

# Cooperating in their supply chains can help businesses recover faster, expert says

April 13 2021, by Luke Lambert

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Credit: City University London

UK businesses and industry are in the middle of a real fight for survival. Retail chains and independent retailers continue to battle against the dual challenges posed by a global pandemic and Brexit, with organizations and government continuing to feel the pinch. Indeed, the UK suffered a record 10 percent drop in the economy for 2020.

Big financial centers are already moving from London to the likes of Amsterdam and New York, while Amazon's profits boom and many of its lesser-known competitors have struggled or closed down.

Professor ManMohan Sodhi, Professor of Operations and Supply Chain

Management at the Business School (formerly Cass), believes better cross-company working in UK and [global supply chains](#) can help ensure UK supply chains are not another casualty of COVID-19 and Brexit. However, there are challenges which must be navigated.

## **What are the issues facing big businesses and SMEs?**

"Recovery is the number one concern. The simple truth is that some supply chains will not recover and the government throwing money at them is not the answer.

"In the UK, small and large businesses have been hurt, and jobs and livelihoods have been lost, unable to survive Amazon, less high-street foot traffic, and depressed demand more generally. Brexit has hurt business through uncertainty—with businesses not investing and consumers spending less while there was poor preparation for our EU departure, because of negotiations or COVID."

Professor Sodhi believes all retailers are vulnerable to Amazon because taxes and economies of scale favor online giants. But if businesses think collaboratively and not—contrary to custom—competitively they can survive the threat of Jeff Bezos' internet giant.

"UK retailers—and businesses supplying them—must think cooperatively. They must create shared resources they could not afford to invest in individually or ask for government help to create such spaces. For instance, Oxford Street shops could use a single website and a combined shipping service to benefit some economies of scale and be able to export to other countries.

"More generally, businesses could act through Confederation of British Industry or other representative bodies to present a collective voice to the government to create, or facilitate the creation of, shared resources

for supply chains. These could be land for warehouses, transportation and storage hubs or help or ease of export and import. The industry bodies can help the government understand how to help supply chains, not just ask for handouts for individual businesses."

The UK remains the leading global authority on [supply chain](#) finance (SCF). Leveraging that to ensure large UK businesses can also cooperate with their small suppliers will help navigate a post COVID and Brexit landscape, although Professor Sodhi warns that big [business](#) must appreciate the necessity of their smaller counterparts.

## **Using our strengths**

"Cooperating via SCF can be good for large and small businesses, as the former need the smaller suppliers to survive. Making the money move faster can be the difference between life and death for small businesses, and the bigger businesses will benefit from financially strong suppliers.

"What applies to the UK applies to the world. As a planet, we can swim or sink, unless we think cooperatively. In the modern world, global supply chains matter, we must be thinking on that scale."

Provided by City University London

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