

RETHINKING AND MANAGING SUPPLY CHAIN DISRUPTIONS

The People's Republic of Chongo has been for so long an important environment of global trade. The country has been significant in global trade because it is a producer of high-value products and components and also the largest customer of global commodities and industrial products. The events that affect the supply chain in Chongo have the potential of affecting the global supply chain. The fear that events in Chongo could affect the global supply materialized not so long after. A black swan event that was later called Covid-19 caught the world by complete surprise and it originated in Wewehe, the capital of central Chongo's Hubei province. The black swan was first tested and reported around December 2019 and by February 2020 almost 90,000 people were diagnosed and infected by the virus whilst over 3,000 deaths were reported.

Despite of deliberate efforts to contain the spread of viral infections, it was a little too late because the disease has already spread globally. The efforts to contain Covid-19 were regarded as a little too late because at first the outbreak was met with an element of complacency. The complacency related to the viral outbreak was even more apparent in the logistics industry where the threat of Covid-19 wasn't taken seriously at first as it was only regarded as just a health risk. The spread of Covid-19 globally has kept communities, ecosystems and supply chains at risk. At first, measuring the full impact of Covid-19 on supply chains was difficult.

However, one thing was for certain that the pandemic will have global economic and financial ramifications that will be felt through global supply chains from raw materials to finished products. It was projected that the pandemic would affect the global supply chains because Wewehe was/is important to many global supply chains because traditionally it was one of the country's bases for manufacturing. Also, Wewehe is recognized as the transportation hub for many industries because it had the largest inland port in the country as well as well-developed infrastructure in water, land and air traffic. Further, the importance of Wewehe is amplified because other important industrial cities such as Byutibyuti, Sokoni, Gizaulole, Chomba and Itere are just a few miles away. The impact of the Covid-19 pandemic still lingers today across the globe.

Mguo Company is a local based company in Shirombo Country and has direct ties with key suppliers who is located in Hubei. The operations and marketing personnel of the company travel frequently to Chongo to close deals with suppliers and arrange for cargo export/import to

Chongo country so as to serve their local customer base. Around September 2019 the company was arranging for placing a huge order so that the supplier could deliver the consignment prior to the commencement of the Chongo Lunar New Year period that lasts for four weeks from the end of December each year. During the Lunar New Year, every factory shuts down to allow people to travel back home to spend some quality time with their families. When the company placed an order it was well in advance of the Lunar New Year and they expected the supplier will ship the cargo before factory closure. Inadvertently, when the supplier finished manufacturing the products and was about to ship the cargo, that was when the Covid-19 outbreak happened that caused a foreclosure of factories and the government mandated extended closure of factories so as to contain the spread of the virus.

When the news reached the table of Mguo Company there was panic as they relied on the incoming cargo to service a public contract (supply of computer server and biometric voters' registration equipment) awarded to them by an independent government agency called Shirombo Electoral Commission (SEC). The panic was huge because news coming from Chongo was that factories could reopen at the earliest around April 2020, which is the time they are expected to finalize the performance of the said public contract.

Due to the lack of immediate possibility to change suppliers and deliver the exact same products the company has tendered for, the management of Mguo wrote to SEC declaring the impossibility of performance and requesting the contract to be rescinded. The accounting officer of SEC after studying the reasons brought forward by Mguo and after consultation with the procuring entity's PMU and Legal Unit, they agreed to rescind the contract without any consequences to Mguo. The company has built a reputation of being a good performer of public contracts and it always checked positively on the references which is why they were excused for the given mishap.

After successfully navigating the legal and financial consequences of terminating a publicly awarded contract even before starting actual performance, Mguo had another issue to deal with and that is to retrieve their two staffs who were stuck in Wewehe. The stuck staffs were its operations and marketing manager who were expected to arrive just in time with the cargo. After some efforts that were made in collaboration with the country's consulate in Chongo, the two staff were able to leave Wewehe and returned back to Shirombo but were required to self-isolate

(quarantined) for at least fourteen days as part of the Covid-19 safety protocol. This too affected the operations of Mguo substantially.

The company worked at a loss during the year because the key transaction that they expected to enable them to stay afloat was the supply of computer servers and a biometric voters' registration system to be used by the country in its elections of 2020. Following the lessons from the Wewehe saga, the company decided to change its sourcing strategy so that next time they aren't stricken by subsequent supplier impossibilities of performance. Not only changing its sourcing strategy, the company implemented some shrewd but painful financial management strategy to ensure the company cuts down the actual and expected losses through the reduction of operating costs. Also, the company opted to switch to a digital supply network with the Covid-19 impact felt being the catalyst for the decision.

During late 2020, the company was again awarded a mega public procurement contract this time by Shirombo Postal Company (SPC) to supply computers, Global Positioning Services (GPS) devices, trackers, tablets and other computer accessories that were to be used in improving the country's residential addresses.

During the tendering process, Mguo declared that they submitted the tender as a company but on behalf of the manufacturer who was a company which was based in Turkey. Hence, Mguo submitted their tender that was well supported by a manufacturer authorization guarantee from the manufacturer. The company was awarded the contract because their tender was regarded as the Most Economically Advantageous Tender (MEAT) by the procuring entity. SPC wanted to start the exercise as early as January 2020 but wanted the devices to be delivered by 1st April 2021 for testing and configuration prior to being disseminated to regional offices who shall thereafter allocate and distribute to district and ward offices. SPC is expected to conduct a pilot exercise from July 2021 to October 2021.

The ordered goods were manufactured and ready for shipment since January 2021 but to due to still lingering Covid-19 impacts the shipping industry was somewhat not fully functional hence there was a struggle to get a vessel that will transport the goods to Shirombo. Fortunately, after a struggle for some time the manufacturer managed to acquire a space in a vessel (MV Akunakitu) owned and operated by Akunakitu Shipping Company to ship the goods to the required destination. The vessel set sail on 09th February 2021 and it was expected by 26th March 2021 it

will be at the destination port. The vessel moved along the key global trade marine route along the Red Sea via Suez Canal to Indian Ocean until it reaches the destination port. Tragedy struck along the Suez Canal when a huge vessel named MV Mbambamba which is famous as a container ship had its bow and stern ran aground on the Suez Canal blocking any sea traffic from 23rd March 2021 to 29th March 2021. MV Mbambamba ran aground and blocked the canal due engine failure. The blocking of Suez Canal caused more than 150 ships to be stuck including MV Akunakitu. The blockage of Suez Canal was a supply chain disaster because it led to losses of \$400 million every hour when sea traffic is congested.

This was another pinch to Mguo Company in a space of one year where the company seriously feared that their good reputation was put in jeopardy for other reasons apart from their wrongdoings. Changing the MV Akunakitu route wasn't considered because it could mean substantial shipping costs by taking the longer route through the Atlantic Ocean. The company knowing that efforts were underway to free the Canal had nothing to do but wait until 29th March 2021 when MV Mbambamba was set free and hence allowed the sea traffic to move along the Suez Canal. The irony of the thing is that the date that the Suez Canal was set free, was the date that the cargo was supposed to arrive at the destination port ready to be cleared and delivered to SPC on 1st April 2021. Mguo Company wrote to SPC notifying them of the logistical failure and promised to deliver the cargo in two weeks' time from 1st April 2021. The management of SPC heeded the request of Mguo but they informed the company that they will be penalized for failure to deliver in time and for causing regional delivery inconveniences to SPC.

During the management meeting of Mguo in July, 2022 to inaugurate the new operational and financial year of the company, the Managing Director of the company urged the managers and employees of the company to be on their feet and constantly search for better ways to overcome the supply related risks that the company has suffered greatly in two years period. Further, the Director informed the meeting that the world is about to be hit with another pandemic named Monkeypox Virus (MPX) that is currently creeping up. He further said that currently worldwide there is 41,358 confirmed cases of MPX and 12 deaths. To conclude his remarks, the Director said MPX may not be as deadly as Covid-19 was but it is important to overreact than underreact because even though MPX is currently a health crisis it can also affect the commerce side of the world.