What is a supply chain?

A supply chain is a network between a company and its suppliers. This includes different activities, people, entities, information and resources to produce and distribute products to final customers. For a more in-depth definition, read this Investopedia article.

Why does it matter?

Across businesses of all sizes, your supply chain has an integral role in customer service, operating costs and overall financial position. When any of these are affected, it weakens your business standing. During the Coronavirus pandemic, small business supply chains may be more vulnerable and at-risk because they have less bargaining power. Should prices rise, small businesses are likely to experience the largest financial burden.

How is COVID-19 disrupting your supply chain?

Globally, 36% of businesses expect a moderate to high impact on their supply chain.

With COVID-19, the focus on cost reduction is even more essential. As factories across the globe have closed, it’s much harder and more expensive to find what they need — even factories that have reopened are struggling to reach 50% of their previous capacity.

Many SMBs don’t have an entire team dedicated to supply chain efficiencies. With COVID-19, there have been staff shortages, restrictions in delivery routes and changes in buying patterns. Businesses of all kinds, from retail to restaurants, are being affected by the virus. It’s heightened awareness for owners and has them scrambling to prepare for impacts, like shipment delays.

What can be done to sustain and protect the supply chain?

Look at the flow of your supply chain, assess the risks and prioritize the most critical areas. What is being affected? What isn’t working? To spot risks: Pay attention to places that are gaps or bottlenecks in the process. It could be production capacity, warehousing or transportation.

Strategies to sustain and protect your supply chain:

» Decide how you will measure success. If you switch transportation companies, pay attention to the timeliness of your new vendor.

» Get help. The Hamilton Project is an organization focused on economic growth. It suggests targeted financial lending and cushions, based on supply chain bottlenecks. For example: If parts from China can no longer be shipped, it would let businesses borrow money to fill gaps in their supply chain.

What does the set-up of a SMB supply chain look like?

The steps to setting up a small business supply chain can be summarized by the following:
1. Know your vision and numbers
2. Make a list of suppliers to talk to
3. Rate them on things like competency and cost
4. Meet potential suppliers
5. Get quotes and choose
6. Prepare for problems, like weather and disease
7. Set up a way to track shipments

Whether or not your supply chain has been affected in this COVID-19 world, it's never a bad idea to think critically about your chain and where there could be weak links. Getting out in front of potential risks – before susceptibilities emerge – could be the difference between your business moving smoothly or coming to a full stop.