

# Supply chain resiliency: does your decaf have capacity to recover?

Sustainable supply chains for coffee have been a major issue for some time and, more recently, the concept has also been discussed as 'resiliency.' According to supply chain authors from Michigan State University and Virginia Tech, "the resilient supply chain requires two critical capacities: the capacity for resistance and the capacity for recovery."

However, little has been said about how this relates to decaf coffee. In this article we focus on the niche specialty decaf supply chains. On top of the traditional coffee supply chain challenges, this one adds the triple difficulties of an additional transfer point, an additional processing step (decaffeination) and small volumes. Looking at each of these from the perspective of supply chain resiliency can help managers take proactive steps that are even more critical for decaf than elsewhere in coffee.

## The transfer point

The additional transfer point in the decaf supply chain occurs because instead of going straight from origin to the port of a consuming country, a container bound for decaf will first need to get to a port for decaffeination – such as Bremen, Montreal, Veracruz or Vancouver for example.

This serves as a well-understood fact to illustrate how important resistance and recovery are. Resistance is the ability to resist disruption. Any transfer point is fraught with the potential for problems, fumbles and delays. Recognizing this, the manager of a decaf supply chain carefully checks the customs requirements, off-loading and on-loading services that will make the container's stop at the decaffeination port a smooth one. Creating clear agreements with the shipping company, logistics companies, customs brokers and the decaffeinator about these details are examples of building resistance.

However, disruption can occur anywhere, no matter how carefully

**As Ruth Ann Church\* explains, the supply chain for decaf coffee is unlike that for conventional, caffeinated coffee, and that exposes it to a number of unique challenges, for which it is important to prepare**



Compared to the supply chain for caffeinated coffee, decaffeinated coffee has an additional transfer point, additional processing step and small volumes

capacity is the ability of a system to return to functionality once a disruption has occurred." If a labour strike hits Bremen's port the way the port workers' strike recently hit Long Beach, California, do you have alternative ways to get the coffee to the decaffeination plant, or relationships with alternative plants to which you can turn on short notice?

A typical transfer point risk is customs. Should your containers be stopped by customs for reasons that seem inexplicable (you did everything the same as last time) do you have processes and contacts ready to help you troubleshoot and speedily get your container out? The "hopefully that never happens to me" policy is an example of poor recovery

## The additional processing step: decaffeination

The concept of resilience applies to the second complexity with decaf: the additional processing step at the decaffeinator. The fact that today over 50 per cent of the world's decaffeinated coffee is decaffeinated at plants in the 'consuming north' and not the 'producing south' probably has to do with the intrinsic need managers have to avoid risk from disruptions. Performing the decaffeination process in economically and environmentally stable Germany instead of tsunami and upheaval prone Indonesia is one way to build a supply chain with "resistance to disruptions."

Even so, disruption can occur anywhere, no matter how carefully one designs against it. For decaf, this means having built relationships with your preferred decaffeination plant as well as alternative decaffeination locations.

Do you have relationships with your account manager there, that will help your containers be the first, not the last, to get processed once the strike is over, or the catastrophic fire damage is repaired? If the down time is going to be extended, how robust are your relationships with your second and third choice options?

## Small volumes bring big risks

Small volumes are a key characteristic that distinguishes the specialty decaf supply chain from the conventional one. Many

