

From Crises... to Disruptions... to Resilient Supply Chains

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Flames from the LNU Lightning Complex fires burn in unincorporated Napa County, CA, on Aug. 18th, as both a heat wave and the coronavirus pandemic also ravaged the state.

Noah Berger/AP

Multiple, Cascading Crises

- A global health pandemic
- A supply chain crisis
- A demand crisis
- A labor market crisis
- An inequality crisis
- A stock market vs. the economy crisis
- A racial justice crisis
- A looming housing market crisis
- An accelerating Climate Crisis...

COVID-19 and “Lean” Supply Chains

- Disruptions in All Segments of Supply Chains
 - Rapid Changes in Consumer Demand Patterns... have had Whiplash effects on the Global Economy
- Lean Supply Chains...
 - Shortages of components
 - Shortages of labor in factories
 - Shortages of labor to even stock shelves
- Shortages of PPE, Swabs, Toilet Paper, Wipes, Yeast!
- Consumers Stockpiling Essentials...
- ...and baking Sourdough, Sewing Masks, Making Hand Sanitizer, and DIY Home Improvement!

Inequitable Distribution of Impacts

- Devastating Impacts:
 - 490,000 deaths in the US
 - 20 Million Jobs Lost
 - Food banks at breaking point
 - Evictions Growing
- The crises have shined a spotlight on our existing fragilities and inequities
 - Poor and People of Color have been the most impacted
- Deadliest for Workers in Grocery Stores, Restaurants, Delivery Drivers, Meatpacking
- And while we have Finally Recognized “essential” workers
 - But still disproportionate impacts on Working Poor
- And Significant impacts down Supply Chains
 - As Apparel demand crashed... Apparel factory workers suffered

Disruptions have Accelerated Trends

- Rapid Growth in:
 - eCommerce
 - Food delivery
 - Cashless Payment
 - Remote Work
 - Virtual Entertainment
- Important Changes in Consumption and Lifestyle Patterns
- Shake-out of old incumbent firms and many small businesses
 - COVID is accelerating changes... and Will continue to disrupt MANY industries
- There is no Going “Back to Normal”



Online delivery
10-years-in-8-weeks

For increase in e-commerce deliveries

Online Delivery
10 years in 8 weeks
For increase in e-commerce deliveries



Telemedicine
10x in 15 days

Remote working
20x participants

on videoconferencing in 3 months



Remote learning
250 million in 2 weeks

students who went online in China



Online entertainment
7 years in 5 months

Disney Plus achieved in two months what took Netflix 7 years

McKinsey: 75% of Americans have changed brands during the pandemic

Over 75% of U.S. consumers have changed shopping behavior and changed to new brands during the COVID-19 pandemic. The top three reasons for shopping for a new brand were value, availability and convenience.



By [Vala Afshar](#) | August 31, 2020 -- 16:38 GMT (09:38 PDT) | Topic: [Coronavirus: Business and technology in a pandemic](#)

NEWSLETTERS

ZDNet Week in Review - US

A weekly summary of the news that matters in

- Shifts to **Value-based** purchasing
- Focus on **Essential** purchases
- Consumers **Shifting Brands**
- Growing “**Love for Local**” retailers and brands
- Renewed focus on **Health and Hygiene**

Post-Covid Circularity

The rebooted economy should be a circular economy

🔒 Venkatesh Rao Sep 4, 2020 ❤️ 7 💬 2 📌 ...

All of us have been shocked into a new consciousness of the fragility of the material flows enabling our lives, and our acute dependence on global supply chains. All of us have been forced to scramble for supplies, manage our needs in the face of delays and stock-outs, help out friends and family, and generally work within the constraints of what we happen to have lying around at home.

The result has been a newfound appreciation for both our own agency as more-than-consumers, and the latent production potentialities of the immediate environment. Covid has awakened us from the learned helplessness of consumerism. Mental blocks, not environmental constraints, was what made us pure consumers.

Personal Resilience

- Consumers/Citizens are Seeking Resiliency
- Expansion of home-based production/repair/maintenance
 - Baking bread, Sewing Masks, 3D printing face shields
 - Repair and refurbishing of goods due to stock-outs and supply delays
- Switching from lean to “fat” household inventories
 - [No, I am really not a Prepper!]
- Increased local sharing of resources among friends and neighbors
- Creative Local Substitution
 - 50 Pound Bags of Flour turned into 2-Pound Bags
- Preferences shifting towards more durable, reusable goods

“Circular Economy” Trends

- Generational Changes focused on Experiences over Stuff, and from Physical to Digital Products
- A Generation of Consumers who see Ownership as a Burden, Personalization as Essential, and Transparency as the Default
- Growing Concern over Environmental Impacts
- Growth in Commitments to Renewables and EVs
- Technological Trends Enabling New Modes of Consumption
- Transforming the linear model of “Take-Make-Waste”... into more efficient models, that deliver exactly what consumers need, when they need it, in more sustainable forms.

“Building Back Better”

- Building back better is about building real resilience, and sufficiency, and supporting equitable and sustainable development
- Post-COVID, this will require investment in the regeneration of disrupted communities and strained ecosystems, and in the capacity to cope with future disruptions.
- Governments and regulators must incentivize investments in more sustainable and resilient technologies and supply chains
- We need to design for Resilience and Sustainability
- Focus on the Most Vulnerable points in Supply Chains and Work Backwards from Peoples’ Lived Experiences
- Center this around Justice, Equity, Inclusion

Going Forward

- All governments have struggled... and Most have Failed in Some Way
- Global Supply Chains have proven very Fragile
- Socio-Technical changes have accelerated and are here to stay
- We have Seen the Potential for more Circular/Resilient Models
- And we have seen the Organizations Doing Well
 - Investing in and/or Preparing for System Changes... and then Iterating Fast
 - Adaptive/Learning Organizations
- We need to support and build on these trends and organizational structures
- Prepare now for Climate Crises and Disruptions Coming
- Focus Around Climate Justice and Just Transitions