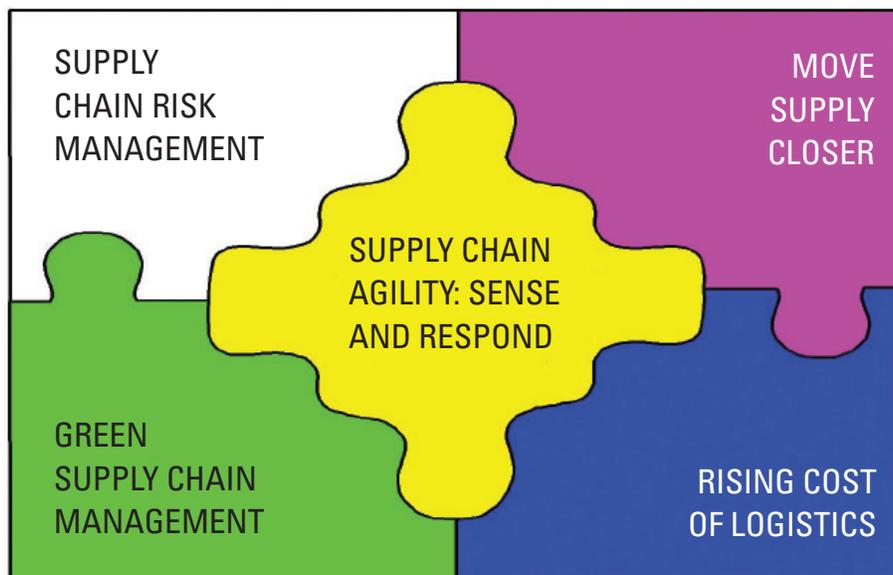


## EMERGING TRENDS IN SUPPLY CHAIN MANAGEMENT

### Five Major Trends to Think About

- 1. Green supply chains** — besides helping you “do the right thing,” green supply chains can save you money and drastically improve supply chain performance. Firms are extending green efforts beyond the four walls of their plants to include logistics and suppliers.
- 2. Supply chain risk management** — unanticipated disruptions to material flow in a supply chain can be costly. Not only are companies seeking ways to better respond to disruptions when they hit, but they also are trying to anticipate disruptions before they occur. For example, researchers in Iowa State University’s College of Business recently published a supplier monitoring method that could predict supplier problems before they could take down a portion of the supply chain.
- 3. Supply chain agility: sense and respond** — related to the issue of more effective risk management is a firm’s ability to be nimble and agile. If a firm senses a problem, can it respond quickly? In this context, real time information and visibility transparency within the supply chain are key.
- 4. Moving supply closer to home** — labor costs in emerging countries have been the driving force behind outsourcing to low-cost countries. However, one group of researchers found that in the last five years, the labor cost in China “increased 20 percent year by year, on average. By comparison, it was up by 3 percent in the United States. Companies that made production-sourcing decisions five years ago based on labor costs may need to revisit their decisions.” Therefore, firms are reconsidering decisions to move to low-cost countries. Keep in mind such decisions should be based on more than just labor costs. See the educational flyer on *Understanding the Impact of Total Cost of Ownership* from this series.
- 5. Dealing with increased logistics costs** — experts have stated that in the last five years, transportation costs have increased by more than 50 percent due to skyrocketing energy prices. Related to the previous trend, total costs in a supply chain network need to be analyzed.

### THE PIECES TO THE PUZZLE



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