

The background of the slide is a dark blue, semi-transparent image of a warehouse interior. It shows tall stacks of shipping containers in various shades of blue and grey. A forklift is visible in the center, lifting a container. At the bottom of the image, there are several small, colorful circles in blue, red, green, and black.

LEAN VS AGILE **SUPPLY CHAIN**: WHAT'S THE
DIFFERENCE?

A CHANGE IN FOCUS

A little over a year ago, if supply chain professionals were asked whether a supply chain should be lean or agile, while there won't have been a consensus answer, and certainly a good number would've pointed to a hybrid approach being the best of both worlds, many would've placed greater value on supply chains being lean.

That is no longer the case. After a year of dealing with a pandemic, supply chains are placing focus on resilience more than ever before. And, central to that resilience, has become agility. With these two forces playing such a large role in supply chains, a natural question arises: what exactly is a lean or agile supply chain?

With all that in mind, here are the main features of lean and agile supply chains, their key differences, as well as the strengths they each confer.



LEAN SUPPLY CHAIN

Put simply, a lean supply chain is a supply chain that focuses on cost reduction and minimizing waste. There are several reasons for this. Generally, supply chains that are lean are reliant on having products that are predictably in demand and will face minimal market change. As such, they can focus on efficiency, cutting costs, boosting production, and streamlining operations.



LEAN SUPPLY CHAIN

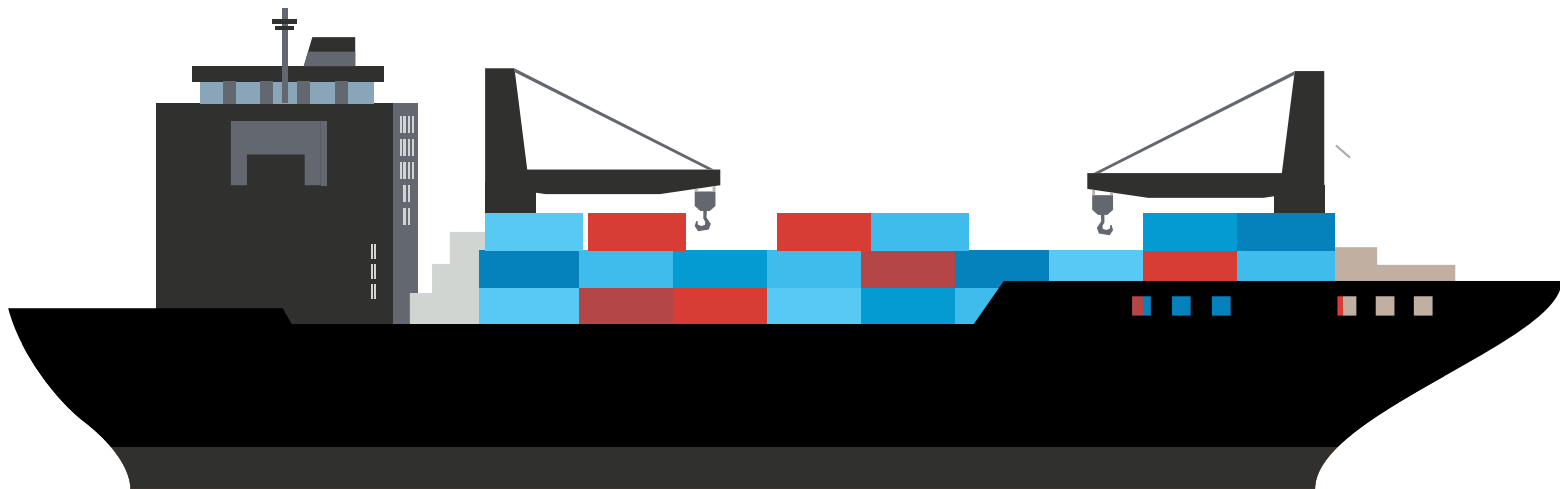


NOTABLE BENEFITS

- A supply chain that is as efficient as possible
- Results in the highest possible profits
- Optimal for creating high-volume production

MAIN ATTRIBUTES

A lean supply chain has numerous traits that define it. One of these is strong manufacturing due to the high volume of production demanded of it. Another is the reduction of inventory that, by extension, means the need for less warehouse space. This is because lean supply chains have products with predictable and reliable demand. As a result, inventory doesn't need to be stored excessively and instead, products can be stocked exactly as needed.



MAIN ATTRIBUTES

A Global Trade Mag article expands on this:

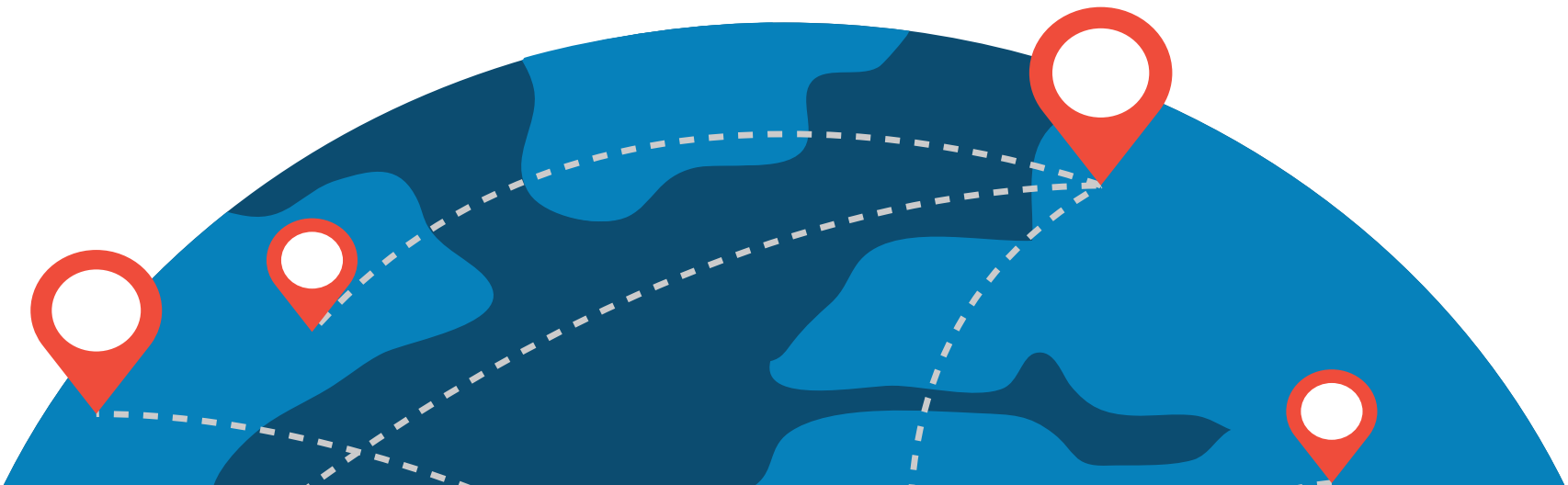


THE OTHER **ADVANTAGE** OF THE LEAN SUPPLY CHAIN IS THE **MINIMIZING OF STOCKING SPACE**. AS A LEAN SUPPLY CHAIN WORKS ON THE **REDUCTION OF UNNECESSARY PRODUCTS**, IT HELPS COMPANIES TO **DECREASE THE EXPENSES ON WAREHOUSING**. THE WORLD POPULAR COMPANY H&M USES THIS STRATEGY. THEY WORK ONLY ON THE NEEDS OF POTENTIAL CLIENTS, BUT WITHOUT THE STORAGE OF CLOTHES.



AGILE SUPPLY CHAIN

An agile supply chain is one that emphasizes its ability to be flexible and responsive. This approach to supply chains is in order to make them more resilient to market changes. What this looks like is a supply chain that is able to adapt quickly by pivoting its operations as necessary to fluctuations in demand. This also means that agile supply chains usually have short lead times as they wait on the market before completing production.



AGILE SUPPLY CHAIN

NOTABLE BENEFITS

- Makes the supply chain able to respond to an unpredictable market
- A core component of supply chain resiliency
- Has considerably shorter lead times (typically)



MAIN ATTRIBUTES

Agile supply chains have a number of notable attributes. Key among them is collecting and having access to robust and up to date internal and external data, as they need to be able to respond at speed to any issues in their operations as well as changes in demand. Related to this is their use of precise forecasting and the latest supply chain softwares. One final aspect of agile supply chains worth mentioning is their dependence on strong partnerships.

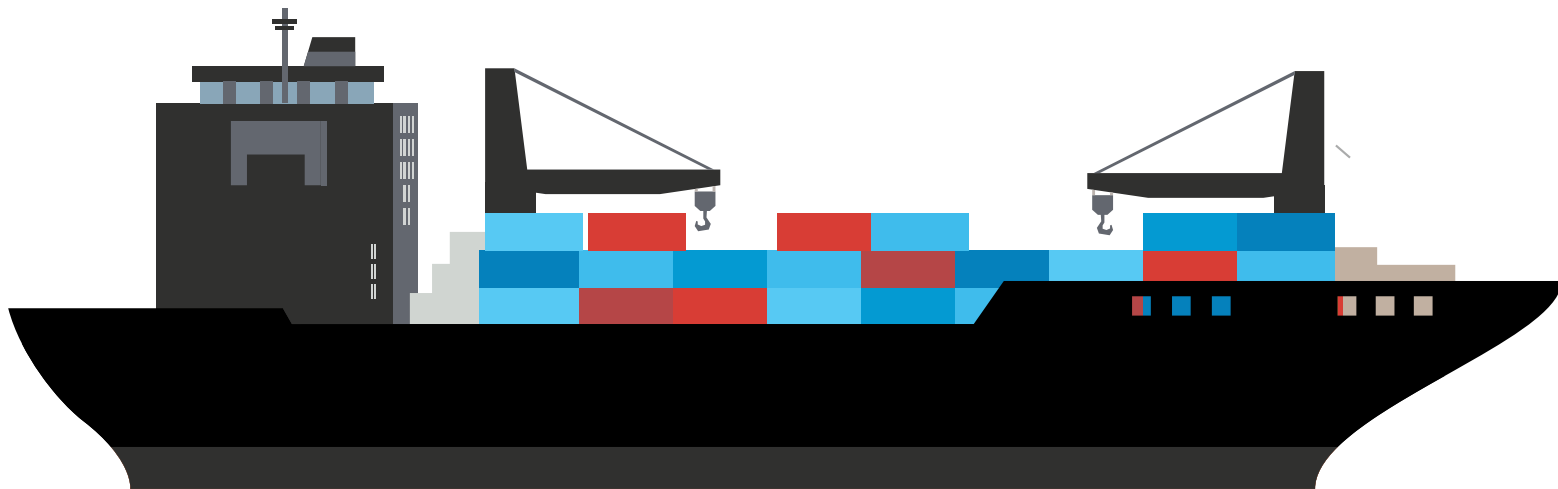


MAIN ATTRIBUTES

A post from Redwood Logistics highlights this point:



STRONG PARTNERSHIPS AND INTERACTIONS BETWEEN VENDORS ARE CRUCIAL TO MAKING AN AGILE SUPPLY CHAIN WORK. IF THERE ISN'T A COLLABORATION OF SUPPLIERS WITH ONE ANOTHER AND WITH THE MARKET, GOODS WILL NOT BE CREATED AS QUICKLY AND EFFICIENTLY AS AN AGILE CHAIN CALLS FOR.



SOURCES

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<http://www.nextprocess.com/procurement-solutions/lean-vs-agile-understanding-supply-chain-management-strategies/>

