

The words *supply chain* used to be used on a pretty limited basis by folks such as factory managers and parts suppliers. But recently, in the midst of worldwide crisis, *supply chain* is suddenly in the vocabulary of middle school students, TV reporters, and shoppers. That's why we're talking about supply chain. In this episode, we'll specifically dive into the fascinating complexities of cooperation!

But let's start with a definition: a supply chain is a network of people and organizations and their activities involved in providing a product or service to a consumer. That's it! But, beyond that definition—supply chain is a pervasive reality that's enjoyed every day by every person in every consumer-saturated society.

So, just how is it that a shopper in the 21st century came to expect to easily pick up a whole host of unrelated goods, say, a bicycle, hair gel, a jar of pickles, adhesive tape, batteries, cinnamon, and fresh table cream, and all that in one stop? And think of this extravagance—that shopper expects to do that pretty much anytime, 24/7, in any major superstore in America! Then he easily fills a completely different wish-list tomorrow at a different store! And then he fills yet a different wish-list the next day from a website with millions of items available! And remember, all this happens expecting that every item is available based upon the consumer's whims and wishes, who actually assumes and casually expects the immediate fulfillment in the store or the customized delivery to a particular doorstep in a couple of days!

Wow, just how and why does all that work, routinely happening literally in countless billions of transactions each and every year? Well, there's an essential, gotta-have-it ingredient for consistent supply chain success, and that ingredient is *cooperation*! That's right, every scaled-up enterprise's effectiveness is completely dependent on *cooperation*. You see, getting a product or service to market every moment of every day in a complex society requires significant, complex cooperation at many levels!

How about an example that we have all benefited from? Consider an automobile being assembled right there on a factory's assembly line. Toyota, one of the most identifiable brands worldwide and widely acknowledged as one of the best manufacturers anywhere, estimates that a typical car has about 30,000 parts! Think of it, 30,000 parts, from itty-bitty little screws to steering wheels, from computer chips to tires! Some of those parts are made directly by Toyota but many are not—they are produced by outside suppliers. And that requires intense planning and coordination—yes, *cooperation* with many suppliers.

Now the challenge for Toyota—or any other company like it—is efficiently managing all those parts that are being installed in all its cars. Can you imagine the massive, intricate coordination that takes? So, Toyota's processes include a tool called Kanban boards which are used to manage product, time, and space issues. Does the factory have too many tires in stock that are taking up too much space? Are there enough batteries for the next production run? So, a highly-orchestrated set of processes is used as the basis for managing and communicating the intricate process of assembling 30,000 parts in each and every car! And this is true for an astute mix of both internally-produced parts and externally-supplied parts!

Can you imagine being a supplier for Toyota? Let's call it EFG Company. You know that all of Toyota's requirements trickle up to its suppliers like EFG. Has EFG delivered the necessary number of parts to a particular Toyota factory this very day—just the right number, no more and no less? How about EFG simultaneously supplying to a number of other Toyota factories located around the world, from Asia to the Americas? And, wait a minute: what about delivery by EFG to all its customers *besides* Toyota, perhaps Mercedes Benz and Honda...and also many other customers not in the car-manufacturing business? Of course, all this requires a tremendous amount of cooperation by EFG with all these multiple customers.

But let's go further at Toyota. Of course, its supply chain needs are far deeper than just the products supplied by EFG—it's the process of coordinating *all* the suppliers of those tens of thousands of parts, all orchestrated at the same time, every day, every month, every year, every decade. Now, isn't it clear that all this happens because of the *hostility* between all the companies and people in the supply chain? Of

course not! This all happens year-in-and-year-out because of mutually beneficial cooperation—with every company and every person working to act as a good steward for everyone involved!

But all this doesn't end at Toyota's factory floor, of course. Toyota must build its supply chain to the very end point—its retail locations. Toyota needs very reliable retail personnel to properly communicate the benefits and handle the availability and readiness of the product offering. Let's face it: for the retail customer, Toyota is only as good as the last link in its supply chain: retail accessibility and delivery!

Here's the deal. Capitalism—that's what we more accurately call *free markets*—is famously labeled as dog-eat-dog competition. But the core ingredient...the necessary operating reality of the well-being created by free markets...is actually *cooperation...stewardship-focused cooperation!* Indeed, this core reality of a strong supply chain is really a highly-orchestrated baton-passing relay race that delivers quality products to customers at the finish line. And that race must be masterfully repeated over and over. But isn't that fruitful cooperation a different picture than the enemies and critics of free markets like to paint?

So, companies with long-term success like Toyota tend to take good care of their upstream supply-chain partners. Why? They know that if their suppliers are *not* good stewards for their own enterprises—that is, that they are *not* taking good care of their stockholders and their employees—then these suppliers will not be as reliable as Toyota needs them to be in order for Toyota to avoid costly inventory disruptions.

However, executives know that it's often unwise to create the risk of having only one sole-source supplier for critical parts. So a key element of astute supply-chain strategy is properly managing risk by making sure that there's always a parallel or substitute runner for the daily relay-race in the supply chain.

Now let's go deeper for a minute to explore an important reality. Suppose a company that needs an essential product unwisely chooses to allow the supplier of that product to be the only source for that product. Of course, that sole-source supplier's stewardship duty to its own investors and its other constituents is to be the best steward possible, so that supplier typically moves its prices higher to honor that stewardship assignment. When that happens, the buyer in the supply chain who is paying a premium price has essentially lost a key battle in its own stewardship responsibility. So, what's the conclusion? A sole source in a supply chain is typically a bad idea—it encourages behaviors against the buyer's interests.

So, for sure, the wise, correct task of the ultimate buyer of the product is to steward well by creating a competitive dimension of multiple suppliers in the supply chain! And there are several options to get this done. The buyer can find a legitimate competitor to its sole-source supplier in its supply chain. Or it can promote an innovating company to create a competitive product. Or it can look to solve the problem by acquiring the sole-source company. Or it can itself invent a revised process or product. Hey, in late 2021, Ford *and* GM pursued new strategic deals with makers of the computer chips scarce during the pandemic!

Now think back over what we've talked about. One of the most important dimensions and unique benefits of prosperity-creating free markets and supply chains is this: *effective supply chains rely on fruitful cooperation, and fruitful cooperation relies on meaningful competition.* Yes, in order to be great stewards themselves, companies compete for the opportunity to cooperate with Toyota! So *competition actually stimulates healthy cooperation* in supply chains! And that creates great prosperity for all!

Wait, what about the ultimate supply chain? Well, Jesus offers eternal life, Kingdom citizenship, abundant life! And He instituted a brand-new supply chain structure for that, starting with the Cross and appointing believers to crucial roles in His supply chain, certainly with the proclaiming of the Gospel! Sadly, many who say they're Christians don't proclaim this Gospel: some focus on Mosaic Law, others do nothing at all. But God doesn't rely on just one denomination or one church or one Christian for the true Gospel—God won't risk relying solely on a faulty link in His supply chain. Tell me, are we fully reliable in our active, daily cooperation with the offering of God's grace through Christ? *Supply chain cooperation...with Jesus!*

A&A: Application & Action

1. In your view, does the amazing, proven prosperity fostered by free markets depend more on cooperation or competition? Explain.

2. In your workplace, name the best third-party partner helping to ensure the effectiveness of your supply chain. Now name the weakest third-party player that tends to jeopardize the effectiveness of delivering your product or services. Then contrast what supply-chain attitudes and approaches contribute to these assessments.

3. How closely does your church stick to consistently delivering the message of the Gospel of the Kingdom of God that Jesus initiated with His death and resurrection? Is your church a reliable supply chain partner of the Gospel, the best service offering ever?