

Supply chain: Finding opportunity in the weakest link

Issued by [The Publicity Workshop](#)

25 Apr 2024

Issues in a global supply chain can significantly impact businesses, especially Small and Medium Enterprises (SMEs), which often lack the resources to navigate disruptions as effectively as larger corporations. Pre-Covid-19, the world was moving towards single ports of procurement to take advantage of economies of scale and lower costs that often resulted from using a single supplier.

However, the pandemic highlighted that when things go wrong, the “all eggs in one basket” approach sees businesses suffer huge losses. Now, further geopolitical issues - including wars - are seeing waterways closed to normal shipping and the cost of importing and exporting products skyrocketing.

Manufacture suffers too, with severe knock-on effects. The global semiconductor chip shortage, for example, has impacted over 169 countries worldwide, disrupting manufacturing and supply chain units and increasing unemployment worldwide. Manufacturers in the health and vehicle sectors – already in backlog from Covid – are taking a continued beating.



What's the Plan B? Diversification, resources, ideas...

First, business leaders should look at the potential outcome of being reliant on a single region, country or supplier. The lessons learned so far show the value of a diversified supply chain; one that sources goods from different geographies with lower levels of impact from logistics hold-ups, climate change and fiscal turbulence.

By reviewing all possibilities in both northern and southern hemispheres, opportunities exist even flat economies. South Africa, for example, currently has hugely competitive production and labour costs due to the exchange rate, while other countries costs continue to rise.

In terms of outsourcing, G7 and other well-developed countries' cost of labour is high and still on the rise as automation and artificial intelligence (AI) must be implemented to keep costs down, while South Africa has a massive number of unemployed people ready for training and deployment into various sectors of the workforce.

In the vehicle manufacturing sector, benefits for the global market would include South African SMEs manufacturing certain items to supply to larger organisations, which can then divert their supply chain from overseas to local at less cost.

Technology is another area for SMEs to consider, specifically call centre creation. Business processes outsourcing such doesn't have to be domiciled in a country where labour costs are high. A key example in South Africa is the number of call centres operating out of KwaZulu Natal and processing for many international corporates, with room for many more.

Uncertainty in the global supply chain brings a host opportunities for smaller operators who may not be able to compete in the manufacture of goods, but could well take advantage of a host of tech-based opportunities, including training in certified systems, international information services, even sales could be conducted effectively from anywhere using current technology.

Accessing global supply chains

With the market in South Africa being a comparatively small one, business leaders should be looking past the typical – and local – supply chain for gaps they can fill. There are a multitude of small producers who manufacture and engineer goods in

South Africa, exported to the USA or Europe at a fraction of the cost to global clients.

ProfitShare Partners (PSP) is often asked by small-market manufacturers for guidance on how they can access global supply chains and ensure fulfilment capabilities. We're able to communicate with large corporates on behalf of SMEs and assist with financing that trade.

As our global experience continues to grow, ProfitShare Partners is also in a position to guide clients and potential clients to view various sectors for prospective business partnerships or importers of goods.

Being a Fintech company means PSP's agility can provide clients with the access to capital required to take advantage of fiscal fluctuations at a time equitable for both foreign importers and local manufacturers.

The bottom line, I believe, is that in times of uncertainty, survivors become thrivers when they are able to look at any market from a "What if" perspective, and actively seek opportunities by having a Plan B and implementing it rapidly.

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