It is no secret that 2021 has brought significant supply challenges to the chemical industry. From record freezing temperatures in Texas and Louisiana, to Hurricane Ida, to unprecedented shipping delays, our industry faced incredible obstacles. What has made it even more difficult has been a lack of good information, and sometimes a prevalence of disinformation, making it difficult for providers and customers alike to plan intelligently and avoid the ever-present hot fires that we’ve all experienced over the past 12 months.

Throughout this difficult period, Adhesives Technology has strived to be transparent - a source of credible, well-researched information, however unpleasant that information may have been at times. Moving into 2022, we’re expecting to see a slow recovery. Raw materials are becoming more available, albeit at a very slow pace. Expert analysis of global supply chain data suggests that 2022 will be better, but that many of the obstacles we face today will continue to plague us into the new year.

That said, all is not lost. Challenges bring opportunity, and every time our businesses encountered a new barrier, we found a new path around it. From procurement to R&D, to production and even accounting, our people found ways to keep raw materials moving in and finished goods moving out of our production facilities and to keep contractors working. In that spirit, we would like to provide some recommendations that may alleviate some of the stress caused by factors beyond your control:

I. Quarterly Forecasting – The more we know about your forecast, the better we can plan for it. This has always been true, but in today’s climate, it is more critical than ever. If you can tell us what you are going to need, we’ll do our best to provide it in a timely manner.

II. Increasing Inventory – We understand that loading up on excess inventory isn’t typically at the top of your to-do list, but it is our recommendation that you plan for shipping delays and inaccuracies in demand forecasting by making nominal increases to your current inventory planning. One raw material shipment delayed at the port can create a 30 plus day delay in production for a particular product. Rather than let your shelves run empty and lose an order to a competitor, plan for an extra 4-6 weeks of inventory at a minimum.

III. Increase Lead Times – It’s always been a top priority for Adhesives Technology to get orders out the door as quickly as possible. That has not changed, and as raw materials become more readily available, we will again strive for the fastest turnaround times in the industry. However, for now, we’d recommend planning for 45–60 day lead times. If we can do better we will, but the extra buffer combined with a little extra inventory on the shelf and better planning will ensure a much smoother 2022.

To summarize, forecasting is a proactive approach to managing supply chain while managing lead times is reactive. When things are predictable, these two can be utilized with little to no inventory to cover the gap via a just-in-time. However, when the supply chain is not predictable, inventory is the bridge that covers the gap to mitigate disruption at the customer level.

I know everyone is getting tired of words like, “unprecedented,” and “crisis,” and, “We’re all in this together,” but well, we are all in this together. It is our pledge to you that we will continue to share information freely and keep you apprised of information as it becomes available to us (good or bad) and when this is all over, we hope you’ll look back and recognize that while not perfect, it was the most effective approach.

We sincerely thank you for your continued partnership and look forward to the day we look back on all this and laugh. Until then, we’ll keep working tirelessly to bring you world class products as quickly as we can manufacture them.

Sincerely,

T. J. Bland
President - Infrastructure
Adhesives Technology Corp
A Meridian Adhesives Company