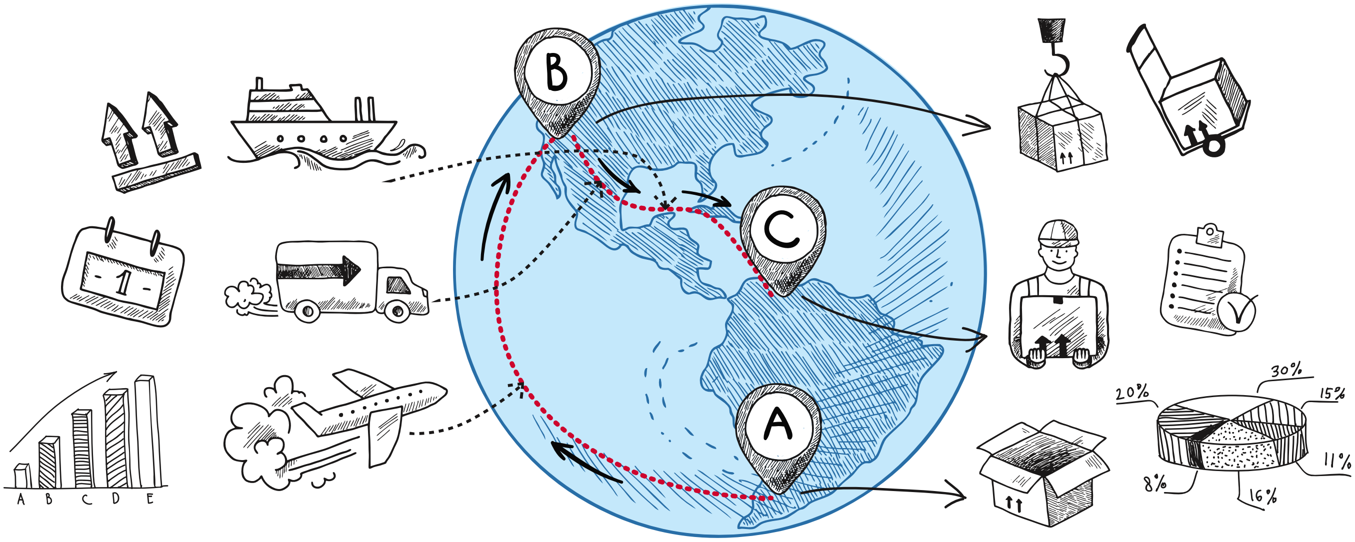
2024 SUPPLY CHAIN PREDICTIONS



Pencil in these tips, insider insights, and fearless forecasts from supply chain leaders.

Major Supply Chain Trends to Watch

1. Nearshoring
2. Supply chain digitization accelerates
3. Cost control dominates
4. Geopolitical risk management
5. AI wave

1 Nearshoring

A growing number of manufacturers are evaluating nearshoring opportunities for their supply chain. Many are looking to mitigate risks from macroeconomic factors that have historically driven instability in shipping conditions. Manufacturers in Southeast Asia and China are especially taking advantage of international trade incentives in Mexico. Similar activity is happening across Europe, as companies eye countries like Poland, Hungary, and Romania as manufacturing alternatives.

As this trend grows, the global supply chain is evolving with it. While many choose new locations based on proximity to end buyers, allowing them to leverage more affordable shipping modes, they still rely on ocean and air during the transition.

Many companies are learning the process of moving an entire supply chain can take 3-5 years. We see air is especially being used throughout the nearshoring process as companies work to keep production moving while developing local suppliers in their new region.

–Mike Short, President of Global Forwarding, C.H. Robinson

Mexico becomes the new China. Mexico has reached an inflection point on high value-added manufacturing capabilities for industries such as aerospace, medical device, automotive, consumer products, and textiles.

–Dario Ambrosini, CMO, Propel Software

Nearshoring is not only a trend but also a long-term strategy that represents a strategic recalibration. In 2023, there was a clear uptick in demand for comprehensive cross-border solutions, most notably within customs brokerage, transloading, and warehousing. In Q3, our cross-border activity was up almost 40% year over year, led by shipments from automakers and other goods manufacturers.

We anticipate these demands will only increase and become more apparent in 2024 for the entire industry and U.S. economy.

–Demetri Venetis, President, Freight Forwarding, RXO

2 Supply chain digitization accelerates

Supply chain digitization will continue to advance rapidly, particularly with the emergence of generative artificial intelligence (GenAI). GenAI will drive the next era of productivity with an estimated $1-trillion global impact on the manufacturing and supply chain sectors.

Investments in digital logistics technologies are set to increase in 2024. As the digital logistics technology race gathers pace, foundational technology is becoming the absolute minimum needed to remain competitive. While 87% of shippers reported maintaining or growing their technology investments since 2020, 93% plan to maintain or increase their spending over the next three years.

Anticipate growing adoption of digital technologies to improve efficiency, visibility, and traceability. Companies have made progress toward breaking the barrier of visibility across the layered tiers of supply chains. In fact, 79% of supply chain leaders we surveyed in 2023 implemented or started implementing dashboards for enterprise-to-enterprise visibility.

In 2024, we will see an even stronger emphasis on demand and supply planning across the value chain, with 71% of leaders reporting they expect to prioritize data-driven approaches.

–Jason D. Li, Associate Partner, McKinsey & Company

3 Cost control dominates

An intensified focus on cost control is the trend that I predict will dominate the domains of supply chain and logistics. The recent economic slowdown and diminished shipping volumes have spurred increased financial prudence for logistics teams.

From warehouses to shipping lanes, and right down to the last mile, every operational facet of supply chains will be looked at for potential cost control.

2024 promises to deliver an interesting blend of caution and innovation. While economic challenges will naturally require tight financial controls, technological advancements will equip us to navigate these challenges and pave the way for a bright future with exciting new capabilities in supply chain efficiency.

–Gary Nemmers, CEO, Magaya

4 Geopolitical risk management

Geopolitics remains a pivotal force in shaping supply chains. As existing tensions intensify and fresh geopolitical challenges surface, organizations face the imperative of recalibrating their strategies. Considerations of onshoring or nearshoring production, optimizing logistics management, and implementing multifaceted measures take precedence to strengthen supply chain networks against geopolitical uncertainties.

–Bindiya Vakil, CEO, Resilinc

We will evaluate a protectionist industrial policy. It is one thing when businesses make a risk management decision to nearshore, friendshore, etc. It is quite another when large countries around the world incentivize this through market-distorting tax breaks, subsidies, and production mandates.

The effects of the Inflation Reduction Act and the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act will soon become clear in the United States. The geopolitical risk of multi-country supply chains is being traded-off for the geopolitical risk of trade protectionism and trade diversion.

A good trade-off? Well, note that it is easier for countries to go to war economically when trade flows stop or slow to a trickle. Free trade, when truly free, is a positive-sum game. Protectionism is, at best, a zero-sum game. But it can also be a negative-sum game when businesses spend time and money currying favors and exemptions from policymakers rather than looking for efficiencies and the best supply chain partners at home and abroad.

–Dr. Darren Prokop, Professor Emeritus of Logistics, College of Business & Public Policy, University of Alaska Anchorage

5 AI wave

The artificial intelligence inflection point for manufacturers arrives in 2024. Those with modern tech stacks will find it easier to leverage AI to drive true impacts to both top and bottom lines.

–Dario Ambrosini, CMO, Propel Software

AI continues to be the trend to watch. Despite consumer fears and political debate around regulation, advanced technologies are already crucial for backend operations.

Recent research notes AI and automation have already been particularly reliable in helping brands optimize logistics, supply chain, and inventory management. With big tech companies investing in emerging innovations and putting the accessibility of AI on the map, we'll see accuracy improve with each iteration.

For the supply chain, AI will focus on crunching numbers and identifying patterns faster and at a much higher volume than we've seen before.

–Andy Carrane, Vice President of Product Management, Digital River

2024 will be about AI implementation. With just 9% of manufacturers intentionally designing their supply chain flows, optimizing network flows is an incredible opportunity to differentiate from the competition. As a result, companies can better utilize their resources, optimize margins, and drive long-term profit growth.

Specifically, AI will help companies synthesize disparate data sets and make sense of increasingly complicated supply chains, helping them manage a growing number of SKUs while having to offer faster fulfillment to achieve customer satisfaction.

–Allan Dow, President, Logility

Buzzwords for 2024

Shipper of choice

As the balance of truckload supply vs. demand tilts back towards net scarcity, relative capacity will tighten, causing spot rates to steadily rise. For procurement and operations teams that have continuously invested in carrier-friendly policies in prior years, this is the juncture where they'll begin reaping the benefits—in the form of higher acceptance rates for primary contract tenders, improved overall service levels, and less time spent on spot market sourcing.

For those that did not make such investments, the pressure will mount to quickly adapt. They'll find themselves in the challenging position of convincing their carrier partners they've strived to be a **shipper of choice** all along.

–Chris Pickett, COO, Flock Freight

OTIFIQ

While on-time, in-full once encapsulated industry goals, it now stands incomplete without the emphasis on product quality. **On-time, in-full, in-quality (OTIFIQ)** adds this vital element.

Customers today are acutely attuned to the products they select and the value associated with their spending because of persistent inflationary pressures. While paying a premium for regular items, consumers are increasingly placing a higher emphasis on quality.

In this context, the meticulous handling of products, particularly those sensitive to temperature and humidity variations, has emerged as a critical factor.

–Sanjay Sharma, CEO, Roambee

AIoT

Artificial Intelligence of Things (AIoT) is the convergence of artificial intelligence and the Internet of Things (IoT), allowing machines to seamlessly communicate, analyze data, and make intelligent decisions—optimizing every step of the supply chain. AIoT is revolutionizing logistics by adding AI capabilities to interconnected devices.

This fusion empowers logistics systems to gather real-time data, identify patterns,

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Paradigm Shifts

1. Omnichannel overdrive
2. Emphasis on data sharing
3. Focus on demand responsiveness
4. Strategic supply chain design
5. Back to JIT

1 Omnichannel overdrive

The focus is no longer solely on brick-and-mortar or ecommerce operations. Instead, retailers are looking at omnichannel approaches that inherently make their businesses more flexible and agile. 2024 is the year for omnichannel. More brands will invest in retail automation, but the emphasis will be on performance and flexibility across their brick-and-mortar and online operations.

–Jake Heldenberg, Head of Solution Design, Vanderlande

The surge of social commerce is reshaping traditional market dynamics, demanding a direct-to-consumer approach. To meet the demands of younger generations, connecting social media influencers to the supply chain is an important way to scale social selling. Additionally, the resurrection of brick-and-mortar stores underscores the need for adaptable supply chains to support diversified sales strategies.

Omnichannel visibility is a necessity for smarter business practices. Failing to adopt omnichannel distribution risks disappointing customers; technology-driven supply chain management is imperative for retailers.

–Padhu Raman, Co-founder and CEO, Osa Commerce

2 Emphasis on data sharing

Enterprise-to-enterprise collaboration is needed to meet ESG goals. With mounting concerns over environmental, social, and governance (ESG) matters, manufacturers stand at a pivotal juncture.

Enterprise-to-enterprise collaboration can streamline data acquisition and foster a unified approach to addressing environmental concerns. This collaborative methodology becomes even more impactful when linked to Scope 1, 2, and 3 emissions, delineating the carbon contributions of each link within supply chains. Picture a scenario in which each supply chain participant openly divulges their Scope 1 and 2 emissions, potentially negating the exhaustive monitoring of Scope 3 emissions, which upcoming regulations require.

–Valentina Anzola, Sustainability Solutions Program Lead, o9 Solutions

3 Focus on demand responsiveness

As we continue to emerge from the pandemic, consumer behaviors will keep evolving in ways that impact the supply chain. For example, Walmart announced they are seeing food sales dip due to more consumers using medications like Ozempic. Prescriptions of appetite-suppressants tripled between 2020 to 2022.

However, investors will still expect to see top performance from retailers. I expect to see continued innovation in the supply chain as retailers identify ways to introduce healthier options and maintain smaller stocking levels.

Even if a company is known for a food product that constitutes most of their sales, you may also have consumers looking for healthier alternatives and smaller portions, and these must get to shelves as quickly. This may involve shipping smaller quantities of products not to a distribution center, but directly to a store.

–Jeff Pepperworth, President and CEO, iGPS Logistics

As raw material costs and inflation soar, supply chain leaders will need to grow market responsiveness and competitive advantage with powerful workflows and best practices, strengthening every link in the retail supply chain.

–Christophe Vanackère, CEO, Trace One

4 Strategic supply chain design

With the dust settling from the challenges of recent years, companies are now ready to delve into strategic assessments to focus on long-term resilience and efficiency. 2024 is the year of strategic supply chain design.

The age of unlimited cheap suppliers has come to an end: Companies are recognizing the need to diversify and reevaluate their sourcing strategies. This shift prompts a critical examination of supply chain design technologies.

–Donald Hicks, Founder, Optilogic

The era of smart, data-driven supply chains is here, reshaping the industry landscape. Digitization forms the bedrock of a digital supply chain, enabling technologies like IoT, AI, blockchain, smart contracts, and cloud-based solutions.

The focus is on creating more connected, intelligent, scalable, customizable, and nimble digital supply networks, allowing organizations to adapt to dynamic market demands and reinforce supply chain resilience.

–Douglas Kent, Executive Vice President, Corporate and Strategic Alliances, ASCM

5 Back to just-in-time

We're going back to just-in-the-nick-of-time. The narrative around a sustained paradigm shift in global supply chain strategy from just-in-time to just-in-case supply chains will prove to have been short-lived.

Despite encouraging signs of progress in nearshoring, evidenced by Mexico surpassing China as the United States' primary trading partner in 2023, the recalibration of global supply chains is a time-consuming and notably expensive process.

Unless your competitors are making the same long-term investments in building resiliency, they can be difficult to justify even in the best of times, let alone the challenging competitive environment that has characterized most markets over the past two years.

Therefore, don't expect the global supply chain to be any more resilient to major shocks in 2024 than it was in the pre-COVID years. Hopefully we'll just have fewer disruptions to contend with.

–Chris Pickett, COO, Flock Freight

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and make informed decisions—leading to a more efficient, responsive, and adaptive supply chain. AIoT represents a paradigm shift, transforming planning, operations, and adaptability.

–Ranjay Kumar, VP, Data and AI Engineering, Powerfleet

Charge anxiety

"Range anxiety" has transitioned to **charge anxiety** for many potential electric vehicle (EV) owners. The range for many EVs now exceeds 300 miles—more than adequate for most American drivers for more than one week—and several models can top 500 miles.

But alas, at some point vehicles must be recharged. One study estimates the need for charging stations in the United States by 2030 to be more than 1.2 million units. And the existing network is notorious for a large percentage being out of order. The availability and uptime of public charging must be addressed in order to impact public perception and the pace of EV adoption.

–Jeff Smiley, Automotive and Industrial Products Industry Lead, North Highland

GRI

Most parcel shippers are familiar with the term **GRI**. While it stands for the innocuous-sounding, annual "general rate increase," in reality, it's an annual call for shippers to cough up more cash as carriers give themselves a GRI of their own—a "generous revenue increase." All joking aside, prudent shippers should take a keen eye to parcel GRIs.

The published, top-line annual figure can be misleading, as the true impact to shippers is often higher depending on their exact profile. And while the GRI figure published each year is 4.9%, 5.9%, or 6.9%, the compounding effect over 5 years means that from 2019 - 2024, list rates are up 31.9%. With UPS facing significantly higher labor costs following high-visibility negotiations with the Teamsters in 2023, shippers must stay vigilant and critically evaluate what lurks beneath the surface of parcel GRIs.

–Micheal McDonagh, President of Parcel, AFS Logistics

Potential Pitfalls

Cybersecurity threats

Cyber attacks pose an escalating threat to the integrity of supply chains worldwide. From internal system breaches disrupting production to data compromises and targeted attacks on suppliers, the aftermath of a single cyber attack can ripple throughout the supply network.

–Bindiya Vakil, CEO, Resilinc

With 86% of the cybersecurity threats facing the manufacturing sector targeted rather than opportunistic, and nearly half of reported breaches around intellectual property theft, organizations must commit to protecting their manufacturing floor. This is critical when you consider U.S. manufacturers perform more than three-quarters of private-sector R&D, driving more innovation than any other sector.

–Berardino Baratta, CEO, MxD

Geopolitical instability

Rising geopolitical instability threatens supply chains more than ever, and Taiwan will be the primary conflict hot spot in 2024. Disruption in the Taiwan Strait would impact an estimated half of all the world's container ships that pass through it.

Trade wars between the United States and China are another concern. 2024 will highlight a gap between increasing trade war restrictions and shifting technology investments. Since it will take up to three years for new semiconductor plants to come online, many companies will face sourcing problems for high-tech components previously available from Chinese suppliers.

–Julie Gerdeman, CEO, Everstream

Rerouting challenges

A significant supply chain disruption looms as major ocean carriers avoid the Suez Canal for shipments from Southeast Asia to the U.S. East Coast. Short-term effects include transit delays and increased rates, causing inflationary pressure.

Long-term, shippers will shift freight back

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Innovations Set to Transform Supply Chains

1. Artificial intelligence
2. Interoperable supply chain systems
3. Multi-tier supplier collaboration
4. Robotics
5. Cloud-based solutions

1 Artificial intelligence

AI—in tandem with the Internet of Things and data analytics—is positioned to usher in a new era for supply chain management (SCM). A Deloitte manufacturing survey revealed 60% of manufacturers intended to prioritize data analytics to boost operational efficiency in 2024.

This transformation is centered on the integration of intelligent, autonomous systems capable of making real-time, data-driven decisions, leading to streamlined processes and reduced inefficiencies.

These technologies play a vital role in improving decision-making in procurement, cutting production costs, and simplifying overall supply chain operations. What sets this innovation apart is its effectiveness in leveraging data and automating tasks to enhance operational efficiency.

The future of SCM brings the promise of AI-driven automation and inventive technologies geared toward boosting efficiency, minimizing waste, and addressing the escalating demand for transparency and sustainability among consumers.

–Yushiro Kato, Co-Founder & CEO, CADDi

2 Interoperable supply chain systems

Interoperable supply chain systems are essential. The supply chain offers a rich source of information and insight. We'll see organizations leverage this data in new and novel ways, cross-departmentally across the business.

To tap into this valuable data, organizations will need open, independent platforms that can tie together different systems and software for efficient data exchange and actionable insights.

As projected by market research company Forrester, businesses will put their resources into modern, flexible commerce tech solutions, tailored to their needs. Brands and retailers seek platforms that centralize visibility into inventory, orders, and fulfillment activities, across multiple channels and locations.

By embracing the power of supply chain data and adopting open platforms, businesses can make more informed decisions, streamline operations, and drive value throughout their organization.

–Ben Eachus, Co-founder and CEO, Flowspace

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to transpacific routes to avoid the Red Sea. We advise leveraging transpacific routes to the U.S. West Coast and use IPI to the East Coast for immediate needs, while routing less urgent cargo via transpacific routes to the U.S. East and Gulf Coast through the Panama Canal.

As shippers make this shift to avoid Suez Canal issues and potential ILU labor disruptions, there are risks if all shippers adopt this strategy simultaneously. Operations at terminals and rail ramps may strain, reminiscent of the post-pandemic congestion. Expect container trucking rates, especially on the West Coast, to rise in 2024 due to increased demand, regulatory hurdles, and capacity exiting the market.

–Paul Brashier, Vice President of Drayage and Intermodal, ITS Logistics

Weather events

Weather events are the top logistics disruptor for supply chains. Today, a billion-dollar event occurs every three weeks. Hurricanes, winter storms, wildfires, and flooding are likely to cause havoc in supply chains.

–Julie Gerdeman, CEO, Everstream

The persistent challenge of climate change remains a formidable disruptor. Drought stands as one of the most severe threats we confront on a global scale as its profound repercussions ripple across diverse sectors, encompassing energy, manufacturing, food production, transportation, and beyond.

–Bindiya Vakil, CEO, Resilinc

Environmental regulations

Consumer focus on ESG practices continues to grow, and the U.S. Security and Exchange Commission is poised to broaden ESG reporting requirements in 2024.

Now is the time to invest in retooling logistics and procurement practices, focusing on supply chain digitization. Investing in data-rich platforms enables dynamic responses to changes in supplier relationships, regulations, and reporting requirements.

–Christophe Vanackère, CEO, Trace One

3 Multi-tier supplier collaboration

Creating stronger multi-tier supplier collaboration and supplier relationship management will transform supply chain management processes in 2024.

Historically, one of the main challenges companies face in supply chain management is having visibility into their upstream suppliers to ensure they can fulfill demand for the necessary components or materials needed to develop products. Leveraging enterprise platforms built on AI/machine learning (ML) technology enables companies to share essential information and data with suppliers along each node of the supply chain.

Having visibility into tier-two suppliers and beyond creates a more direct, mutually beneficial relationship and collaboration process that allows teams on both sides to identify potential supply chain constraints and proactively find solutions.

For example, a supplier can share data about the availability of critical components which could determine if and when specific components are at risk of being short. When a company finds out about this shortage with enough lead time, they can respond proactively and update plans across their supply chain ecosystem.

–Igor Rikalo, President and COO, o9 Solutions

4 Robotics

Robotics will achieve mainstream adoption in 2024. We will see a dramatic increase in the number of businesses deploying robots in their distribution centers and warehouses, particularly in item picking where gains in vision software and advancements in end effectors now deliver a return on investment most organizations can't ignore. This is particularly beneficial when there is a shortage of labor for such roles.

In 2024 we will also see more robots doing repetitive tasks like case picking and palletizing. Robotics-as-a-Service will also increase, as many warehouses look to deploy robotics either to explore the benefits they offer firsthand, or to address increased throughput needs.

–Jake Heldenberg, Head of Solution Design, Vanderlande

5 Cloud-based solutions

Cloud adoption continues to transform supply chain and distribution operations. Cloud-based ERP systems provide real-time visibility across the supply chain, enabling rapid decision-making and adaptation. This streamlines processes, shortens lead times, and enhances cost control through increased agility and efficiency. Offering a scalable and flexible infrastructure, it's an ideal platform for unlocking the potential of AI and ML.

Additionally, the cloud empowers supply chain experts with advanced analytics and predictive capabilities. By leveraging extensive data and computing power, they can improve demand forecasting, optimize inventory, and refine distribution strategies through a data-driven approach. This will reduce expenses and elevate customer satisfaction by enhancing service levels. Moreover, the cloud facilitates seamless communication and data sharing among suppliers, manufacturers, and distributors. This collaboration can minimize disruptions, mitigate risk, and fortify supply chain resilience.

–Will Quinn, Director of Distribution Industry Solution and Strategy, Infor

Fearless Forecasts

We'll get tired of AI claims

Expect AI exhaustion and a return to old-school evaluation. Rather than relying on the mere claim of being AI-enabled, companies are expected to showcase their capabilities and provide clear reasons for belief, signaling a return to a more traditional approach in purchasing decisions.

–Donald Hicks, Founder, Optilogic

Reshoring and friendshoring remain on whiteboards

Investing in the development of strategic suppliers in nearby and/or politically friendly countries—reversing offshoring or sourcing from geopolitical rivals—seems like a sensible sourcing shift. It is generally easier to manage suppliers in neighboring time zones, creating an expectation of more reliable performance. However, challenges to this shift abound.

Developing a strategic supplier entails high costs. A new strategic supplier also comes with quality, reliability, and overall performance risk while it climbs the experience curve. Even if it's a success, the transition will be bumpy.

While the old supplier will be indispensable during this lengthy transition, managing a long-time partner who sees the end of the road is a tough job. The outgoing supplier also presents a strategic risk. Will a competitor get an important boost by partnering with them?

Finally, a lot of supply chain risk resides in lower tiers. Switching suppliers does not necessarily free a company of its existing lower-tier risk. In fact, it will probably remain dependent on many of the same links. With so many concerns, it's unlikely many companies will drastically change their sourcing network in 2024.

–Andrei Quinn-Barabanov, Senior Director, Supply Chain Risk Industry Practice Lead, Moody's Analytics

Truckload freight rates surge

Driven both by an accelerated exit of surplus truckload capacity and a soft landing in the U.S. economy as inflation corrects below 2% while avoiding a painful recession, spot U.S.

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Top Supply Chain To-Do's

1. Review resiliency investments
2. Establish an AI framework
3. Build partnerships
4. Manage your transportation portfolio
5. Prepare for disruption

1 Review resiliency investments

Realign resiliency investments to target the most business critical supply chain risks.

Businesses may need to react to supplier geopolitical risks by diversifying their supplier base, which potentially raises procurement and management costs. Similarly, maintaining higher inventory levels as a buffer against supplier financial performance risks can tie up capital.

Businesses need to consider not just the financial costs of their supply chain strategies but also the potential risks of different sourcing and inventory decisions. This requires a nuanced understanding of their supply chain ecosystem and a willingness to invest in risk management strategies that may not yield immediate financial returns, but will contribute to long-term stability and resilience.

By utilizing a value at risk (VaR) approach, businesses can ensure that investments in resiliency are directly tied to risk appetite and focused on areas with the lowest risk tolerance.

–John Donigian, Senior Director, Supply Chain Strategy, Moody's Analytics

2 Establish an AI framework

Start with a responsible AI framework. Supply chain executives looking to integrate GenAI in an effective, ethical, and efficient manner should follow a responsible AI framework based on these six principles:

Unbiased design – Identify and address inherent biases that may arise from the composition of your development team, data practices, and training methods.

Resilience – Guarantee the security of data used by AI system components and the algorithm to safeguard against attacks and breaches.

Explainable – Provide complete clarity on the AI's learning methods and decision criteria. Aspects should be thoroughly understood and documented.

Transparency – Provide appropriate notification to users, clearly identifying their interaction with an AI system and allowing them to select their level of engagement.

Consistent performance – Ensure the AI's outcomes align with company stakeholder expectations.

Training and education – Employ proper training and communication for your workforce for easy deployment and operations.

The pace, scale, and adoption of GenAI tools into supply chain operations aren't like anything the industry has seen to date. Supply chain executives must accelerate adoption within their organizations and networks to remain competitive—but take caution and put the right governance, due diligence, and policies into place for success over the long term.

–Ashutosh Dekhne, Supply Chain and Operations Leader, EY Americas

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truckload freight rates will surge +30-40% higher by the end of 2024.

As a result, contract truckload routing guides will begin to break down by mid-year before resetting up to +10% higher through a series of mini-bids and re-pricing exercises.

–Chris Pickett, COO, Flock Freight

Expect climate regulations to target materials

Unsustainable materials—clothing, food, and building materials—will be federally regulated in 2024. Federal scrutiny has been largely centered on energy and mobility, with materials lagging dramatically behind despite their sizable contributions to climate change.

We could see new regulations on retail and fashion, restrictions on certain imports, and transparency requirements on where materials come from (like mined metals). This will start to drive industry step changes and heat up the material tech market in 2024.

–Satish Rao, Chief Product Officer, Newlab

Hiring slows down

A major trend in manufacturing is a slowed approach to hiring as the industry faces a significant recalibration. We anticipate a noticeable slowdown in the industry's recruitment plans, and will instead see an increased emphasis on retaining and upskilling the existing workforce.

External factors like economic uncertainty, increased adoption of automation and AI, and the ongoing impact of global events on workforce dynamics all contribute to manufacturing companies' more cautious approach to hiring and the subsequent slowdown in industry job openings.

Across the manufacturing sector, retention strategies will be increasingly pivotal to fueling growth, as companies prioritize preparing their teams for when the next growth cycle inevitably picks back up and ensuring their teams can help to increase productivity by being proficient on the latest technology. While growth will eventually pick back up, 2024 will be marked by a slow-moving yet stable economy.

–Joe Galvin, Chief Research Officer, Vistage

3 Build partnerships

Maintain strong relationships with providers in your network who can connect you to spot capacity in a pinch.

When the rate environment becomes inflationary, you will likely see primary tender acceptance dip with even your most reliable contracted carriers. Contract rates in 2024 are based on the softer market of 2023 and will be driven down as far as possible as executives and shareholders pressure procurement leaders to hit budget targets.

Brokers and carriers are most likely pushed to reset contracts in this environment at rates that will inevitably be lower than transactional rates throughout the year. Once the market reverses the supply/demand dynamic for them (more demand and less supply), they'll explore the spot market with greater frequency.

This could put you in a tough position if you're not prepared to be agile. To pivot when your routing guide lets you down, you should keep close ties to reliable brokers with abundant capacity in your lanes. Communicate regularly with your reps at these providers even in the early part of the year when things are still smooth so you know exactly who to call when you need a truck at a moment's notice.

–Corey Klujsza, VP, Pricing and Procurement Strategy, Coyote Logistics

4 Manage your transportation portfolio

2024 is the year of portfolio management when it comes to executing the optimal transportation strategy.

Shippers who invest in diversifying across modes (LTL, STL, FTL, and IMDL), operating models (private, asset-based, non-asset-based), and procurement styles (spot, contract, hybrid) will undoubtedly outperform their competitors who simply carry over their 2023 playbook into what will prove to be a considerably transformed market environment.

–Chris Pickett, COO, Flock Freight

5 Prepare for disruption

A confluence of macroeconomics, geopolitical turmoil, and climate change will cause headaches in 2024.

From a global trade perspective, issues in the Suez and Panama canals will cause challenges for importers, exporters, and logistics providers. A lack of rain at the Panama Canal has led to the canal only taking half of the traffic it typically supports. Meanwhile, in December 2023, Houthi rebels fired drones at multiple ships in the Red Sea to limit goods traveling through the canal, causing major ocean carriers to reroute traffic away from the Suez Canal.

Ocean carriers will now have to travel around South Africa or Chile to transport goods between Asia and the East Coast—causing increased transit time and adding costs. Alternatively, more ocean carriers will bring shipments to the West Coast and use rail and truck services, increasing costs and congestion at West Coast ports.

Executives must plan thoughtfully and be sensitive to dynamic changes in global shipping. This will require close collaboration with forwarding partners to understand how transit times and costs are impacted by these events. When it comes to supply chain, the status quo is no more.

–Mark Irwin, Vice President of International and Finance, R.I.M. Logistics