

Rodney Thomas and Stephanie Thomas on Topical Supply Chain Issues | Final Transcript

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[00:00:19] We gotta look at the products and how customers use those. And we need to segment our supply chains and treat them differently based on how customers are impacted by those products. So for life saving and life sustaining products, medicine, food, water, I absolutely think we need to make sure resilience is top of mind.

[00:00:45] Andy Murray: Hi, I'm Andy Murray. Welcome to it's a customer's world podcast. Now more than ever, retailers and brands are accelerating their quest to be more customer center. But to be truly customer-centric it requires both a shift in mindset and ways of working, not just in marketing, but in all parts of the organization.

[00:01:05] In this podcast series, I'll be talking with practitioners, thought leaders and scholars to hear their thoughts on what it takes to be a leader in today's customer centric world.

[00:01:26] In today's episode, I'm joined by professors, Rodney and Stephanie Thomas, Rodney received his PhD in supply chain and marketing from the university of Tennessee, and currently serves as the director of the undergraduate supply chain management program at the Walton college of business. Stephanie who earned her PhD in supply chain management.

[00:01:45] From Georgia. Southern is also a professor at the Walton college of business and is the executive director of women impacting supply chain excellence. In our conversation, we connect the dots between supply chain logistics and customer centricity, both Rodney and Stephanie have executive level experience in big retail, which gives them a unique perspective on the nuances of the supply chain issues challenging business today.

[00:02:09] We talked quite a bit about how a customer-centric mindset can lead to supply chain innovation that builds resiliency as well as efficiency.

[00:02:28] Hi Steph, hi Rod. Welcome to the show today. It's good to see you guys. I'd like to hear more about your backgrounds and hear

what brought you to this space of supply chain and logistics. And for each of you I'd love for you to take me to that moment when you said this is what I want to focus on. I really, this is important to me and I want to spend my time doing this.

[00:02:49] Rodney Thomas: I was introduced, it was called logistics back then in the MBA program. And I had gone to go get my MBA at Tennessee thinking that I was gonna be a marketing or finance professional and fell in love with logistics, especially when I realized it was a lot more than just being a truck driver. And I've been doing it ever since, either in industry or now as a professor.

[00:03:09] Supply chains make the world a better place. It's the ultimate source of competitive advantage. And I love talking about it, teaching it, working with students and industry

[00:03:18] partners. Excellent.

[00:03:20] Stephanie Thomas: So I got into the field for a practical reason. I fell in into it Rod did in grad school and I wanted a job afterwards.

[00:03:29] And the university of Tennessee had a great program at the time. And my parents didn't want me to come back home and live in their basement. And so I thought maybe I should try this out. And

then what I found is one, I really enjoyed the classes and the, as Rod mentioned, the complex problem solving and those pieces of it.

[00:03:45] But I, I fell in love with the relational piece of it. And some of those other things I went and did a summer internship, and that's where kind of the classroom pieces all came together. And I said, this is what I wanna do. This is where I can look and know that I'm making an impact on an organization.

[00:04:01] And that's where the journey started for me. I

[00:04:03] Andy Murray: love it. And you talked a little bit about relationship in there knowing your background. Uh, we'll get to that because I think there's so much about, uh, supply chain logistics is about relationship, but I wanna start with really something, maybe you mentioned Rod

[00:04:17] it was like, they think, I thought it was about driving trucks. One of the things I've learned from working with the Walton college and the esteemed faculty is the importance of definitions as you guys know. And so I'm gonna ask you straight up. How would you define, uh, supply chain logistics if that's the right phrase, which I think it is as we're talking about today, from what I would've thought about it five years ago, ten years ago. What I think about today it's changed. And so I'd love to know how do you define it? And what's in the scope.

[00:04:48] Rodney Thomas: If you want an academic definition, it's three or more organizations connected by the upstream and downstream flows of products, services, information, and finances from point of origin to point of consumption.

[00:05:01] That's the academic stuff. Okay. If you ask me to explain it, like I explained to grandma, we're all about getting the right products at the right place at the right time. As far as scope, there's a planning function, we source things, we make things and we move things and we've gotta integrate all those pieces.

[00:05:18] So when I first talked about. I thought I thought it was originally just being a truck driver. That's just the move piece, but there's transformational processes. There's sourcing, there's a plan to pull all that stuff together. Supply chains have been around since the beginning of time. We just didn't manage them very well. We didn't think about them as supply chains. We treated them as individual pieces. So it's through the integration over the last couple decades where we realize the true value of making that overall system better. Rather than just focusing on individual pieces.

[00:05:49] Andy Murray: And it's interesting you put it that way because if I didn't know better, it would almost sound like that's something totally within one company's control.

[00:05:59] And so Steph, you talked about relationships. Yeah. How does that definition of supply chain logistics? How do you look at it in the context of the larger ecosystem?

[00:06:09] Stephanie Thomas: As Rod mentioned, when he did the academic definition, starting with three or more organizations that plants that seed of it is a connection of organizations working together.

[00:06:20] And his, he said like point of origin, that's where the raw materials come out of the ground however they are created. To the point where you and I go buy something off the shelf at the store, very few companies do all of that. Maybe a farmer has his own stand and sells his produce but for the most part, we need a lot of companies to do that. And maybe a company does all a lot of the making or even selling. But they may need to get that something somewhere where there is a truck driver that needs to be in, in play there. So you mentioned the term logistics and where Rod was of talking about the supply chain side of things.

[00:06:56] A lot of what we think about with logistics is how do we day to day do the things that supply chains need us to do. And we'll say things like getting the right product to the right place at the right time, in the right quantity, in the right condition, those types of things. That's what logistics does.

[00:07:12] And what logistics is really doing is making the strategy that an entire supply chain has come together. And it's so all those different organizations work together. And sometimes I'll tell my students it's about managing relationships, managing risk, and managing trade offs to manage those trade offs and to manage those risks.

[00:07:33] You need to have relationships within your own organization and relationships across organizations as well.

[00:07:40] Andy Murray: That's really helpful. And I guess one of the questions I have around a supply chain logistics and what's in the scope. Is in this area of forecasting because it, it would seem to me the old school way of thinking, perhaps that your starting point is you get a forecast of some sort, but as we've seen with COVID and we've seen with, um, in the last couple of months, actually, uh, as we record this, the ability to forecast change in consumer behavior and how that feeds the whole process is really fundamental. How much is the discipline of forecasting included in the way you look at supply chain logistics?

[00:08:24] Rodney Thomas: It's huge. When I refer to the planning piece, it starts with some idea of what do we think demand's gonna be? Because then we build our supply chains around that in terms of capacity and capabilities with that said, every forecast is wrong.

[00:08:39] They're never gonna be right. If we had perfect forecasts, we wouldn't need supply chain managers, everything would just be a planning function. Everybody put their orders in. A year in advance and everything would flow seamlessly and would work out it's these big fluctuations in demand that weren't predicted that have caused us so many problems, especially recently, cOVID hit. So we had some structural problems with facilities shut down, but a lot of demand patterns changed overnight. And those changes really stressed supply change because they weren't built for those type of demand patterns.

[00:09:14] Andy Murray: Is demand forecasting, something that's included in the scope academically of helping, uh, students develop a degree in a specialty in supply chain logistics.

[00:09:25] Rodney Thomas: Absolutely. We have that on the books. They have a dedicated class that we call plan: forecasting and inventory management. So we, that's a separate class. It's such a core function. It is fundamental to everything we do.

[00:09:38] Stephanie Thomas: But Andy bringing that up is, and Rod's alluded to this, what we've always done, doesn't work in this environment.

[00:09:46] And so COVID has had everybody throw out the rule book and companies are struggling because they have access to more data

than they've ever had before. Yet they're not necessarily incorporating that data in a meaningful way to create meaningful forecast that would allow them to adjust and make changes when something like nobody could see, like how what's the change a global pandemic's gonna do?

[00:10:09] That's outside the scope of what might be a normal change, uh, an ice storm or bad traffic in Atlanta or something causing a delay. Shouldn't be a big impact. We should be able to adjust some things on that. Our current models have been like, Hey, we did this last year. We're gonna bump it up 10% and that's gonna be our forecast for next year.

[00:10:32] And we've got to become more, much more sophisticated and some companies are trying to get there, but there's a lot of opportunities in the realm forecasting. To make some really interesting changes based on what's happened within, in COVID. We need some great talent to come in and rethink how we've been evaluating, uh, demand forecasting.

[00:10:51] Andy Murray: It sounds like a bit of an academic challenge too, because if you look at demand forecasting, nothing's really changed systemically with consumer buying patterns until COVID hit. And now all of a sudden, even your base data that you're using for historical is compromised. And so I don't think I've met yet a,

uh, supplier working with retail that isn't struggling with trying to find their path on what's the right.

[00:11:17] Demand forecast. You try to use a two year stack and level out the, his, like, pretend nothing ever happened. Then look at, what's happened in this spring of 2022 where, retailers were caught off guard on consumer buying patterns absolutely changed. You got earnings misses on almost every major retailer because of inflation.

[00:11:38] How do you factor in forecasting when you don't, you can't see. The impact of inflation and all the things that's changed consumers so fast.

[00:11:49] Rodney Thomas: That's where we gotta be resilient and responsive. And historically we haven't had to do that because we relied on pretty good forecasts. The last two years of all the demand data it's garbage right now, you can't really trust it.

[00:12:04] Because COVID because consumer patterns shifted. One of the things we always hear about talking with suppliers is what was a permanent demand change and what was temporary. So for instance, consumers, we went and bought up and hoarded toilet paper. That was not a permanent change in buying patterns for that particular product.

[00:12:23] But you look at a Clorox wipe, they see the spike in demand, and now they're questioning. Is that gonna last forever or not? Maybe something like that probably will fundamentally change. I can see hand sanitizer being the same way. Are we gonna be more germ conscious? So some of these categories, it's a permanent change.

[00:12:42] Some of them it isn't. And then to your point, you throw inflation in there. So we're shifting buying patterns now just because of the money we do and don't have access to. So it's gonna be tough. It, our supply chains were designed over the last couple decades to be very efficient and drive down costs. We did not focus as much on resilience and risks, and then we got hit with a bunch of them.

[00:13:06] So we

[00:13:07] Andy Murray: did you think resilience is the new efficiency?

[00:13:11] Rodney Thomas: No. I think the supply chains we have in place were built to be efficient. We didn't think as much about resilience. We just assumed we were very agnostic to risk. If you will. A number of those things have hit now. I hope we keep resilience always in the back of our mind. At one point you said is resilience the new black.

[00:13:32] I don't know if it's the new black. I think efficiency always will be, but I hope it's a khaki or a charcoal gray that we always have in our closet. So we could always go back to, we can't look at the supply chains as just one dimension of performance. It really needs to be cost, service, and resilience.

[00:13:48] And you throw in sustainability in there too. And historically we've not designed our supply chains with all four of those dimensions in place. And there's an orientation too, for managers to do this. They need to think about supply chains differently. Look at sourcing professionals for decades.

[00:14:05] They've been incentivized to get the lowest cost per unit. The easiest way to do that is get more and more volume to one supplier and economies. A scale say we'll get a lower price. Enough people do that over time. Entire industries where critical components are sourced from one region of the world that drove down cost.

[00:14:23] It was very efficient to do. The problem is when a pandemic or something happens in that region. The whole world struggles with product availability, whether it's microchips, whether it's sunflower or oil right now in the Ukraine for baby formula. We have we're experiencing all the effects of

[00:14:44] sourcing more and more volume from fewer and fewer suppliers and fewer locations. So that trade off between cost and resilience comes into play and we're seeing it day in and day out. So structurally we have that in place, but even the orientation, we gotta re incentivize the way we push these sourcing managers to think it's not just about lowest cost.

[00:15:04] They need to think about revenue continuity. They need to be customer centric and think about how does a customer use this product. What are the service implications of not having this on the shelf? It's very different to be outta stock on, potato chips, which sunflower oil is a key product and baby formula, right?

[00:15:23] To me, I think we need to think of our supply chains. We gotta look at the products and how customers use those. And we need to segment our supply chains and treat them differently based on how customers are impacted by those products. So for life saving and life sustaining products, medicine, food, water, I absolutely think we need to make sure resilience is top of mind.

[00:15:46] Andy Murray: How do you, um, I guess I'd look at this and say, what you're describing is really hard to solve for one company at a time. And we look maybe Steph at the relationships that are required between suppliers and retailers, but even more than that, perhaps

even governments, you know what, who's the watchdog because it looks baby formula,

[00:16:08] As an example. One could argue, there's been a great benefit to lowered cost by that focus on efficiency that many more people be able to afford baby formula than could have been. So is it all wrong to have been focused on efficiency or, but how do you then protect the resiliency required?

[00:16:27] So you don't have this huge problem we're having and what kind of partnerships are gonna be required? Because it feels to me, that's bigger than just a retailer, or two treating their supplier differently and asking better questions on, is this gonna, is this ask, gonna put you into too much of a consolidated risk?

[00:16:45] Is there a government function that deals with supply chain vulnerabilities? I don't know if there is or isn't, that's what, I'm curious what you think.

[00:16:54] Stephanie Thomas: It's a great question. And I think that's a, an issue there's been a lot of conversation about, of what role does government play in parts of supply chain to Rod's point, there are certain segments that we need to protect more than others for the health wellbeing of all across the globe.

[00:17:13] And then there's others that maybe we don't need to have, uh, influence. It, you, the government piece is it's, that's a tough one that's a tough one to solve. But as Rod mentioned earlier, supply chains are all about solving complex problems. So supply chain managers and the organizations working together have been solving complex problems.

[00:17:33] As long as they've been around. We just are more aware of them now we ever have been before. And that we have felt the pain in ways that we never have before.

[00:17:43] Andy Murray: You look at supply chain development. I don't see that as a short term problem. It, because of the capital investment required to build supply chains, these things don't these fluctuations in, uh, challenges should be something a bit more forecastable if that's a word, we should be able to see the, into the future a bit better, because we don't have, you can't just, switch things off and on.

[00:18:09] I was listening to a podcast this week around the shortage in mining of rare earth materials that are required for electrification of our, of the industries, with all kinds of things, from turbines to, electric cars, EV the raw materials of that. Where's that mining being done? And how much of that mining's gonna be part of what's available in the us versus what's gonna be, available in China?

[00:18:35] And what is that, what kind of vulnerabilities that put us in and is it an existential issue? That's, it would take years and year, decades maybe to work out the supply chain implications of solving that. So we have our own, uh, supply at a national level. Uh, so I guess my question is it feels like this, uh, supply chain has been pushed to the top of everyone's agenda yet these are decades in the making.

[00:19:04] So where is that? Is this what the conversation's happening in academia around the longer term things or how much of it is trying to help solve the short term?

[00:19:14] Stephanie Thomas: There, there's obviously a mix of both and that we're constantly having to pivot back and forth, but you mentioned how many things could we actually are.

[00:19:23] Forecastable if you look at a lot of big box retailers and let's just take natural disasters like hurricanes. They have a ton of history on what happens when a big storm hits and they know down to the type of product, what people need pre-storm what people need during the storm, what people need post storm.

[00:19:44] They know when the insurance checks are gonna come in and then they know they can back up. This is the first part of the remodel that somebody's gonna do. This is the second part, right?

That. But that's, they've been working on that for a long time. So they stage stuff around the Southeastern part of the United States, there's generators and things sitting around waiting until they're needed there's history.

[00:20:06] So they have figured out how to adapt to that. We don't have the luxury of time of figuring that out, given what we've been through, but it, when you look at how much has moved through supply chains throughout COVID and especially the huge push to online shopping and at home delivery and stuff, supply chains have actually moved way more through them than what they ever had before, which is amazing given all the other constraint.

[00:20:34] We just focus on what it wasn't able to do for us. Yeah. For me as an individual consumer, when I went to the store and couldn't buy X, that's where I felt the pain. And so that's what I focused on. Not all of the other stuff, I'm still amazed at how many restaurants that all they had ever done were dine in, uh, seating it and have people come into the restaurant and they pivoted and did, take out, carry out online orders almost overnight.

[00:21:00] They rebuilt their business at the beginning of COVID. Because that was survival. And they do so companies are coming up with new and innovative ways. But when we look at it on a grand scale, yes, there are big issues, but there are a lot of people doing

some really great things and working together throughout the supply chain to try to

[00:21:18] have better conversations. And you mentioned earlier, like asking the right questions or sharing the right information. A lot of times we've wanted to hoard information so that we didn't want it to be used against us. And we found out a lot of times that we, when we open up these conversations, that gives us opportunities to create new ways to solve problems and new opportunities for value.

[00:21:41] Andy Murray: Yeah, that's a great perspective. Uh, one of the things I care a lot about is customer centric leadership, customer centricity, as an idea. And I think a lot of people probably, maybe underappreciate how much supply chain logistics has done. Even in the last couple of years of providing innovation, that is very customer centric.

[00:22:02] And you think about customer centricity, a lot of people think of call centers, just like Rod you said truck drivers to product supply, uh, call centers is what or customer experience but actually being customer centric that last mile delivery and all the pivoting, the QR codes for menus, QR, code's been around a long time, but being able to innovate.

[00:22:20] Uh, to me it feels like most innovation toward being customer centric is coming from supply chain, logistics, thinkers, and doers, more so than marketing or other components. And so when you talk about innovation, especially if I'm putting my retailer hat on. Um, you really do need partnerships through the supply community to pull that off.

[00:22:43] And so I'd love to hear your thoughts around innovation in this space, because capital's in is big capital investments a lot of times, and probably those restaurants, Stephanie, that were experimenting with takeout and pick up and were probably further along than those that haven't even got off the dime.

[00:23:03] So how do you guys see innovation in this space?

[00:23:07] Rodney Thomas: Let me go back to the customer centricity piece. That's why supply chains exist. We lose sight of that sometimes we think it's a cost center. We think it's a way to drive down prices. Supply chains have always existed to serve customer needs. And as long as we have that right orientation, we're gonna be customer centric to your point on innovation,

[00:23:27] um, nobody goes at it alone anymore. The unit of analysis the strategic competitors out there. Are no longer individual companies. Walmart doesn't compete against Amazon. It's Walmart

and 10,000 of their best friends and their supply chains competing against Amazon and all their suppliers and their supply chains.

[00:23:48] So it is supply chain against supply chain. That's really the dynamic. And that's where you're seeing a lot of the innovation occur. Yes, the retailers can drive some of that. Yes, they could push suppliers to be more innovative. Sometimes those suppliers are coming in with really innovative solutions to come help drive that.

[00:24:05] And it's a team effort and, we use the term chain cuz every link matters. It's a team. It nobody's gonna deliver on that innovation promise. Nobody's gonna deliver on being customer centric unless they have key partners throughout that supply chain, all pulling together in the same direction.

[00:24:22] Andy Murray: Are you guys seeing examples where collaboration between retailer suppliers? Um, in general, I'm just industrywide is taking bigger steps forward. Because I know sometimes these go through cycles and it's, let's build collaboratively together to solve problems. For example, R F I D, and when that first came through, I know the university of Arkansas played a key role in helping the industry sort that out. But where do you think collaboration is today and where do you see it going?

[00:24:51] Stephanie Thomas: I'd say it's not where it needs to be. I think there are pockets that are working together and are seeing the value and the benefit, but we're still as

[00:24:59] I mentioned previously the trusting each other with sharing information and sharing data and sharing our ideas without the fear that it's going to be used against us, it is still out there. Um, to me, and this is a little outside of the retail kind of side of things. If you look at something like what JB hunt has done with their 360, we're basically it's an open source platform that any truck driver can use to, to pick up loads.

[00:25:27] I'm sure JB hunt has built in there that there's some benefit to them, but that's also opening up opportunity for other people that isn't for their drivers. That's a collaboration and that's a change that's going on in that industry that if they didn't push that. Somebody else might have done the road, but they were the first ones to say, let's try this app idea and see if we can actually meet the needs of all of our customers more than just our "core JB hunt customers".

[00:25:57] And I think we're gonna see more ideas and concepts like that, uh, within organizations, but we've gotta get past the old school mindset of if I give you information, you're gonna exploit me.

[00:26:08] Andy Murray: Well, and I just, uh, heard an example this week of a particular retailer not Walmart not any of the big boxes, but a retailer that is really look at the supply chain cost of certain types of loads, getting to their DC, and then putting a cost analysis against that and charging back suppliers higher fees, if you will, for that. And to me, that fee, I understand it. And I it makes sense, but it doesn't sound like a, how could we drive mutual value creation and joint costs down together? That's a different idea, I think, than looking at your supply chain and saying, where can I move cost? Did it, do I have that right, or is that, am I just being naive?

[00:26:49] Rodney Thomas: No you have it exactly right. Of, are we reducing costs or just shifting costs? I think that's a fair question. And a lot of times cost savings are really just cost shifting and it always seems to go back further up the supply chain. Um, with that said, it's really hard for a retailer to get product on the shelves for customers if their suppliers aren't shipping 'em on time and complete. And you, I get both sides of that debate. If we're in a relationship, it shouldn't be punitive, but you're really penalizing me. If you're not shipping me on time and complete. So it's tough.

[00:27:26] I've seen those where they work, where there's a little bit of give and take on that. I've seen that where that's part of the broader overall negotiation. You come to me in a line review and you're

pitching new products, then let's bring up this, "can you ship them on time" type thing. I think you need to look at all those pieces holistically.

[00:27:44] And again, it all goes back to that shelf at the end of the day, that's where the suppliers and retailers have common interests. If it's not right for consumers, if it's not customer centric, why are you doing it? And you might have different approaches from there, but as long as that final shelf availability, it's there when the customer needs it.

[00:28:03] Right quantity, right shape, everything. That's what should drive what they're doing in these relationships.

[00:28:09] Stephanie Thomas: But Andy, what you're bringing up too about cost though, is a lot of times, um, we don't really always have the best grasp on all the costs involved somewhere in, in pricing structure. And there's a lot of, what ifs out there or things that we just don't know how to quantify. So that brings another kind of wrinkle into it. And then, if we're gonna be this team throughout the supply chain, if any one part of that team gets really greedy on the financial side of it. Then maybe we don't sell as much at the end because we've, out-priced the customers and stuff.

[00:28:43] And so there's that whole, and people don't want, like to talk about the money side of it, but it's everybody, if a bottle of water

costs me \$10, unless I'm really dehydrated at a hot August football game, I'm not gonna pay that. But if everybody has to keep in line too, with that whole costing structure, as it, it goes to Rod's point to be something that somebody is willing to pay when it gets to the retail shelf.

[00:29:07] Andy Murray: And that brings up a really interesting point because if we really priced out, per order the cost of last mile delivery versus that cost being absorbed into the company in some way, somehow, uh, whether it's through advertising spends or, whatever you kind of wonder would the consumer.

[00:29:28] What would their appetite be for that? I understand why no retailer would want to do that. But I do you ever think, or do you see a world where those, the scaling of last mile delivery service would have a. Huge or, uh, impact on margin reduction of that cost. Cuz those cost structures to me seem hard to see scale benefits.

[00:29:51] I, I don't know. So where do you see that last mile delivery cost engineering supply chain ever really going? ,

[00:29:59] Rodney Thomas: I'm gonna give you an opinion here. And it's a strong one. Okay. That last mile eCommerce model, in my opinion is not sustainable. You don't make money on it. The companies that do that right now are subsidizing it.

[00:30:14] Amazon, they made 33 billion last year 31 came from retail media networks. The other part came from Amazon web services target and Walmart took a hit last week. Earnings went down. Coincidentally, their online sales kept going up up. It's a race to the bottom. If you continue to push higher sales in that channel, that's much more expensive to serve.

[00:30:38] I have sustainability concerns about that from an environmental perspective too.

[00:30:43] Andy Murray: I know rod, you've done some work in that space and I guess my question is how much room do you think there is for further cost to have significant cost optimization of that model, to where it does make more sense? Or is this one that you think for the next five to 10 years, it's gonna be where it is.

[00:31:00] And if consumers understood those costs in environmental impact, Do you think they might make a different choice?

[00:31:08] Rodney Thomas: Yes. Maybe we have some research that shows that when we make them aware of that last mile shipment of, if you do it in a rush manner, if you wanna get it overnight, that has a much broader environmental impact.

[00:31:20] Then if you're willing to wait a week and we see that'll shift their behavior, because consumers are much more environmentally conscious collectively than what they have been in the past. I'm not an engineer. And I can tell you, I, I don't know all the ins and outs of exact measures for carbon footprints.

[00:31:35] I think everybody's trying to come up with a way to do that. Cause then you could put that into your cost equations, figuring out different channels to deliver these things. Um, that's where we're showing a lot of the attempts at innovation come into place, whether it's with drone delivery, whether autonomous driving trucks, a lot of those things.

[00:31:54] Short of a technological breakthrough, in my opinion, again, we're gonna struggle with the math the profitable delivery. It's not profitable to deliver every single day to your house, an Amazon box with deodorant and toothpaste. And you might as well take a \$10 bill to every one of those product.

[00:32:14] When you do it that way. And again, I know that's a strong opinion, but I, we're seeing it. We're seeing it in front of us, in the financial statements that's buried in there. Yeah. Cause nobody's breaking it out very well, but it's just, that's a tough ask.

[00:32:27] Andy Murray: Yeah. You'd almost have to work inside some of these companies to understand the actual details of how it really works, which brings to a point of you both have very strong and, uh, senior level, uh, experience.

[00:32:40] In industry in retail merchandising before really launching head on into this academic chapter of your lives, how has that impacted the way you view your job today from an academic remit? And what would you be missing if you didn't have those experiences and came straight, grad school into PhD, and now, a faculty level professors in this space how has that benefited or is it hindered or is it did it put you behind a few grades that you had to catch up in to spend those extra years in industry? Or has it helped?

[00:33:16] Stephanie Thomas: Oh, I think it adds to the overall, um, my success as an academic is having that industry experience, especially, and I'll go the classroom environment to be able to tell students, talk about forecasting. When I was at Lowe's as a merchandiser, this is how we did it, instead of here's an archaic formula that I'm gonna show you how to do something. And that really helps the light bulbs go on and helps them visualize. This is something that I would do instead of having to guest speakers are great. But instead of having to bring in guest speakers to fill out that round out that knowledge and stuff, I think it's very beneficial. In the classroom. I

think Rod and I both on maybe a research side had to go through a little bit of, I won't say unlearning, but a shift in perspective because academic research is supposed to be very theoretical. But I also know for Rod and I it's been important to make sure that we felt like the research that we do does have industry relevancy, because we didn't feel like we could look at some of our friends prior to academia in the eye.

[00:34:21] If we didn't try to do something that we realized, this is something that would be of value back when I was sitting in that role. Um, I don't, I think there's the only thing is time is, how much time it takes to get through masters in PhD programs and stuff. And so you sacrificed some time in this career.

[00:34:39] I don't know that I would've made this career change. Had I not had the industry experience? Yeah. Because actually the industry and the experience created the curiosity and interest to go down the academic path, and then also it enables me to help fuel the fire with students and that this is a career.

[00:34:58] This is somewhere that they can go in and be successful and speak to them in language that's going to help them down the road instead of teaching them terms and things and definitions that are gonna be archaic.

[00:35:09] Andy Murray: That's really interesting. And I guess from my perspective, uh, being more of an industry person, obviously, but, and now getting to work with the university more, really having a much higher appreciation for the freedom to take a longer view because the challenge we have on just trying to solve these within the product supply organization of company A or B is the short termism and, eventually focusing either on efficiency or some kind of change and not really being able to step back and look at the bigger picture, look at, where are we gonna get the raw materials for evolving industries and what kind of theory should drive our decision making and framework.

[00:35:48] So I think that's the benefit that academia brings to these challenges. That probably if you're in the grind of a retail job every day or a supplier's job, You don't really appreciate that. It's like, you just gotta survive this week and, um,

[00:36:03] Stephanie Thomas: You don't have the time cuz you're putting out the fires everywhere.

[00:36:07] Rodney Thomas: It's a lot of fire fighting, and I think good managers, they fight the fires day in, day out. They also figure out how to prevent them within their own organizations. What we're fortunate we can do is we get to study fire prevention across multiple

companies or multiple industries and find what's common across those or different.

[00:36:27] And you're right. Andy, you get the time to. To look at it closely. I remember when I first got promoted to manager, my first VP said he is like, you're trying to be perfect on everything. He's like be 80% there, pull the trigger and go onto the next thing. Whereas academics are

[00:36:42] Andy Murray: That doesn't work for you, if you submit something to a journal that's 80% right. And say, look, man, we're not trying to be perfect here. Would that fly?

[00:36:49] Rodney Thomas: No, it's just the opposite. We gotta be the 99% level of certainty, whereas an industry, how many industry problems, can you be that certain and take the time to be that certain?

[00:36:59] So it's an interesting trade off, but I love being on both sides of that fence.

[00:37:04] Andy Murray: Yeah. That's exciting. Uh, so as you guys look to the future, ask both of you this question, uh, and you look at supply chain logistics, the craft you guys have developed and where the world is today. We're fighting wars over.

[00:37:17] Supply chains in some ways, what brings you hope? What are you most excited about when you look out into the future and think about the problems to be solved and how we might approach it?

[00:37:28] Stephanie Thomas: So , the cliché probably answer is the students that I get to work with. Is watching the light bulb go off and them like, wow.

[00:37:39] One, I really love the problem solving piece of it. I wanna make a difference in a company. I wanna work with other people and engage in stuff. So the future, in terms of who's coming into the workforce, there's some amazing bright, young minds who are excited about tackling these challenges. And we need that because there's a lot of people that have been doing this for a long time.

[00:38:04] And especially after the last few years, they are tired and worn out. Yeah. And so we need some fresh perspectives and fresh ideas and stuff. And so I'm gonna keep it with that side of it and let Rod do something much more, uh, intellectual. I'm sure, but I love that. Um, and I connect with students beyond just the university of Arkansas.

[00:38:23] And we are really starting to attract top talent into the supply chain field.

[00:38:29] Andy Murray: Yeah, you're really passionate about also, uh, getting female leaders into this space, uh, and have done a great job at that. Uh, tell me more about how you approach that and what's your message to, uh, which feels like has been a male dominated, uh, sector, um, to get women more excited about the opportunity in this space.

[00:38:49] Stephanie Thomas: Well, ironically enough back when Rod was working on his PhD and I was took a few years off to stay home with my kids. He was the only male professor at the time in the department. And he would have female students that would want to ask him questions. And in some cases, There were questions they didn't feel comfortable asking.

[00:39:10] In some question cases, there were answers he didn't feel comfortable giving. And so he did the, Hey, why don't you call my wife and have coffee with her? And cause one, it gets me out of the house and I got to have some great conversations, but two it gave them an opportunity to talk to someone that they felt could relate to their questions and that kind of planted the seed.

[00:39:33] And then, I had some conversations where there were some students that said, and I've told this story to people, uh, so they probably get tired of it sometimes, but that female students would say

going to supply chain classes was like going to a fraternity party. You were either hit on or ignored. And I thought.

[00:39:49] Ooh, this is a problem. We wanna try to do something, um, about this. And one of the ways to do something about that is to get more women interested in it. I also had done some research that said by the time they graduated, female supply chain majors were less confident in their choice of major than their male counterparts.

[00:40:10] And as I was digging a little deeper. A lot of times that coincided with their upper division classes where they started looking around and going a lot of business schools are pretty 50, 50. So early on, you don't know there's a difference. It's not till you get later that you see, oh wait where did all the girls go?

[00:40:28] Kind of thing and then they'll go to a summer internship or two, and then they look around and go, wow, there are no women leaders or there's no other females on this team and stuff. And so there's kind of a lot of times a question of, am I making the right decision? Am I going into the right field? So part of my work here with the university has been through an organization called WISE which stands for women impacting supply chain excellence.

[00:40:54] And the whole premise behind it is to try to build up and create a network to encourage and empower young women that, yes,

this is a great way to have a career. And by the way, we have young men that are part of it too, who are gonna be amazing allies when they get out there and work with their female colleagues and become managers and stuff.

[00:41:13] Because we do have a labor shortage in supply chain. So we need more people coming into the field. Um, we can't just try to bring on the dudes. We need to bring as many people as we can in it. And I also believe that the more women you bring in those women are also gonna represent all other types of diversity as well.

[00:41:33] And so that while creating gender, trying to get to gender balance, you're also increasing all other types of diversity as well.

[00:41:41] Andy Murray: Yeah, I think that's amazing and very helpful. And if you look at, um, most retail organizations that are at the tail end of some of the supply chain challenges, having a diverse perspective on what is this decision about stocks means to the consumer? And really understanding the different elements of it than just, a single male perspective all down the chain, it's, uh, it's you, I think you come up with different answers, if you were to ask me what's the, um, importance of building supply chain around making sure we have toilet paper versus my wife.

[00:42:14] I'd say they're substitutes and she would see it differently. Uh, and so I think, but you have to have that diversity of perspective, especially as supply chains that move through retail and touch consumers, you must have diversity in all aspects or you're gonna, so you're really gonna run into some real.

[00:42:31] Blind spots, but so good on you for doing that. I think that's a fantastic program and, uh, you're highly recognized one of the top 100, uh, female leaders in supply chain logistics. I've read. Um, keep doing what you're doing. That's fantastic. Hey Rod what brings you hope?

[00:42:46] Rodney Thomas: Throughout history, our standard of living comes and goes with supply chains, right?

[00:42:54] You look at anywhere in the world right now. You show me a region of the world that's struggling, I'll show you a region of the world that doesn't have good supply chains in place. So we have a long history and tradition of supply chain solve problems and increase the standard of living. We'll figure things out.

[00:43:09] We got a lot of people in this discipline that will move mountains. To put out the fire every day. And at the same time, we have more and more people taking the long view of it to study these problems and prevent them from ever happening. Um, I love the idea

that it's multiple companies, multiple organizations, government, industry, key stakeholders throughout the world, coming together to solve these problems, to ultimately get us the products we need and want when and where we need them.

[00:43:39] So I have tremendous faith. I don't know the answers of how we're gonna do it, but, supply chain management at its core of leveraging those relationships and coming together to figure out trade offs and balance all that out. It's a proven recipe for success and we're getting well.

[00:43:56] Andy Murray: I love the fact that the, um, university of Arkansas is number one supply chain school in the country, but it also feels to me like that opportunity for longer term systemic change is a great place for universities to play a leadership role because, uh, and probably quite frankly, as you guys have pointed out a lot of supply chain people today in business have just been overwhelmed with the urgent last couple of years of solving impossible, short term problems and have done a great job at that.

[00:44:25] But that longer term view is one I think the university's starting to, to the university of Arkansas for sure is leading the way in that. Uh, hopefully we'll see more of that as we move into the future.

[00:44:36] Rodney Thomas: Can I throw this in too Andy? Yeah. If companies are gonna be customer centric. They have to have that long term supply chain view, right?

[00:44:44] If you , if you're not just saying it, if you truly care about your customers and getting them what they need when and where they need it, you have to have that long term supply chain view. Um, to me that they're not different entities. They go hand in hand supply chain management to me is the tool to deliver on customer centric promises that marketing comes up.

[00:45:04] Andy Murray: Yeah I, I had the benefit of spending four years in the UK where it's a very different culture in some ways. And, uh, the movement against plastics, uh, happened very quickly and we had a real shortage and from a supply chain standpoint of being able to get even fresh product, um, that's, wasn't packaged in plastic, uh, through the supply chains and being able to do that and the innovation, uh, didn't have the technology to solve the problems. And uh, I know at ASDA we put together some innovation funds with support suppliers, startup suppliers, to help solve the problem of how could we reduce plastic in packaging so that we could, move that product through the systems and not create

[00:45:47] more food waste on the back end, uh, because that's a supply, that's a problem as well. And so maybe perhaps on solving

these bigger problems, we'll see even more innovation cuz some of the problems we should be taking on, we don't know the answers to yet and it's gonna take innovation to really solve it.

[00:46:04] Rodney Thomas: You mentioned the electrification of everything. We do not have supply chain capabilities in place right now for every one of us to be driving around an electric vehicle. But as we push more for that supply chain people will figure it out. We will find more sources of supply. We will find better and more efficient ways to refine that.

[00:46:22] We'll make it happen. It won't be instantaneously. There might be some pain points from time to time and COVID has shown us that, but it's been amazing what supply chains have done over the last couple of years. And that's what brings me hope.

[00:46:36] Andy Murray: If a supplier's listening to this and they've got some supply chain challenges, what do you say to industries that might be looking around or companies for who can help and specifically like the Walton college of business. Here's your sales pitch chance, uh, for future students and industry to partner with the Walton college in supply chain logistics.

[00:46:55] Rodney Thomas: There's a shortage of talent in supply chains right now, if you want fresh new ideas and the most recently

trained, developed partnerships with key universities, and yes, we have one of the top ranked programs in the world.

[00:47:07] And we're very proud of it. And we think we offer a great program. There's a lot of other good schools out there too. True partners in academia that help you and that'll help you with the talent piece. If you have mid-level people, we have a great Ms program. Now we can do a lot of executive training and things like that.

[00:47:25] So there are additional opportunities to refine that skill set and develop those capabilities. And then the big problems we like to do research, we have to do research. If you have a big problem. Seems to permeate across suppliers, reach out to the university and see if they have researchers that are willing to dedicate time and effort to that.

[00:47:43] I don't know of any researchers. If you come to them with data on something they're interested in, that would turn you down or turn you away, especially if you wanted.

[00:47:51] Stephanie Thomas: No, they don't exist.

[00:47:51] Andy Murray: They don't exist. Exactly.

[00:47:54] Rodney Thomas: That forecast I could tell you is 100%.

[00:47:56] Andy Murray: That's a hundred percent accurate forecast. I love it.

[00:47:59] Well, thank you both. You guys have been wonderful and I can't wait to get this out and share it with folks and, uh, I really appreciate your time. It's been fantastic.

[00:48:17] It was a pleasure talking with professors Rodney and Stephanie Thomas today in a time when most discussions focus on the shortcomings of supply chains, it was refreshing to speak to experts who see hope for continued innovation and success. Thanks to both Rodney and Stephanie for sharing their time and passion for creating a brighter future and for their continued investment in the next generation of business leaders at the Walton college of business. That's it for this episode of it's a customer's.

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