

# Inventory Woes: Too Little, Now Too Much

**A YEAR AGO, THE BIGGEST** inventory glut in the world was anchored just off the coast of Los Angeles. More than seventy massive cargo ships floated there futilely, unable—because of COVID restrictions—to offload cargo such as furniture, clothing, and microchips, as well as thousands of other types of raw materials and finished

That's because the average employee spends seven hours a week—three of them at work—dealing with their personal finances, according to Annamaria Lusardi, a professor of economics and accountancy and academic director of the Global Financial Literacy Excellence Center at George Washington University. Those with low financial literacy, she says, spend twice as much time at work on money problems. "The workplace is an ideal place to do financial education," she says. "There is a role for the employer."

But there's a big difference between offering advice on healthy meals and on the stock market. As a rule, most companies rely on 401(k)-administering firms to also provide financial advice. That advice, experts say, tends to be far more generic, whereas workers want, and are told they need, more personalized care. "It's really important to have a 360-degree view of your finances," Lusardi says. That includes planning around issues like debt and cash flow, along with calculating how market shifts or inflation might affect savings rates or broader financial goals.

What's more, the retirement-plan providers will rely on time-honored advice that can frustrate workers, telling them to wait out the losses they are seeing today and to not time the market. Though many financial experts agree with that strategy, it's hardly an easy approach for most executives, who are used to taking action. Watching from the sidelines, human resources officials say that too much personalized advice can backfire, with workers blaming their own company for 401(k) losses.

There is another way corporations can help workers with money woes: raising salaries. In the era of great labor shortages and the Great Resignation, many have been forced to give hefty increases to talented workers. But with inflation so high, "it doesn't mean the quality of life of your average employee has gone up," says Chad Astmann, senior client partner and co-head of global investment management at Korn Ferry. He sees the advantages of companies providing more financial planning, but also knows that no financial advice is foolproof, especially with the kind of volatility investors are seeing today.

"We're in a purgatory more than anything else," Astmann says. "It's not comfortable to see those losses, but it's part of the rhythm of being in the stock market." ▀



goods. The organizations that ordered all that stuff sat by helplessly, their warehouses and factories empty, their leaders lamenting that a shortage of nearly everything made it impossible for them to sell what their customers were demanding.

The glut, it seems, has finally made landfall. All that stuff has ended up in warehouses—ten of thousands of them, at ten of thousands of companies. Forced to offer discounts or unload their products onto the wholesale

market, one company after another is watching profits sink. This is just the latest example of how tricky, in today's post-pandemic world, supply-chain leadership can be. After all, just a year ago, many firms were focused—and spending billions of dollars—on overhauling their processes and practices. Companies didn't want to be caught short again, the way they'd been at the beginning of the pandemic.

For their part, retailers have been caught off guard by a tumbling economy. "They went from having massive consumer demand to no consumer demand," says Cheryl D'Cruz-Young, a senior client partner

in Korn Ferry's Supply Chain practice. To move their inventory, stores have been slashing prices. They've even been telling consumers to keep unwanted items instead of returning them to warehouses. But experts warn that other industries will likely be seeing gluts, too. Microchips, which were in a deep shortage just six months ago, are now available in abundance for most uses. Overall, new manufacturing orders slowed dramatically over the summer, and that could mean copper, steel, and other raw materials will be piling up at factories in the fall.

For supply-chain officers, the glut is just the latest addition to their own inventory of challenges.

THE TAKEAWAY

Supply-chain issues are not going away—ever.

"Chief supply-chain officers are currently facing a triple challenge consisting of energy costs, energy security, and decarbonization," says Sarah Watt, VP analyst with the supply-chain practice of the consultancy Gartner. Current and future gluts will only compound the issue.

Gluts and shortages didn't just happen because of COVID-19, and they'll keep popping up from time to time. But the worst potential outcome of the current glut, experts say, would be for leaders to second-guess the changes they made during the pandemic—or to put off needed upgrades now. "There is no return to 2019," says Richard Wilding, professor

of supply-chain strategy at Cranfield School of Management. Experts say that building in more resiliency in systems isn't a bad thing, even if it occasionally leads to holding more inventory than you are used to. More organizations will likely look at automating systems that were previously reliant on humans.

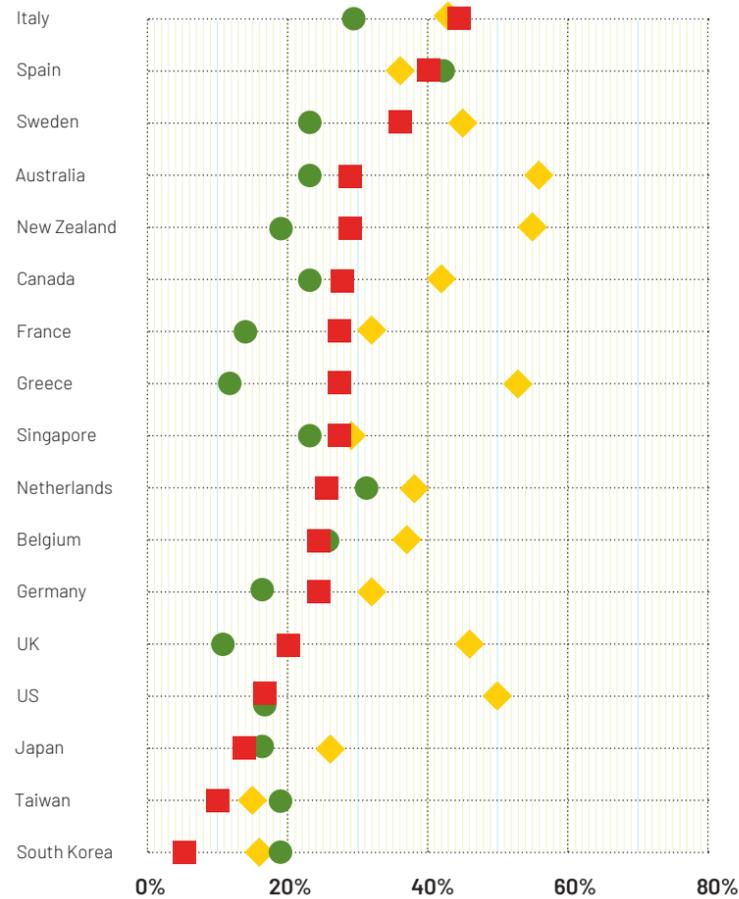
The shortage—and now the glut—has also demonstrated that transparency and real-time information across networks are essential in order for firms to address problems quickly. Robots won't solve those problems. "Supply-chain teams need to be agile," Wilding says, able to find solutions when they are under pressure. ▮

DATA

# Finding Purpose in Your Life

Is it family, money, or career that gives people meaning in life? Apparently the answer varies considerably depending on where they live.

- Career
- Money
- ◆ Family



Source: Pew Research



Lane Datry / Blue Jean Images/Getty Images

CEOS BY MEGHAN WALSH

# Are Two Heads Better Than One?

IT'S A TEMPTING IDEA, especially in these tough economic times, when so many CEOs are watching their firm's stock price plunge and earnings forecast miss the mark. Why not hire two people for the corner office instead of one, and get double the talent?

A new study, chronicled in the *Harvard Business Review*, makes a case in favor of the two-heads-are-better-than-one solution, which several high-profile firms have tried in recent years. But support for the idea still lags, and many experts are quick to remind the world how many of these arrangements have imploded. Their view: it's not about who runs the show, but the C-suite behind it.

From 1996 to 2020, fewer than 100 companies listed on the S&P 1200 and the Russell 1000 dared to attempt a comanagement approach. The new