

MANAGING THE SUPPLY CHAIN IN THE “EYE OF THE STORM”



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In Management **“There are always advantages & disadvantages”**; This was one of my favorite lines that I recall from my college years in my favorite class: **Management.**

As all of you are well aware there are plenty of material shortages, scarcity & logistics issues in the sourcing & procurement function affecting most industries, Paper is an A+ Material in the printing & packaging industry it has not been an exception, even the Subject Matter Expertise for these raw-materials have stated that visibility-wise “We are in the eye of the storm” We can’t see what is coming & when!

Background. The paper industry & related it was heavily affected by the “Globalization effect” quite some years ago, due that in the local USA paper mills during the glory years, the overall costs with steady growth year after year such as other products made in America that purchasing & sourcing departments found foreign & very competitive paper mills overseas, may be they were the ones that stepped in America while the Korean & the China momentum took place with the booming of several industries; anyways the effect was that several of the few USA paper mills decrease sales drastically & even some of them when out of business this crisis lasted for several years and took a big hit in the economy of many people related to the paper Industry; But the COVID 19 impact in the logistics for the procurement costs as well as the demand that ramped first overseas, forced those foreign paper mills to supply the high demand papers to the “first in line” preferred local markets as well as honoring their relatives worldwide corporations such as the SAMSUNGs’s, the LG’s, the KIA’s, the TOYOTA’S, the HUAWEI,s etc. among few others; Specifically those high demand papers that landed scarcity in America where the low-cost with the minimum quality required to produced chipboard boxes, (i.e. “Cheap-boxes”) such as the Clay Coated News/Gray & Kraft Back materials, with a limited production from local mills on these & all items demand has been greater than availability; therefore the other material options to fulfill ramping demands are the premium paperboard grades such as Solid Bleached Sulphate (Commonly known as SBS) with lower demands in the past years, these paperboard grades produced largely in local USA mills, where quality has always been there over the far east alternatives, of course the downside of this is cost as final landing pricing vs. the other materials is well over in to the 2 digit % impact.



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This price increase under the current circumstances was so difficult to announce to our clients, during our weekly meetings to review & discuss the overall impacts for the pandemic effect, it seems we had only bad news to inform, & it was there when I turned the clock back as I started recalling during my Management lessons: **“There are always advantages & disadvantages”** and suddenly I asked to all involved in the meeting: “Do we have any Advantages in order to offer our clients to purchase expensive materials? Immediately our Lead Estimator, with decades of experience in the printing industry stated: “Of course” SBS is a high-end finishing from both sides, this will enable the gluing & final forming of the folding boxes to be more efficient & faster as the material is stronger & more solid than the News/Kraft backs; in addition, since this is a high-end white quality material, the graphics/images are far more clear & supreme colors creating a nice first impression of any print, in essence there are some advantages while using SBS premium paperboard materials such as:

- 1) Material resistance/strength as these are Solid Bleached paper with less residues such as glue, surplus, used paper, etc, as the News & Kraft backs.
- 2) Since it is a high-end finishing paper texture; Printing quality is far better than the other mentioned papers
- 3) The box assembly process is more efficient (Higher productivity = Lower operational costs)
- 4) Material availability (At this moment) Purchasing departments have already “Bigger fishes to fry” imaging procuring electrical/electronic components overseas!
- 5) Made & Produced material in America; USA Mills Industry redemption to help & drive a stronger regional economy

Bass Sourcing will continue to “weather the storm” for material sourcing under current difficulties; I know we will find ways to offer the lowest overall total costs with the required quality, we hope this will be done in a very near future & we will communicate to our clients in order to offer alternatives to help accomplish their goals;

Besides having been **Management** my favorite class, it was also the best professor I ever had, that help me and my classmates to be more engage in this area, his name: Joel Snyder, PhD in Political Science, head and consultor for the Joel Snyder firm, it was 30 years ago...how can I forget...still have his stylish business card,,,Of course SBS material,,,what else could be better...☺

