

Supply Chain Disruption from Devastating Effects of Covid19: What SMES can Learn from this Pandemic Going Forward

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1.0 INTRODUCTION

"We have never seen a disruption like this where many countries are telling their populations to stay at home, not to work." Uncertainties that lay ahead swing between extremes; In some parts of the world lengthy stretch of virtually vacant shelves and unusual insufficient supply of essentials, job losses are simply the observable influences on the worldwide supply chain disruptions orchestrated through the COVID 19- virus. In other parts of the world, unnoticed are the manufacturing stoppages in all underdeveloped, developed and developing nations and the insufficient raw materials, subassemblies and final goods that form the back tale of the influences.

The corona Virus illness 2019 (COVID 19) eruption is in its totality incomparable scale and harmful for individuals and supply chains. It is a natural disaster. The COVID-19 eruption is among the dangerous epidemics in current years and, consequently, is the biggest fear to the overall financial system. The predicament is not a thing that is the consequences by a deed of regulation or policies or financial factors. To add its severity and complexity nature of this disaster Covid-19, is the fact that the size and duration of the impact is not clear. Covid-19 has many unknowns.

Apart from causing Supply chain disruptions other negative impacts of Covid19 in the supply chain include demand Volatility, bullwhip effects and capacity issues and simultaneously affect both Demand and Supply-side. However, as everyone is swimming amid confusion and uncertainties during the ongoing pandemonium -other forward-thinking agile and flexible specialists are thinking ahead (Bartik, Bertrand, Cullen, Glaeser, Luca& Stanton, 2019). It is evident risk management procedures are proving to be not vigorous sufficient to deal with the outburst of this unpredictable virus.

As such firms cannot fold arms, sit back, and relax during this time. It is the right and appropriate time to sharpen their risk mitigation tools, revisit strategies and embark on building from what could have been done before the pandemic and re-design their supply chain. I can testify that majority of the big companies were formed during the recession period or the crisis period (Donthu& Gustafsson, 2020). It is the right time to start thinking about how to STOP fighting new wars with old strategies. Instead, we need new approaches and new strategies to fight new wars.

Small to medium enterprises (SMEs) are the hardest hit during this unprecedented crisis of the novel coronavirus (COVID 19) epidemic and from what I have researched, majority of outsider's lack understanding of the complex & nuanced challenges faced by SMEs on dealing with supply chain disruptions particularly from natural disasters (Bartik, Bertrand, Cullen, Glaeser, Luca& Stanton, 2019).

SMEs which comprise about 90% across the globe and more than 50% of the world's total employment are both extremely exposed to the disruption and therefore critical to the recovery. They are very important and so significant they need to be protected and well promoted and kept abreast about certain practical information. This publication seeks to propose some potential mitigating strategies to reduce or eliminate the negative impacts of this pandemic from the firm's perspective (Barrero, Bloom& Davis, 2020).

2.0 WHAT IS DIFFERENT ABOUT COVID-19 FROM OTHER SUPPLY CHAIN DISRUPTIONS?

DIMENSION	TYPICAL DISRUPTIONS	COVID-19
Geography	Most disruptions are local or regional.	Covid-19 is widespread and global, affecting all regions.
Scope	Limited scope: Fewer industries affected (i.e., a hurricane disrupts the petrochemical industry).	Widespread scope affecting both goods (like toilet paper) and services (haircuts, restaurant meals). Closure of sporting events, cruise ships, schools/universities, etc.
Demand vs. supply	Disruptions most often affect supply, sometimes demand.	Affects demand, and possibly supply.
Prior planning and experience	Disaster planning has been done, and prior experience is available.	Limited disaster planning for global pandemic, with limited prior experience (1918 Spanish Flu).
Financial system	Low to moderate correlation with global financial system.	High correlation with global financial system.
Term	Short-term needs for emergency services (i.e., flood rescues).	Longer-term emergency service needs (i.e., hospital beds, ventilators).
Human impact and behavior	Localized human impact, with limited duration. Public fear is short-term, and most risks are visible (i.e., experiencing a tornado or earthquake).	Widespread human impact, with unknown duration and unknown impact. Public fear is longer-term and risks are invisible/unknown.

861 x 667 Source: Author

2.0 Organizations Supply Chain Unpreparedness before COVID19

Before exploring the potential mitigation strategies, it is important to examine how the supply chain was before the “caught unaware” situation before COVID 19 Pandemic. It is evident Coronavirus has revealed how fragile the price-driven, just-in-time procedure are. Along with this professional have agreed to endure whilst planning is much more resilient system for the prospect; the question that remains is will procurement ever be the same? In most organization, their supply chains lacked visibility into a higher tier or upstream of their supplier to be able to manage their supplier effectively. There was not enough focus on ripple effects, too much emphasis on the cost-driven supply chain, and more importantly, there was not enough emphasis on “management” as part of supply chain management. Lastly there the supply chain was characterized by myopic, general, rhetoric, short-sighted supply chain strategy. The focus was on local strategies instead of looking globally (Gostin& Wiley, 2020).

3.0 Limiting the damage of COVID 19 Strategies- Firm Perspective

3.1 Time to spend in the resilience of your Supply chain

With the ongoing COVID 19 Pandemic, businesses must sharpen their risk-mitigating tools after such unprecedented ongoing and successive disruption. It is critical and prudent for organizations to spend in the flexibility of their supply chains, and also it has turned into more significant than before. To elaborate on the resilience one would refer to the 2009 United Nations report that describes resilience as the “*Capability of the system or society uncovered to harms to defy, attract, hold to and make progress from the impacts of a risk in a timely and relevant manner, involving by the protection and restitution of its necessary fundamental design and operations*”.

It is widely believed that the size of Small to Medium Enterprises (SMEs) formulate them susceptible as insufficient resources, however, there is no statistical evidence that traditional measures including the structure safety is an assurance for company’s endurance (Nicola, Alsafi, Sohrabi, Kerwan,

Al-Jabir, Iosifidis ... & Agha, 2020). Previous experience has taught me that the majority businesses do not succeed right subsequent to the disaster, but just the feeble ones do.

Therefore, business holders-it is essential to show proactiveness during this period and focus about how to settle into the new condition. For SMEs, one would consider them at an advantage because of their smaller size there or less bureaucracy, greater flexibility and the likelihood of speedy decision and fast communications and also the shorter process as compared to larger firms. Because of SMEs flexibility and more responsiveness, it is time to focus on building your Supply chain resilience, improve on collaborative tools and data-driven technologies. Moreover, it is important to recognize that recovery from a disaster such as COVID 19, need to be approached differently according to place, history and size. One thing for sure it is not about getting where you were, but rather grasping and repositioning opportunity to create a better more resilient place (Craven, Liu, Mysore& Wilson, 2020).

3.2 Implement Business Continuity Plans (BCP)

Business Supply chain disruption can impact the organization of any size in any location. Research has revealed that there is little done particularly on SMEs on BCP or disaster recovery. As such every organization is advised to build up a Business Continuity Plan so as to make sure the company functions could continue, irrespective of the interruption of any complexity or magnitude. It is therefore critical at his state for SMEs to ensure that their suppliers, along with their subcontractors, have robust business continuity plans (BCP) in place to avoid future disruptions, from pandemics or otherwise. One thing that can be guaranteed with BCP is that it would assist you toward: recognizing and reducing risks where it is possible and prepare your company for threats that a person is not able to control.

What COVID 19 has taught us is that things can go wrong anytime and therefore every organization should be prepared for uncertainties and have the BCP plan detailing steps to be taken before, during and after an event to maintain the financial viability of an organization. For Example, one company that relied on China supplier for all their components and when COVID 19 struck China and the shipping services from China was halted, this company had to close as there was no alternative in place- which is what the BCP help in terms of alternatives. The best way to approach building your BCP is to consider that business interruption (like what has happened with COVID 19) have social and technical characteristics.

Also, it is important to consider these three resources: Information Technology, Personnel and Management. BCP may not essentially undertake the detail that numerous buildings or some services could be impacted at the similar period or that person could be omitted or prone to attack. This can be a challenge that SMEs need to be aware of in their BCP. The best way of creating a workable and realistic BCP is to seek senior management support for the implementation of BCP and also involving staff in the procedure to ensure that they comprehend the concept and is well again equipped for an event (Parnell, Bond, Widdop& Cockayne, 2020).

3.3 Overhaul entire procurement strategy

Many analysts are considering the COVID 19 interruption as the catalyst to alter and is approaching to conditions with the reality that, whilst interruption is not every time of this scale it is the usual fraction of the supply chain, and also the actions should be in position to minimize the influences going ahead. In terms of procurement strategy, some companies are beginning to strengthen their relationship with supplier involving safeguarding providers through contribution of purchase warranties (69%), sustaining providers with an examination of threats for several elements (43%), and closing down the unnecessary services to free up the nationwide power and infrastructure assets.

For SMEs, it is also the right time to further state their exterior relations involving more cooperation and partnership functioning. Moreover, Innovation and flexibility are strategies to be seriously considered to mitigate the negative impacts of COVID and these are key to organizations surviving the pandemic. Of importance to include in procurement strategy is realizing the significance of risk administration, communication and clearness with providers, and sustaining people secure whilst assuring the supply. Investment in higher mechanized technologies is probable to be the attribute of supply chains involving AI, automation, AR and IoT. A supply chain disruption of this degree requires organization and risk administration to the wider-level concern to be discussed at strategies level. There is no other right time to overhaul the entire procurement strategy besides now. Other strategies that may

be looked at include supplier base optimization, Supplier rationalization, rethinking global sourcing and offshoring strategies (Chetty, Friedman, Hendren& Stepner, 2020).

3.4 Seek Clarity on the *force majeure* Contractual obligations

What happens when you or your provider could no farther fulfill the contractual responsibilities? This is the predicament question that the majority of organizations are failing to comprehend going forward. From what I understand, if the business had been affected through an external event in its supervision (e.g. COVID 19), contract laws in several nations involve power majeure provisions that would support them to keep away from obligations. By definition Force majeure, sometimes referred to as an "Act of God", is an unforeseeable event beyond the control of either party to a contract that prevents or hinders either side from meeting its contractual obligations.

Translated from French as "superior force", it can relate to lightning, earthquakes, war, tsunamis, riots or any natural disaster. The question is: Can coronavirus be classified as a force majeure? About the definition presented whether coronavirus was an unforeseeable event beyond anyone's control is yet to be determined. Whether a force majeure clause can be invoked due to the coronavirus pandemic depends on how the contract has been drawn up. For instance, a company struggling to meet its contractual obligations due to the impact of COVID-19 may invoke the clause to protect itself from breach of contract claims. However, it is important to understand that a force majeure clause must be expressly stated in the contract.

Drawing lesson from this pandemic it is important to learn that when drawing up your business contracts, engage expert guidance from a lawyer who is experienced in contract law. This will ensure your contracts are watertight, cover all your risks even during a pandemic. At the same time, Coronavirus might not be the power majeure activities for the fresh contracts as its worldwide affect had been properly recorded and it is currently likely to foresee its effects on supply chains and may not qualify as an "Act of GOD" (Hasanat, Hoque, Shikha, Anwar, Hamid& Tat, 2020).

3.5 Be Proactive, Flexible and Realistic

Businesses require believing how to settle into the present market situations, and what the current usual would be in a COVID-19 nationwide. To SMEs to react better to this pandemic they need to be proactive flexible and realistic. For smaller companies, it is important to identify that threat is available, and you must perform something regarding it. Embark on benchmarking exercise and to look at the formula that leading companies have developed and channel it in their own disrupted supply chains. This is a crucial period to approach to your networks for assisting and recommendations combined with effective information sharing. stay interacting with your supportive networks and converse with several other SMEs small to allocate thoughts and creative practices.

Your financial position determines the best action to take, for example for SMEs it is important to create knowledgeable decisions regarding your business. Awaiting limitations enforced through the government, your capability for trading through this moment, pay unpaid debts sustain workers or fulfill current leasing or also the repayments of loan would be identified by the financial situation. In what remains an uncertain future it is wise to build a more customer-centric supply chain to ensure that your firm continues to serve its customers and communities while at the same time driving long term growth. At the same time is important to recognize that disasters do not preordained scripts.

As such SMEs must be reasonable about what they could map for and what would be probable after post-disaster and lockdowns. Unexpected events like COVID 19 means that the organization's plan may not be achievable and assess what they believe as vital for the endurance of the venture following an adversity. More importantly, it is crucial to interact with all your stakeholders regarding what is occurring with their business while the COVID-19 epidemic. If you could move faster than your competitors in a post COVID world, you will have a better chance to capture a larger share of the pent-up demand and solidify your relationships with the best of suppliers and customers out there. The organizations that have performed comparatively well are among that are inventive, proactive supply and agile (Nepal, 2020).

3.6 Your Employees matter during disaster

Executives of companies, it is time to drive supply chain discussion with the board of directors including your employees and make sure to translate these discussions into results. Take time to familiarize yourself with your obligations as an employer. You need to be well versed and keep up to date with information that covers problems like once you may be capable to situate down workers, idleness details and varying the working schedules etc. At the same time firms need to start aligning employees with your business goals. A good advice is that do not undervalue the significance of the individual forces. We have seen in the case of September 11 disasters in the USA where plans were formulated on the supposition that all workers would be accessible after Disasters. The actual realism so as to not every time the situation and the truth is nobody could predict how workers would respond in worrying conditions like what is currently being experienced by employees with lockdown and back and forth due to lockdowns and business closures (Gössling, Scott & Hall, 2020).

3.7 Have complete visibility of your supply chain (SCV)

According to McCrea (2005), SCV is a skill to be changed to exceptions in the supply chain implementation (sense), and allow actions relying on this detail (respond). Visibility is the intellect and also responds method to the supply chain depending about what is necessary in the company. For most of the organization attaining SCV vestiges the critical matter, constantly grading close to the peak of survey of SCM experts. Although there has been an unclear definition of this SCV which makes it is a difficult concept in requirement of the apparent, accurate, usually conventional understanding, there's no denying, and COVID-19 has established the need for greater visibility across all tiers of the supply chain, since the pandemic has caused systemic disruptions across the world. It is thus, extremely critical for you to have complete visibility of your supply chain components and inter-dependencies. For survival, systematic quick recovery and sustainability SMEs need to also have access to technology, data, and analytics to identify and mitigate potential operational and compliance loopholes, plan and manage short-term contingencies and to create resilient supply chains in the long term (Ozili & Arun, 2020).

3.8 Keep Informed and track on Government directives or policies on COVID 19

Knowledge and information are power. If your firm is not moving with the time you are bound to lose. Government should actively promote existing tools which can help local business to monitor trade policy changes. A good example is the development of Global Trade helpdesk (which is portal developed by ITC, The United Nations to help SMEs navigate trade market intelligence challenges. Some Government have committed to extending for payments of customs duties and fees; As business is struggling with facing severe cash flow problems including operations delays due to lower demand and longer customs processing times. Companies must approach the Government authorities to request an extension of sum of all customs duty taxes plus cost beginning with maybe 90-days addition. This is similar to the tax deferrals numerous companies are executing to enhance firms finance flow.

At the level Government should assist SMEs by encouraging activities that keep supply chains functional and cost-efficient. The responsible department can assist by enabling paperless trade. Despite advanced digitization in recent years' trade has notoriously reliant on paper-based processes, for example, avoiding lawful necessities for trade certification (like the bill of lading promissory notes or saleable bills. However, according to the ICC report, Protective measures have uncovered the intrinsic weaknesses in the arrangement particularly with physical replace and evaluation of trade credentials forming an important bottleneck to worldwide trade. Becoming positive in looking out trusted areas of details is an essential manner that they could sustain with the current enhancements on COVID-19 details for small firm holders (Verma & Gustafsson, 2020).

3.9 Prequalification/Screening of your contractors and subcontractors

COVID 19 has revealed the importance of prequalifying and screening your suppliers as this helps you to evaluate your threat revelation, scrutinize fulfillment, and create a knowledgeable supply chain judgment. Your firm needs to thoroughly Screen and Prequalify your Contractors and Subcontractors to safeguard your contractor network from any potential disruptions. From this pandemic experience, it is important to pay attention to "Lack of sophistication to handle varying risk levels across locations" as your

selection criteria. Furthermore, you will have to screen and prequalify suppliers not only by high-risk geographies but also by sector and risk exposure. Through prequalification and audits, you can collate critical supplier documentation, create a list of high-risk contractors, scrutinize their financials and compliance standards to understand risks under downturns and gauge your exposure to the risk. At the same time, Firms must ignore clustering providers in one area and across same supply chains and spread the risk across the regions. Also, reassess whether it forms a sense for creating remote supply chains and also comprehend the locality threats in all the tier of supply chain.

4.0 CONCLUSION

In conclusion, the economic influences are starting to feel, and several economists are foreseeing the depth recession of unidentified extent. Indeed, whilst several supply chains are rotating unbelievably inflexible to sustain going forward as operations resume, companies need to start redesigning their Supply chains. Both the short-term and long-term measures can set the foundation for building resilience into supply chain networks in a post COVID world.

There are several challenges that businesses will need to overcome in this “new normal”. However, as a company you cannot afford to sit on your hands and do nothing, instead, you need to try and implement the suggested strategies to survive during and post COVID period. If you can move faster, become innovative, proactive, flexible and agile than your competitors in a post COVID world, you will have a better chance to survive and present your company with a competitive advantage. After all successful business was formed during the recession period and some under difficult circumstances such as the one we are currently going through.

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