining access to tools that perform better trade-off analysis on meeting these operating realities is a powerful defense against new cost curves that businesses in today's environment can't afford to ignore.

In this era of uncertainty, you need a D&L strategy that ensures exponential capability in your fulfillment models so that you can be responsive when it matters most. Now is the time to develop risk and contingency profiles within many overlapping operating strategies so that your business not only stays in the game, but carries a lead.



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We want to hear about your business challenges.

Contact thespark@logicsource.com to start the conversation.

