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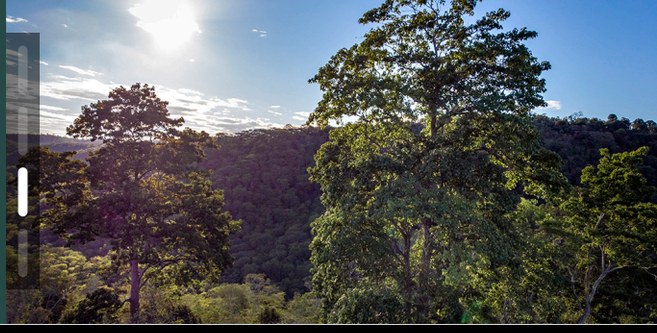

September 3, 2021, 4:00 AM EDT

Forget Finance. Supply-Chain Management Is the Pandemic Era's Must-Have MBA Degree

The just-in-time inventory systems embraced by many businesses led to empty shelves and costly bottlenecks. That's put a rare spotlight on supply-chain programs, which are attracting more students.

By Matthew Boyle

▲ The container ship *Ever Given*, stuck in the Suez Canal in Egypt on March 27. PHOTOGRAPHER: GOKTURK-1 OBSERVATION SATELLITE/GETTY IMAGES

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Stores with no toilet paper. Colossal cargo ships run aground in the Suez Canal. Factory shutdowns in Vietnam. Ports closed in China. It almost seems that not a day goes by without reports of another supply-chain snafu wrought by the pandemic, which dismantled just-in-time inventory systems that couldn't cope with massive, simultaneous disruptions of supply and demand.

Companies have struggled to adapt, with some taking unusual steps. Walmart Inc. and Home Depot Inc. are chartering their own private cargo vessels so they don't get caught short as the holiday season approaches, and logistics experts say disruptions from congested ports won't end anytime soon. The tumult has forced companies to lavish more attention on their supply-chain professionals, who typically toil in obscurity until disaster strikes. It's also prompted business schools to refresh their supply-chain curricula to make sure the next generation of logistics managers are prepared for future crises.

▲ The toilet paper aisle at a Florida pharmacy. PHOTOGRAPHER: JEFF GREENBERG/GETTY IMAGES

"For years, we had sort of taken logistics for granted," says Skrikant Datar, the dean of Harvard Business School. "The pandemic caused us to rethink it."

The problem, says Hitendra Chaturvedi, a supply-chain management professor at Arizona State University's W.P. Carey School of Business, was that supply-chain education and theories had grown as rigid as some of the practices out in the real world. "After years of teaching without any tremors," he says, "our courses had become less flexible."

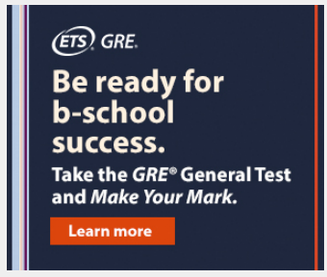
In response to those tremors, business schools are now emphasizing things such as risk mitigation, data analytics, and production reshoring–while also carving out room to explore more intangible topics like ethics, communication, and sustainability. Penn State's Smeal College of Business is adding a master's course in supply-chain risk management next year, with lessons taken straight from the pandemic experiences of corporate partners including Hershey Co. and Dell Technologies Inc. The course will count toward a new certificate program in risk management that's also in the works. The W.P. Carey School of Business also plans to offer a certificate in supply-chain resilience.

"It's not like we don't cover risk already, but this would give them a deeper dive," says Kevin Linderman, chair of Smeal's Department of Supply Chain and Information Systems, which has grown more popular with students thanks to high-profile incidents such as the grounding of the *Ever Given* cargo ship in the Suez Canal in March, which snarled global commerce for nearly a week. This academic year more than 400 juniors in Smeal's undergrad program have declared their intent to major in supply-chain management, up from about 270 the previous year.

Incoming business students who once defaulted to finance or marketing now want to explore supply-chain management, says Alok Baveja, a professor at Rutgers Business School, whose faculty includes former executives of nearby pharmaceutical giants such as Johnson & Johnson. When they graduate, they'll have plenty of options: A record 50 companies plan to attend a supply-chain career fair at Georgia Tech in September—about double the number that typically come to recruit students of the program—including newcomers Honda, Honeywell, and Procter & Gamble.

Students who pursue supply-chain degrees this fall are certain to get an earful about the limitations of just-in-time inventory systems, which grew in popularity during the 1990s as companies aimed to mimic the success of auto makers like Toyota Motor Corp., the gold standard of lean manufacturing. For some companies, though, getting lean "became a religion," says Penn State's Linderman, and their orthodoxy became their undoing when the pandemic hit and there was no surplus stock to be found.

Covid-19 exposed the weaknesses of legacy inventory systems, which typically emphasize cost reduction above all else, says Hyun-Soo Ahn, a professor at University of Michigan's Ross School of Business. The pendulum is now shifting the other way: At Walmart, whose bottom-line focus is legendary, U.S. inventory rose 20% last quarter as it doesn't want product shortages come Christmastime. Still, shuttered factories, port congestion, and trucker shortages have brought more chaos to already overtaxed supply chains, raising prices on groceries and jeopardizing the delivery of millions of presents for the holidays.



Classroom discussions at Penn State and other supply-chain specialists will now delve into the downsides of sourcing too much from China or any single country, while they also explore the role that new technologies like machine learning and artificial intelligence can play in manufacturing and inventory decisions. Old research, meanwhile, is getting reinterpreted through the pandemic's lens, says Gopalakrishnan Mohan, chair of ASU's supply-chain department.

What's also needed, though, is a realization in corporate C-suites that logistics isn't just an expense—it can actually create value when done well, according to MIT's Jarrod Goentzel. He's the principal research scientist at the school's Center for Transportation and Logistics, which works with corporations such as Amazon.com Inc. and Intel Corp. and also a lecturer in the center's one-year master's program in supply-chain management. It helps that high-profile chief executive officers like Apple Inc.'s Tim Cook and Mary Barra of General Motors Co. spent time running complex supply chains before they got the top jobs, but logistics educators say greater boardroom acknowledgement of the make-or-break role such skills play is long overdue.

"Any company that says they fully understand their supply chain is lying," says Goentzel, who believes that supply-chain practitioners should be certified just like accountants. "It's time for the profession to wake up. The 20th century was about finance. The 21st century should be about supply chains."

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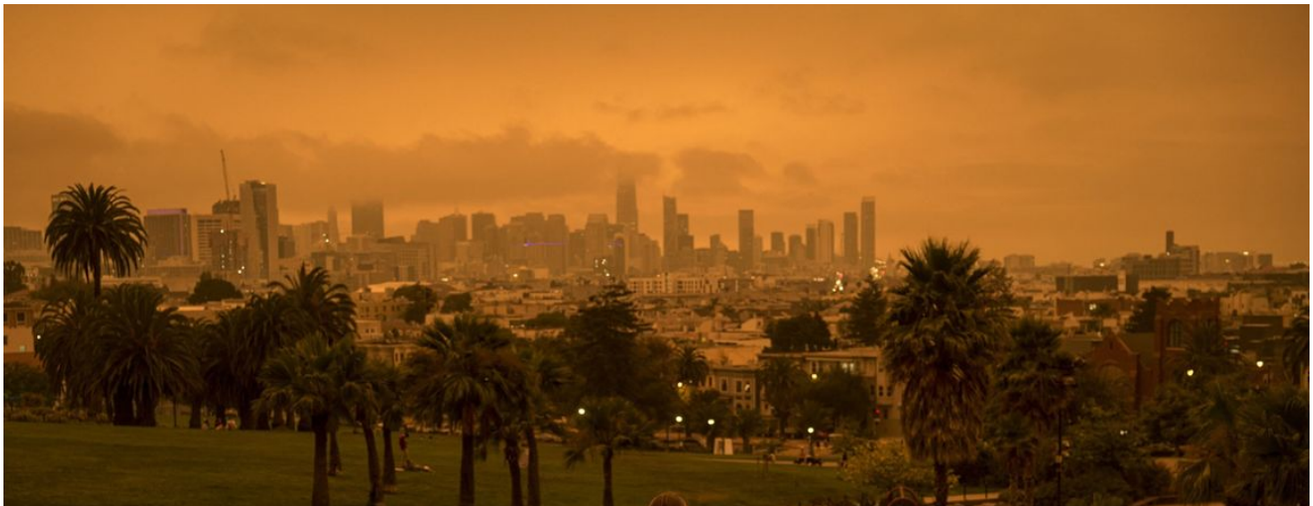

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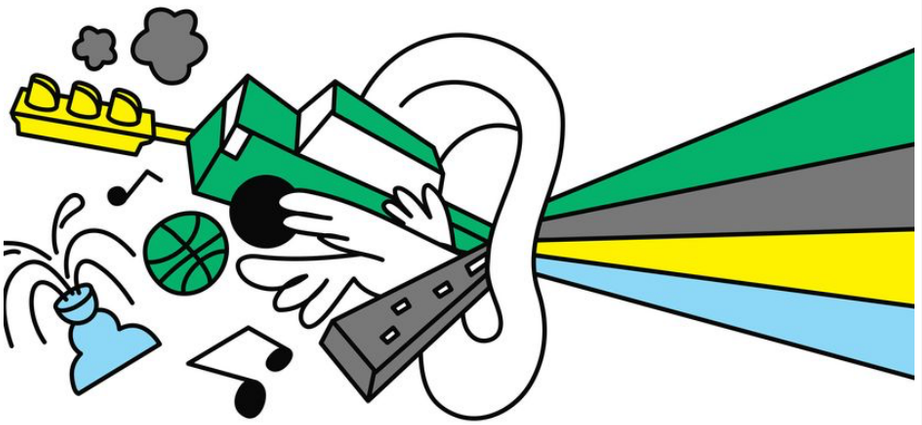

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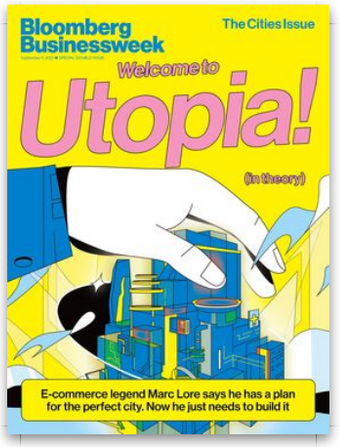

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