



ONE-ON-ONE

One-on-One with Don Hnatyshin, Senior Vice President, Supply Chain, Molex

SCN: It’s been quite a year. What’s your impression of how the tech supply chain has handled the unprecedented disruption of the global pandemic?

DH: I would have to say that the overall response has been positive. The industry has been through enough of these events and cycles that supply chain organizations have built up capabilities, knowledge sharing and intelligence to respond end to end. While I can’t speak for the whole tech sector, given the extraordinary nature of this crisis, our experience at Molex shows the improvements the global supply chain ecosystem has put in place. We benefited from richer information sharing, improved transparency and scalable business continuity planning, with supply chain front and center, which is exciting if you are a supply chain professional.

SCN: How do you think this experience will influence supply chain strategies in the coming years?

DH: No doubt the ripple effects will be widespread. One priority will be continued development of design for supply chain capabilities that provide actionable insights. An example would be comprehensive risk analytics at a component level, beyond reactive, event-based capabilities. Another example would be trusted sourcing intelligence. The pandemic has challenged organizations to address and quickly scale ad hoc supply requirements around categories where they have limited experience, like PPE. I don’t think there were many in the electronic component sector who had a strategy built out for sourcing and producing PPE.

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As we look forward, it’s not just about the supply chain partners you have, it is about the ecosystem of the supply chain. You need to have intelligence, insights and a broad knowledge network that can provide options and alternatives when there are disruptions or when events happen. The differentiator is how quickly can you secure a trusted source and sustainable supply chain. Developing and expanding a formal knowledge network has proven to be very important and something we need to continue to foster.

SCN: Can you share some details about Molex’s efforts to minimize the pandemic-related disruption to your supply chain operations?

DH: I can share a couple of actions we initiated that helped minimize the potential supply chain disruption. As expected, we implemented our Supply Chain BCP plan that brought together our cross-functional teams. This included a global daily health check of our end-to-end supply chain, leveraging insights from our digital supply chain capabilities and communication with suppliers and customers aligning priorities.

In addition, as the potential supply chain disruptions increased with more countries impacted, the team was able to take real time lessons learned including local restrictions, supplier EHS plans, and labor and PPE availability. This not only provided us an opportunity to proactively assess potential risk to the supply chain but has resulted in a new set of use cases and data insights to support future risk events.

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SCN: What are some of the non-traditional inputs you asked suppliers to provide?

DH: This was dependent on the type of supplier, where they are located etc. For example, normally we would not ask suppliers for detailed breakdowns of their labor and IDL resources, or how employees get to work, i.e. public transit, company-supplied transportation, etc. But with local stay-at-home restrictions in place, some companies struggled to keep their facilities operating due to insufficient staffing. So, in this instance, it was important for us to

understand things like what their typical staff levels were, their return to work plans and logistics.

SCN: Did you find suppliers reluctant to share this information?

DH: We quickly learned that it is not only important what you ask, but how you ask it. Being comfortable sharing information that might reveal a vulnerability in their operations, it was critical for the supplier partners to understand why we were asking the questions and what we were looking to achieve. The more transparent we were with them, the more we were aligned on mutual benefits for our customers and stakeholders in both organizations.

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A long-term benefit of this experience is that we have improved the operating model to engage with more of these long tail suppliers and exchange critical information. This is particularly important for Molex as more than two-thirds of our supply base is outside of the traditional electronics ecosystem – mechanical parts, resins, moldings, stamping, plating, etc. We are committed to maintaining a cadence of information sharing with these companies, and wherever possible, scale and automate it through some kind of digital communication. This will enable us to de-risk and build greater agility in our supply chain.

SCN: When you think about the transparency and more sharing of information going forward, do the tools and processes exist today to make that possible in a way that is efficient and secure?

DH: I think the capability to make these connections across the ecosystem is evolving. With the long tail, there are obviously more issues around scalability in the information sharing. That is why it is so important that we are very prescriptive about what attributes we need to consider in the information we request and why. Right now, we [as an industry] can do this successfully with maybe about a third of the players across the end-to-end supply chain. But the pandemic has accelerated the pace in which organizations will prioritize the build out of digital capability across the supply chain. The good news is we have challenged what information creates value and what information does not. So that is definitely a step in the right direction.

“The pandemic has accelerated the pace in which organizations will prioritize the build out of digital capability across the supply chain.”

SCN: Will it be difficult to maintain this level of collaboration once people get out of survival mode?

DH: Throughout the pandemic, everyone was committed to giving you what you needed. There was no downside, and the upside was getting ahead of the crisis and now the recovery. This experience has really moved the ball forward, I think this will be the new normal. I don't see us going backward as long as the mutual value for the customer and the supplier remains clear.

I also think there have been new insights gained on the end-to-end supply chain, including the relationship of the physical movement of goods, the information supply chain and worker availability. More companies understand that supply chain transparency and security of information is a value add and a value creator, and this is the way forward.

SCN: The pandemic shutdowns etc. took a tremendous economic toll on organizations up and down the supply chain. What can financially strong companies like Molex do to ensure critical suppliers have the wherewithal to sustain through a potentially rocky recovery period?

DH: When customers ask what we are doing to help our suppliers through this, I tell them we are doing what we always do. We prioritize mutual benefit with our supply base. That is a fundamental piece of our supply chain strategy. This includes transparency, knowledge sharing, communication, in some cases logistic support, resource support, or a change in commercial terms to mitigate financial risk. I think that has been really helpful to our suppliers, particularly the Tier 2 and 3 companies, through this crisis.

“Companies understand that collectively transparency and security of information is a value add and a value creator, and this is the way forward.”

SCN: Thanks Don. Any final thoughts?

DH: For me, the big takeaway from this year is pretty clear: Supply chains are increasingly complex. They work well when they are managed end-to-end. They work even better when there are aligned incentives and mutual benefits including transparent data and information

sharing. Partnering with our suppliers enables offensive capabilities and insights that allow us all to move at the speed of the market and respond to events creating value for all parties.

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