

THE IDEAL ALMANAC

The Positive and Negative Aspects of Global Supply Chain Interruptions

Hello and Welcome to the February Edition of the Ideal Almanac.

Our company has been in business for 100 years and I have been involved full-time since 1977. I have never seen a global supply situation like we have now. On certain items, our material and adhesive suppliers are either giving us incredibly long lead times or not even committing to delivery dates. I just emailed our head of purchasing and told her to increase by 50% whatever she was ordering from anyone figuring it might not be available again for a while.

What does all this mean?

1. Our customers will hopefully, have to be willing to utilize equivalent materials when we can get them.
2. Whenever we do find material, we will buy the most that we can so we will have it in inventory and can fill orders as they come in.
3. We are ordering more material, which could be in our inventory for a while, which means we are spending more money in the short-term with the idea we will get orders in the future. We are betting that the material will get used eventually but in the meantime, we will have to carry the costs.
4. We need extra room to put all the extra raw materials.
5. Since we are buying a lot of the products in the marketplace, there will be less available for our competitors which should help secure and get us more business.



6. Only well-financed companies can handle the extra inventory costs so those who are marginally profitable may not be around soon.

7. We are happy to put in the extra inventory while others may not, which will probably get more business by simply being able to make the products needed and ship in a reasonable time.

8. We enjoy huge challenges and the combination of Covid, supply chain issues, and rising inflation all combine to make for a highly unusual marketplace where we often excel.

Our company went through two World Wars and the Great Depression and while I might not have personally lived through those supply chain interruptions, our company did.

This is our game! My grandfather and father prepared us to attack and benefit from huge immediate and systemic change. We are ready, not to simply survive, but thrive, take market share and grow our business around the world.

Regards,
Andrew

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