

SA business leaders' approach to financial crisis in the spotlight

The 2009 edition of what is claimed to be South Africa's most authoritative and established supply chain research study, *supplychainforesight*, has been launched this week - and it contains some encouraging conclusions.

In the brutal economic climate facing South Africa and the world, a crucial focus of the 2009 research is on the key decisions facing the CEOs of some of the country's largest companies as the spectre of recession looms.

The answers are surprisingly encouraging. Despite the global market contraction and suspension of the investment in growth worldwide, SA companies are focusing on longer-term strategic shifts to make their businesses sustainable, as well as looking to cut costs and batten down the hatches.

The annual survey, now in its sixth edition and conducted this year, for the first time, by international research house Frost & Sullivan on behalf of initiators and sponsors Barloworld Logistics, investigated the knock-on effects of the economic meltdown on the previous years of global expansion for hundreds of SA's largest companies across industry sectors.

The following are the key findings:

- Local CEOs and supply chain executives are committed to cost reduction and managing the risk of holding too much inventory, as would be expected, but are also focused on putting supply chain strategy on the boardroom agenda, as a key area for future growth beyond the downturn.
- The long years of exceptional growth in the global economy, which have now come to an end, saw many companies expanding into other territories in search of cheaper and more reliable sources of supply and manufacture, or to be nearer to growth markets. But now the downturn and recessionary conditions mean that companies are turning away from sources of global supply for which the costs and lead times are now prohibitive. Companies are now looking to use the flexibility and responsiveness of their supply chains to better enable local sources of supply, which may allow them to respond better in the short to medium term.
- Many projects and sectors in SA are hampered by acute skills shortages. Encouragingly, more and more companies, spurred on by the need to focus on their core business in the context of the downturn, are turning to more sophisticated outsource partnerships to help them add valuable skills to their operations, and to maintain competitive advantage while focusing on their core competencies.
- Can the public and private sectors in SA collaborate and co-operate? South African business continues to be wary about the capability of the public sector to deliver infrastructure and services. The skills shortage hitting hard, and will worsen with labour layoffs in response to the economic downturn. CEOs and senior supply chain and logistics executives, however, see the value and promise of public sector investment in infrastructure for their own continued success - but more effective communication is needed by both parties if true co-operation is to be possible.
- Green supply chain issues are becoming more prominent globally. As yet there are few incentives in SA business to respond seriously to the urgency of climate change and carbon reduction - yet the SA market is well aware of the importance of the issues. Survival is top of mind right now - but supply chains can play a role in a greener business future for the country.

More detail on the findings on all these topics will be found in the full report on this year's *supplychainforesight* research. A free copy of the final report will be available for download from the Barloworld Logistics website, <http://www.barloworld-logistics.com>, from early March.

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