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Procurement: 2020 reboot

John Denslinger argues that in the post Covid-19 electronics manufacturing world a heavy burden will fall on procurement to help pick up the pieces and restore order

Procurement • By John Denslinger

While medical teams, financial institutions and governments continue working tirelessly on issues, the forecast ahead for procurement is almost as daunting. Faced with the aftermath of shelter-in-place and similar decrees, the great American industrial reboot is about to begin.

Containing the spread among citizens took precedence over business as usual. Yet for many of us, that decision ripped apart global supply lines, the life blood of our industry. Left in the wake were closed businesses big and small; employees asked to work remotely or temporarily laid off; and while e-commerce flourished, daily person-to-person commerce vaporized. Supply chains once considered reliable, almost invincible, unraveled. Surreal is an understatement! Now the burden falls on procurement to pick up the pieces and restore order.

The post-virus world will have its challenges as many industries, manufacturers and suppliers vie for needed resources. The resumption of business will not be smooth, and neither will the job of procurement. There will be countless problems to solve. Perhaps the first glaring one is component shortages, late deliveries and lack of alternatives. Unlike capacity issues that stymied supply in 2018, this time a number of new factors are at play. For example, not every supplier will restart at the same time. That consequence could delay flow of essential raw materials to some. It would be wise to assess each supplier's start up plan paying particular attention to country of origin. Be alert to newly designated virus hot spots, as well as, that locale's tendencies on constraints. The situation could change overnight, so nonstop monitoring is suggested.

The virus also exposed one other vulnerability not usually a concern: employees, people, labor. With so many individuals sidelined by shelter-in-place directives, the workforce will likely trickle back unevenly. For those companies who resorted to massive layoffs, the road back may be spasmodic. On the other hand, employers retaining core competencies throughout the downturn should experience moderate to seamless restarts. In either case, be cognizant that employees will also need time to recover. Many will need to overcome the personal trauma inflicted by the crisis. Furthermore, each must now adjust to new conditions, work rules and employment policies in a post Covid-19 environment. HR fatigue may take an early toll on productivity.

There are some helpful resources available. As mentioned last month, ECIA continues surveying manufacturers and distributors on Covid-19 impact. The third update compiled by Dale Ford, chief analyst, is now available. Also, Robin Gray, ECIA COO & general counsel, posted ECIA's efforts to make sure the electronic industry (manufacturers, distributors and corresponding supply chain) is designated essential and thus exempt from current and future shelter-in-place orders. This might be extremely important should there be a Covid recurrence.

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