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NESCON keynote: "I'm not drinking the recovery Kool-aid yet"

Economist tells supply chain professionals to prepare for recovery

Dave Hannon -- Purchasing, 10/6/2009 2:07:54 PM

"I'm not drinking the Kool-Aid yet, but the pitcher is on the table and I've got my glass ready."

Economist Jeffery Carr of EPR advised attendees at the New England Supply Chain Conference in Marlboro, Mass. yesterday to do the same with their Kool-Aid glasses as well. Prepare for the economic recovery that many are predicting, but don't get drunk on overly optimistic views.

"Cash for clunkers was a great stimulus for the automotive industry, but the sales have since nosedived," he pointed out, reminding supply chain professionals that a "W" shaped economic recovery can trick people into thinking the full recovery is upon us. "People thought housing prices could never decline," he said, pointing to one of the major misconceptions that helped trigger the "Great Recession."

Carr also said, despite what some indexes or metrics read, credit for business is still not easy to come by. The process to get credit is much more stringent today and "Banks are not lending even though rates are low and applications are higher."

For supply chain professionals specifically, Carr recommended a close look at inventory levels. "JIT can quickly become not fast enough" if you misjudge the pace of recovery," he said.

In addition to overall economic themes, the breakout sessions provided practical tips for members of the supply chain community in a variety of areas. In a session on social networking, presenters Mark Chockalingham of Demand Planning and Kristofor Williams of Skyworks Solutions gave a packed room an overview of how to create a LinkedIn profile and leverage the power of social networking for career growth.

During a lunchtime presentation Guy Yehiav, vice president of strategy for Oracle's value chain planning business, said using the right tools and processes can help break down the silos between supply chain and finance. "Lots of companies live in Excel Hell, but Excel is not an enterprise tool," he said. In short, he said, 20 people sending a manager their spreadsheets every month is not an effective supply chain information strategy.

Yehiav also said supply chain teams need to be more finance-minded by considering which product lines are most profitable for their businesses. "Demand managers don't own demand, sales and marketing does, so supply chain needs to be in touch with sales and marketing" to get true demand forecasts, he said.

Among the trends highlighted by AMR Research's Mickey North Rizza in her session were: Design for commodity price, supplier consolidations' impact on supply chain, benefits of SKU rationalization, management of end-to-end supply chain costs and a lack of investment from companies in procurement training and development.

And in a session on logistics regulation, CH Powell's CEO Peter Powell and David Katzman, director of regulatory compliance, gave attendees an inside look into the creation of host of logistics regulations enacted since Sept. 11, 2001 including: C-TPAT, Container Security Initiative and the Transportation Workers Identification Credential.

The New England Supply Chain Conference is a joint conference sponsored jointly by the New England area chapters of APICS, ISM and CSCMP. For details, see www.nescon.org.

Purchasing.com's Fall Conference Coverage Special

Purchasing.com editors have been out in the field covering a host of purchasing and supply chain-related events recently. Here's a review of some of that coverage:

IMAGINE 2009: Purchasing professionals meet to innovate in Dallas

CSCMP 2009: Cautious optimism drives supply chain planning

CSCMP 2009: LG outlines supply chain strategy, fuel surcharges examined

Chemical Purchasing Summit: 2nd Annual Chemical Purchasing Summit kicks off in Boston

Emptoris user conference: Emptoris enhances supply and contract management solution suite

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