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Short-Term or Long-Term Supply Chain Strategy: What Works Best, and Why

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In brief: It is a false choice. Short-term agility without long-term direction turns into permanent firefighting; a long-term plan without short-term adjustment turns into shelfware. The supply chains that outperform make a few long-term commitments, keep options open, and revisit both every month.

1. The pendulum is swinging again

Every few years the supply chain agenda swings. After the pandemic, companies stocked up, added suppliers and spoke about resilience. By 2024 the pendulum was swinging back. In McKinsey's annual supply chain risk survey, the share of companies relying on larger inventory buffers fell from 59 percent to 34 percent, and progress on dual sourcing and regionalization had been flat for two years.

Then tariffs arrived. In McKinsey's 2025 pulse, 82 percent of supply chain leaders said new tariffs affected their supply chains, and 45 percent of those affected were building inventory again. Over the same year, the share planning major digital supply chain investments fell from 47 to 25 percent. Attention moved to near-term countermeasures, and long-term transformation waited.

So the question executives ask me most often is a fair one: should we optimize for this quarter, or build for the next five years?

2. Why the question is framed wrong

Short term and long term are not competing strategies. They are different horizons of the same strategy, and each one answers a different question.

HORIZON	TYPICAL DECISIONS	CADENCE	OWNER	MEASURED BY
Execution (0–3 months)	Allocation, scheduling, expediting, promotions	Daily and weekly	Planning and operations	Service and cost-to-serve
Tactical (3–18 months)	Capacity, inventory targets, sourcing splits, portfolio	Monthly, in IBP	Executive team	Margin and working capital
Strategic (2–5 years)	Network footprint, make-or-buy, key supplier partnerships, technology, talent	Annual, reviewed quarterly	CEO and board	Return on capital, resilience and growth

Trouble starts when one horizon does the job of another: when the weekly expediting call quietly sets sourcing policy, or when a five-year plan tries to fix next month's allocation.

3. The cost of choosing one side

Companies that live only in the short term fall into familiar traps:

- **Expediting as a habit.** Premium freight and overtime stop being exceptions and become a budget line.
- **Sourcing on unit price.** The cheapest supplier stays the cheapest until it is the only one. Then it is the most expensive.
- **Inventory whiplash.** Stock is built in a scare and cut in the next cost review, never set by policy.

Companies that live only in the long term fall into different ones:

- **The five-year master plan** that is obsolete by the second budget cycle.
- **The big-bang transformation** that absorbs the best people for years and delivers late.
- **Strategy as a document,** approved in the boardroom and invisible on the planning desk.

The evidence favors the long view, provided it is executed. A McKinsey Global Institute study of 615 large and mid-cap US companies found that those managed for the long term grew cumulative revenue about 47 percent more and earnings about 36 percent more than their peers between 2001 and 2014, with less volatility. In supply chains, a 2024 Gartner survey of 579 professionals found only 29 percent of organizations had built the strengths needed for future challenges; the leaders followed long-term, deliberate strategies, while the rest were more often focused on short-term priorities.

> *"A supply chain strategy is not a forecast of the future. It is a short list of choices you are prepared to defend when the future surprises you."*
>
> RAFAEL HERRERA

4. How leading supply chains connect the horizons

1. Make a few long-term commitments, and write them as guardrails. Not a 60-page plan, but five to seven rules that every short-term decision must respect: no critical material with only one qualified source; service targets set by customer segment; inventory held within an agreed range of days; a ceiling on cost-to-serve. Guardrails let teams move fast without reopening the strategy every week.

2. Separate no-regret moves from options. No-regret moves pay off in every scenario: clean master data, planning discipline, visibility beyond tier one. Options are cheap to hold and valuable when needed: a qualified second source on a small share of volume, flexible capacity, a nearshore partner kept warm. Fund the first fully; size the second to the risk.

3. Agree signposts and triggers in advance. For each scenario that matters, whether tariff escalation, a demand shift or a supplier failure, decide which signal triggers which move. When the signal comes, the short-term response carries out the strategy instead of replacing it.

4. Run both horizons through one monthly cycle. Integrated Business Planning is where the horizons meet. Each month, the tactical plan is checked against the guardrails, and the strategy is checked against what the business has learned.

5. Balance the scorecard. If the monthly review shows only cost and service, the short term wins every argument. Add working capital, time-to-recover for critical nodes, and progress on the strategic programs.

I saw this in February 2022, when war broke out in Ukraine and I was leading supply chain for Eastern Europe and for Middle East, Africa & Duty-Free at a global consumer goods multinational. Short-term risks were everywhere, with possible stock-outs across many markets and SKUs. We chose not to chase them all. We focused everyone's attention on the long-term business priorities, the key markets and product categories, and accepted short-term risk in geographies and SKUs that were not critical. That shared focus let the whole organization mobilize behind the same goals instead of getting lost in narrow operational issues. More than 8 billion units moved to other plants in under 60 days, and priority markets stayed fully supplied.

5. So, what is best?

Neither, on its own. The best supply chain strategy is long-term in its commitments and short-term in its adjustments: a few choices that do not move with every headline, and a monthly discipline that adjusts everything else.

Volatility is no longer an exception to plan around. It is the operating condition, and the strategy has to be built for it.

SOURCES

- McKinsey, Supply chain risk pulse 2025: Tariffs reshuffle global trade priorities (December 2025)
- McKinsey, Supply chains: Still vulnerable, 2024 supply chain risk survey
- McKinsey Global Institute, Where companies with a long-term view outperform their peers (2017)
- Gartner survey of 579 supply chain professionals (2024), reported by Supply Chain 247

Is your supply chain strategy a document you approved, or a set of choices you revisit every month?

Connect directly with our team for a senior review of your horizons, guardrails and triggers. Or start with the three-minute Supply Chain & AI Readiness Assessment.

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