

**POLICY UPDATE**



# Coping with Crisis in the Supply Chain

SME supply chain issues in the pandemic era

**A**s businesses around the world continue to adjust to the COVID-19 pandemic, breakdowns and failures across global supply chains have garnered significant attention. Labor and component shortages, record-high prices for shipping containers and a semiconductor production crisis are still causing heartburn for small-to-medium enterprises (SMEs) across the consumer technology industry. CTA's latest white paper, *Coping with Crisis: SME Supply Chain Issues in the Pandemic Era* looks at these issues.

SMEs must adjust operations and go-to-market strategies as restrictions on travel and in-person working begin to ease in some geographies and consumer behavior changes in tandem with the latest government guidance. All of this is against a backdrop of uncertainty on the pace of economic recovery, though few believe a return to the lockdown of 2020 is in the cards, at least in the U.S.

In October 2020, CTA published the whitepaper; *The Balancing Act: How SMEs are Adjusting their Supply Chains to a New Normal*, bringing together CTA member perspectives on how they were dealing with the pandemic's immediate impact on supply chains. Members were asked how their businesses changed since the early days of the pandemic. What strategies did they adopt to overcome new

and existing challenges? What can they do to better prepare for future disruptions, while recovering from the current ones?

This year, CTA followed up with many of those same member companies, while adding additional interviewees, asking them about key strategic shifts to their supply chains.

This year's interviews found that many of the ad hoc changes made on the fly last year have quickly been adopted as new standards. Above all, flexibility is now essential in an unpredictable global market. It is still true that crisis can lead to opportunities, and many SMEs have responded by becoming more agile and resourceful. But charting a future course is just as challenging today as it was in the earliest days of the pandemic, and there is no end in sight to the uncertainty.

## SME HURDLES

The challenges SMEs face are momentous and are here to stay. When it comes to forces beyond their control, like container prices and chip shortages, SMEs must roll with the punches. And the economic recovery, while strong, is still tenuous. However, based on the research and conversations with executives, the whitepaper recommends the following calls to action:



### Remain Flexible and Vigilant

With no relief in sight from container cost increases and chip shortages, SMEs need to constantly scan the horizon for upcoming disruptions. Executives must be able to switch their freight from ocean to air in a pinch, and work with whatever chipsets they can obtain.



### Deepen Connections

Continue to expand relationships with suppliers, retailers, workers and other SMEs. The SMEs that already had deep connections with their production and sales networks reaped the benefits over the past year, helping them to weather the darkest days of the pandemic.



### Integrate Systems Wherever Possible

Integrating key components of the supply chain, like shipping systems and fulfillment centers could lead to greater gains in efficiency and additional benefits. More advanced solutions — like optimization and automation — can increase the accuracy of order fulfillment while increasing volume, reducing accidents and boosting agility.



### Focus on Innovation

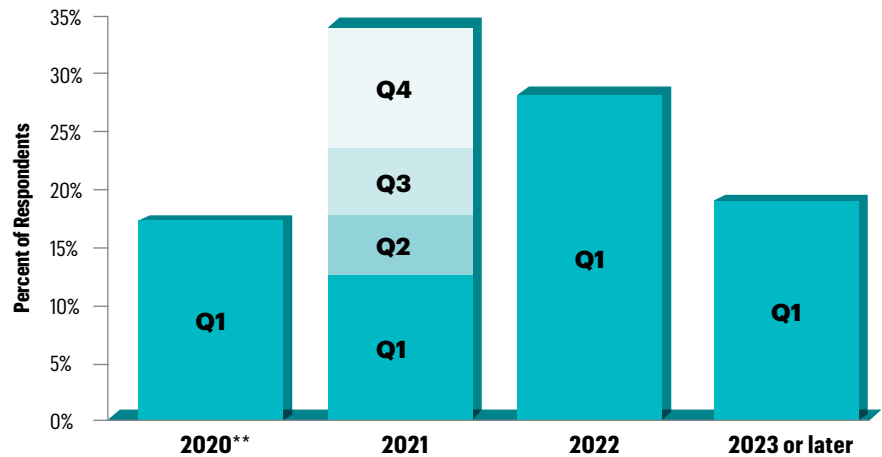
By fostering a culture of innovation — whether by tweaking operations to overcome a component shortage, changing a go-to-market strategy quickly, or working with manufacturers and designers to address a problem — SMEs must be prepared for whatever disruptions the future may bring.

The 2020 whitepaper predicted that the conditions SMEs were grappling with could mark the beginning of a new era. That prediction has been borne out, and the SMEs we talked to in some instances, exceeded goals. Success does not come from chasing the latest trends or by trying to act like a large corporation, but by leveraging the advantages of their size. These advantages include the ability to forge personal connections with suppliers, companies facing similar challenges, and with their workforces; the flexibility to change a product's design without having to completely retool manufacturing lines; and staying nimble and focused.

CTA's 2021 *Supply Chain* whitepaper, available at [cta.tech/research](http://cta.tech/research) as a free download for CTA members, explores some of the most effective strategies SMEs have found to mitigate supply chain disruptions and succeed during this ongoing turbulence. ■

### MOST EXPECT A RETURN TO NORMAL BUSINESS LEVELS SOON

When do you expect activity in your business to return to pre-pandemic levels?\*



Source: Oxford Economics Global Risk survey, July 2021

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