

Every person participating in a modern economy depends upon supply chains that are critical to their flourishing at the levels they’ve become accustomed to. That’s very true in their roles as consumers. And that’s very true in their roles at their workplaces, too. What we’re talking about in this episode is a key secret to the truly sustainable success of a supply chain.

To gain context, let’s talk first about some exemplary, big-time supply chains. Then we’ll get to the three specifics of this episode’s topic of the “3C secret” to truly sustainable supply-chain success.

Say, how about the internet as a model to think about? It’s quietly ultra-reliable and amazing. Honestly, do you worry about getting connected to someone thousands of miles away? Well, if you do, it’s typically only because the person on the other end might have individually failed at the very end point—like not having good Wifi. Yeah, that person likely should have personally worked out a better end-node to the supply chain of internet connectivity.

But as to the internet itself, it has many alternate paths by which you can connect from point A to point B. In fact, the internet’s design works such that the “supply chain” of internet activity is hyper-reliable.

Here’s the test about your reliance on that: do you expect internet connectivity to be virtually immediate from your laptop to anywhere else...and are you frustrated *in just a few seconds* if it doesn’t happen instantly? That’s the point...we actually hold pretty outrageous expectations of the internet supply chain!

And when looking to individual companies as supply-chain examples, both Amazon and Walmart are retail juggernauts with their reputations and results built substantially upon their very intentional, extensive supply chain innovations, infrastructure, and processes.

But, remarkably, when it comes to the vast majority of folks in modern life—including many really smart businesspeople—well, the truth is, they’ve rarely given deep thought to their huge dependence on supply chains. Well, that was true *until the COVID pandemic* when Americans suddenly realized that simply purchasing toilet paper at their local store was actually looking to become a real difficulty. Hey, how many people in America would’ve laughed themselves silly in the year 2019 if you had told them that in 2020, they would be strategizing their trips to the grocery store around the opportunity to buy toilet paper? Well, then we *all* learned of fresh, new vulnerabilities of supply chains in a tightly interconnected world!

But it shouldn’t take a global crisis for astute leaders to understand the critical importance of the supply chains undergirding their workplace success. And for the best executives, it doesn’t! But frankly, many who consider themselves top leaders in many businesses and nonprofits lack a crucial understanding of the supply chain vitality needed for truly *sustainable* success. No...not kidding here, this is a serious reality! That’s because modern organizations are increasingly complex, and many end up creating internal silos of activity that don’t really work well on a standalone basis, let alone as part of a continuous, smooth orchestration with both their internal departments and multiple external supply chain partners.

That means the leaving of operational nuances and technical issues to those “nerdy” technical folks, you know, like accountants, IT folks, and, of course, supply chain managers—if they even have one or two!

Now, some might be graciously inclined to call that “astute delegating”—which is fine, *if it’s truly astute!* But “leaving it to managers” is often just an abdication of responsibility for crucial decisions, strategic paths, and vital details. Yes, that sweeping and lofty-sounding approach of “leaving it to managers” is common in many a highly-paid executive suite—but *that’s often not top stewardship*. That’s because the average manager is just...*average!* And, yes, successor executives reap all that bad supply-chain sowing!

Let’s get some specifics on the table. Some might be tempted to think that, because there’s toilet paper or the like that can be found on shelves, then all is well! You know, that’s the idea of a sort of clear pass-fail measure that is 100% about shelf presence...or not. But the battle in the trenches isn’t just about the one key dimension of consistent product presence—it’s far beyond that! Actually, poor planning and bad

actions in supply-chain dynamics work to actually *embed* unnecessary processes, costly bureaucracy, and weak channel partners. Frankly, that’s not the exception for many supply chains...it’s often the rule!

You see, nowadays, many an executive simplistically defaults to an approach that’s mostly about big-picture vision-casting...you know, a cheerleading posturing. They actively massage bosses and boards with a focus on perceptions and “optics”—and often fall critically short on long-term substance.

Surely the most dramatic supply chain events are played out in wars. In fact, decisive battles in wars have often hinged upon the victor succeeding at thorny, very difficult supply chain issues. Do the troops that need to advance quickly into enemy territory have the necessary food, clothing, arms, equipment, fuel and air cover to thrive all the way to victory? Hey, Napoleon advanced deeply into Russia in the harsh winter months—exactly as the Russians wanted; Napoleon paid a very heavy price for not fully addressing the situation. And in the Korean War, U.S. General Matthew Ridgway took over for the legendary but faltering General Douglas MacArthur...Ridgway then spent the necessary time in person at the front lines to discover which supply chain issues were critical, defining points for mission success...*or failure*. To the surprise of many, within five months Ridgway transformed the war effort from assumed failure to success!

And all that background brings us to the “3C secret” to truly sustainable success for supply chains.

The first “C” is *cooperation*. That’s right, people enjoying amazing choice and value in many local marketplaces worldwide thrive because of the *cooperation* that’s essential for great value to be provided to consumers. Previously, we’ve looked at all the parties that intricately build value by cooperating to provide convenience and value to just one consumer buying a jar of pickles. Yes, from the farmer to the equipment maker to the fertilizer company to the glass jar maker to the label maker to the metal lid producer to the truck driver to the store manager to the stocker to the checkout clerk...yeah, there are intricate, cooperative processes in play for each and every product in a local store in your neighborhood!

But here’s the deal. The necessary cooperation never “*just happens*”—not even close! You see, each participant is a steward for their own enterprise’s success. So, naturally, they will try to leverage their position in the supply chain to get paid very well by you—maybe even “too much.” That’s why the second “C” is necessary—*competition*. Every enterprise needing great, A-to-Z supply chain success on behalf of its customers must be prepared to smoothly replace any increasingly uncooperative participant with a more cooperative competitor. That means the enterprise must have velvet-glove leverage to create *and sustain* cooperation—and, yes, that may mean gently replacing partners who are becoming uncooperative as to cost or quality or deadlines!

Now it’s necessary that the third “C” is the word *complementary*, spelled with an “e,” not an “i.” *Complementary* with an “e” means that, for best results, two things are necessary and play off one another well...like a married couple whose skills are quite different, but they mesh together to make life work very well. *Complementary*, like ice cream and hot fudge...or cars and gasoline. So, supply chains can be truly sustainable when they have the 3Cs: *complementary cooperation and competition*. Yes, it’s human nature that the fullest cooperation can and does decrease when there’s no available competition in a particular link in the supply chain. Great cooperation manifests best when there’s standby competition for a rightly-rewarded cooperative task. So, *the wise CEO is very focused on supply chain success*, working to ensure that the firm’s offerings are strategically structured, positionally leveraged, and fruitfully managed with *complementary cooperation and competition*! That’s core to org success and can’t be cavalierly delegated!

Now here’s a delicious irony when it comes to political ideologies. Enemies of free markets like to project that cooperation only comes from communism or socialism—when exactly the opposite is true! When government is the only provider or protects monopolistic cronies, relatively few goods are offered at relatively high prices. And socialism’s ultimate costs and economic downsides are historically clear. Yeah, free-markets citizens routinely enjoy the fruits of widespread, competition-fostered cooperation! That’s *complementary cooperation and competition*, working almost magically...Adam Smith’s “invisible hand!”

A&A: Application & Action

1. What is a crucial weakness in your workplace enterprise's supply chain that seems to bedevil your team the most? Is it delivery of the "last 100 yards," similar to the lack of a local wifi connection is to worldwide connectivity? Or maybe it's software design? So, just what is it...and what is the key action that needs to be taken to definitively solve that weakness? Be specific.

2. What's your personal "worldview" regarding this issue: do you believe that *competition* is necessary for citizen-participants in large marketplaces to be served well and fairly? Or will most all people and enterprises without true competitors serve well and fairly and cost-beneficially to all others out of the goodness of their hearts? Discuss.

3. How does your workplace specifically cooperate with other workplaces to create the smoothest, low-friction supply chain experience for others? Be specific...give examples.