

# The Journal of Commerce

2021 ANNUAL REVIEW & OUTLOOK

## New twists, risky turns

Logistics managers at the epicenter of  
make-or-break decisions in 2021

2021

**TPM21:** 25 February – 3 March 2021 | A Virtual TPM Experience

#### **RATE REVERBERATIONS**

Will spot rate strength ripple  
into annual contracts?

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#### **FIRST STEPS**

Despite 2020 progress, long road  
ahead for decarbonization

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3PLs forced to choose between  
customer tools, back-end automation

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#### **SOARING PRICES**

Air cargo carriers extend space  
guarantees, but at premium rates

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### Havertys

#### Abir G. Thakurta

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No industry, geography, or channel has been spared from supply chain disruption as the COVID-19

pandemic has spread. While the world continues to battle the virus, we continue to figure out how to outmaneuver uncertainty into 2021. There are a number of lessons to be learnt and addressed, broadly outlined below.

*Talent.* If we do not have the “right” talent driving our supply chain, we are already losing. “Right” here does not mean somebody who is an expert in supply chain, but rather

◀ “Eliminating ambiguity becomes critical when dealing with partners who need clear direction.”

Abir G. Thakurta

a team of people operating with resilience and flexibility. We continue to search for talent in the market.

*Systems, technology, and data.*

This pandemic has proved that working with system, technology, or data constraints adds non-value-added work and increases the complexity of the uncertainty exponentially. Visibility and analytics technologies are key to answering critical questions.

*Strategic partnerships.* It is imperative to ensure that all partners are orchestrating in unison and executing on our strategy to push forward during these uncertain times. We will continue to create win-win scenarios with our partners (factories and logistics partners) based on service/price balance.

*Communication.* Clear, consistent, concise, and cohesive communication (the 4C strategy) is critical internally and externally within our supply chain. Eliminat-

ing ambiguity becomes critical when dealing with partners who need clear direction.

*Agility and responsiveness with resilience.*

We need an agile, resilient, and flexible culture in our supply chain these days. Being agile involves responding profitably to variable consumer demand, planning with the assumption that plans must be continuously altered and focusing on execution daily with available information. Course correction is inevitable.

A prolonged black swan event like this only highlights issues within our supply chains. When this pandemic is over, we need to make sure we focus on those gaps, fix those issues, and build a supply chain (with people, process, technologies, partners) that is agile and resilient to the next disruption.

### The Home Depot

#### Michelle Livingstone

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2018 was dubbed an “unprecedented year” for the transportation industry. We were so young

and naïve then! Now we know 2018 was a practice run for 2020. Most companies have contingency plans for cyberattacks and natural disasters — very few had a plan for a pandemic. Although the reasons differed, the result was the same: Demand for trucking capacity exceeded supply.

Working for the world’s largest home improvement retailer comes with great responsibility, especially when the business is identified as “essential.” With customers forced to spend time at home, sales increased significantly, and our shipment volume increased even more. Our e-commerce business experienced Cyber Monday volume for numerous consecutive weeks, without the normal year-long planning process established for large-volume

### Global Shippers Forum

#### James Hookham

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Having spent most of 2020 juggling wildly fluctuating inventory demand and equally erratic freight service quality, global shippers enter the 2021 contract renewal season with ocean carriers seemingly expecting the past twelve months’ rates and performance to set a reliable precedent. So here are three tips for cargo owners contemplating their upcoming conversations with container shipping lines:

First, carriers enter the year not quite believing their luck. Spot rates have sustained historic highs in 2020 through coordinated management of capacity and unheard-of pricing discipline among consortia members. Sales teams will be under pressure to bake their new spot rates into your new contracts before it all breaks down. Given the lock-rip alliances have on capacity, you may find rate negotiations heavy going. So push for unbreakable service



“How about a ‘Blank Sailing Rebate’ every time your box gets left on the quay?”

commitments with painful penalties for performance failures. How about a “Blank Sailing Rebate” every time your box gets left on the quay?

Second, container lines enjoy extraordinary privileges under competition law, and as a consumer of their services it’s your rights and protections that have been jettisoned in favor of an easier life for shipping execs. But while the economic morals of this policy are debated in Washington and Brussels (and maybe this year in Beijing?), treat yourself to an awkward moment by asking, “Show me how I benefit from your anti-trust immunity?” And wait for an answer.

Finally, challenge surcharges — the scourge of every shipper’s budget, able to spoil a seemingly great base rate in just a few additional invoice lines. Question the cause, the amount, and the remedy. What are they for? How do you calculate them? What are you doing to prevent them? Could 2021 be the year lines learn to quote all-inclusive prices and become less about the consortia and more about the customer?