

***The Global Supply Chain: How Technology and Circular Thinking Transform Our Future***

**Wolfgang Lehmacher**

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The author of this work, Wolfgang Lehmacher – Head of the Supply Chain and Transport Industry for the World Economic Forum, provides an elaborate presentation of the need to transform the current global logistical structure in businesses, which he views as largely lineal and inadequate, into a regenerative world characterized by a “sustainable supply chain ecosystem” (p. 138). This transition is facilitated by his creation of a “circular supply chain paradigm” (p. 140) (hereafter “CSC”).

Before outlining this new paradigm, the author provides a well-organized background consisting of a short but informative history of global trade with an emphasis on the flow of goods. This is followed by a narrative on the development of global supply chains by way of the rise of emerging markets (specifically, BRICS, CIVET, and MINT) and issues of transformational growth and economic interdependence.

A rich discussion is then provided on global megatrends that have affected the development of global logistics. The author examines thirteen in all, dealing with issues involving changing demographics, moves toward further urbanization, gender diversity, the digital economy, changing cultures, resource scarcity, and knowledge transfer, as well as environmental issues dealing with business ecosystems and climate change.

The core of the book is in the author’s rejection of the *status quo* of the current state of the global supply chain (i.e., the “linear value chain”) and the presentation of his paradigmatic alternative, the CSC (p. 135). The author argues that the linear value chain needs replacing because of its wasteful exploitation of economic resources and the consequential degenerative effects on the ecology. In addition, the linear value chain is not value adding in that it does not take into consideration all the stakeholders involved in global supply chains. The author cites stakeholders as the companies involved, consumers, governments, and

“international stakeholders” (p. 134) consisting of global banks, foundations, and nongovernmental organizations (NGOs) – essentially the world, as the only logical outcome of the stakeholder theory (Franco, 2015). Finally, the linear value chain does an inadequate job in mitigating costs and repairs relating to environmental and other damages incurred by businesses whose linear behavior is intrinsically ineffective and flawed in the sharing of payments for damages, leading to costs often being borne by government.

The author’s solution is a paradigm shift toward the CSC. At this point, it is important to point out that the author refers to this as “*The* paradigm shift in supply chain management” (p. 135), (with my emphasis) when it should be “*a* paradigm shift” (my quote) in that his CSC is not the new *status quo* but, rather, a suggested proposal.

The CSC paradigm consists of four key dimensions to create a “holistic” (p. 140) framework. The first is *partner integration*, defined (but poorly elaborated) by the author as an attempt by companies to run integrative “partner programs” (p. 137) to allow for better visibility of products throughout the supply chain. The second dimension, *cradle-to-cradle approach* (not the less ambitious cradle-to-grave), focuses on the re-utilization of resources where “nothing goes to waste, and everything is reused” (p. 139). CSC’s third dimension, *customer collaboration*, is geared toward creating collaborative efforts between a business and its customers “to help reduce energy utilization, carbon emissions, and waste” (p. 138). The last dimension, *global stewardship*, essentially argues that supply chains are “society-driven” (p. 139), which requires an intertwining of business and governmental leadership in organizational decision-making and management.

The introduction of a new paradigm is not common and, therefore, this reviewer has made an extra effort in this review to provide key words and phrases that provide a robust description of the CSC paradigm, especially since the author referred to his CSC as a “radical redesign” (p. xii) of supply chain management. The supply chain aspect of the paradigm is unique, especially in its deviation from a profit motivation. The author indicates that under CSC, the primary strategy of a business should be “the circular supply and value chain” itself (not the bottom line) and that the “principle of sustainability” should be a significant priority for top management (p. 140).

This book is much more a work of advocacy than analysis regarding the subjects of supply chain and logistics. It should be acknowledged for its audacity because its proposed paradigm attempts to replace capitalism with corporatism within the context of supply chains and logistics. Capitalism and corporativism are fundamentally different in substance even though the tips of their icebergs may

appear identical to the uneducated eye. The author describes a supply chain as a “magic conveyer belt” (p. xii) in its ability to move vital materials and parts to various players at different stages of manufacturing and sales. However, these magical conveyer belts are individual and specific to each respective business. Far from making this point, the author combines all the individual belts, globalizes the aggregation, and then compares this to an “orchestra, which cannot delight the audience unless all musicians are playing in perfect harmony” (p. xiii). This is reinforced with the remarkable statement: “We are all part of the orchestra called the global supply chain” (p. xiv).

Capitalism is a profit-oriented, economic system based on the recognition of property rights and the consequential sanctioning of contracts within a minarchist governmental framework that calls for limited intervention in the market place in order to allow competition to generate an effective pricing mechanism. However, an unfortunate taxonomy regarding capitalism has developed within academia that clearly violates the Aristotelian Law of Identity in that a concept cannot have two identities. Capitalism is not corporatism just as corporatism is not a variant of capitalism. The author prioritizes many things in his proposed paradigm but profit is not among them. The reason is that the interventionist dynamics of corporatism, by advocating an amalgam of business and the coercive powers of government, allow for limiting new competition through regulatory cartelization while socializing corporate costs and externalizing operating expenses to the state. It creates a reciprocal relationship wherein government provides public monies for corporate-exploited research and development, logistical infrastructure, bailouts, and an array of subsidizations while corporations provide government officials and politicians with present and future campaign contributions and perks as well as present employment for family/cronies, and future employment for regulators and politicians.

Corporativism is not new and manifests itself, in reality, within what honest observers would label as *neoliberalism* – which is why there have never been many takers in identifying themselves with the term *neoliberal*. The author never uses the word *capitalism* in a book that deals with capitalism, or at least its transformation. His metaphor of a global supply chain being an orchestra is fundamentally flawed. Supply chains are individual since they are created and maintained by individual corporations in competition with each other. Therefore, there is not one orchestra playing but several, each trying to play a better tune that is also price competitive. There is no aggregation in this real world since there remains a battle ground that is still essentially capitalist and competitive, *sans* corporatist intervention by the state.

The author’s emphasis on a global perspective is found throughout the book but, especially, in the final pages of the last chapter whose triumphal tone regarding

globalization reaches a crescendo reminiscent of the *Ode to Joy*, in the fourth movement of Beethoven's Ninth. The author tells us we need to "reshape this world" (p. 155) with globalization and his CSC because the two will provide "dignified living conditions for all human beings on planet earth" (p. 153) while also empowering consumers, protecting the planet's ecosystem, and a number of other achievements. And the last line of the book is a dramatic one – uncharacteristic of an academic work: "The economy of the future is the circular economy; the society of the future is the circular society" (p. 155). This statement concludes the work because this book is not really about supply chains but about surreptitiously promoting corporatism, which is the only realistic economic construct for the type of globalization advocated by institutes like the World Economic Forum (the author's base) and other elitist organizations. These globalist organizations realize that such a future is not possible unless capitalism and nationalism are abandoned to corporatism and one-world institutions of governance that then provide transnational enforcement of laws and regulations as well as all the other interventionist policies outlined by the author. This work would have much more integrity if the author allowed people to render judgment on his CSC paradigm within that larger context.

Franco, A. (2015). Toward a workable definition of corporate social responsibility: A restitutive approach. In *The 3<sup>rd</sup> National Conference on Management and Higher Education. Theme: Emerging Trends in Business Management and Higher Education*. Bangkok, Thailand: Stamford International University