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Gartner for Supply Chain Leaders

# Supply Chain Network Design in Turbulent Times

# Introduction

Chief supply chain officers (CSCOs) are under pressure to reduce costs, improve service levels and increase resilience in the supply chain — all while supporting growth.

In today's highly turbulent environment, 62% of CSCOs were delayed and disrupted when making a recent network decision. Approval delays are linked to lower levels of satisfaction in the decision made.

To avoid getting trapped in endless approval loops and to increase satisfaction in decisions, Gartner recommends incorporating the costs of three specific types of adaptability in supply chain network decision making:

- **Operational adaptability:** The ability to absorb ongoing supply chain friction
- **Network adaptability:** Network diversification to mitigate risk
- **Capital adaptability:** The ability to pivot the supply chain infrastructure in the future to respond to changing operating environments

This evolved approach enables smarter network investment decisions and more resilient supply chains. This report outlines two strategies that will protect margins and support CSCOs with network decision making.

## Strategy No. 1: Measure the financial impact of turbulence.

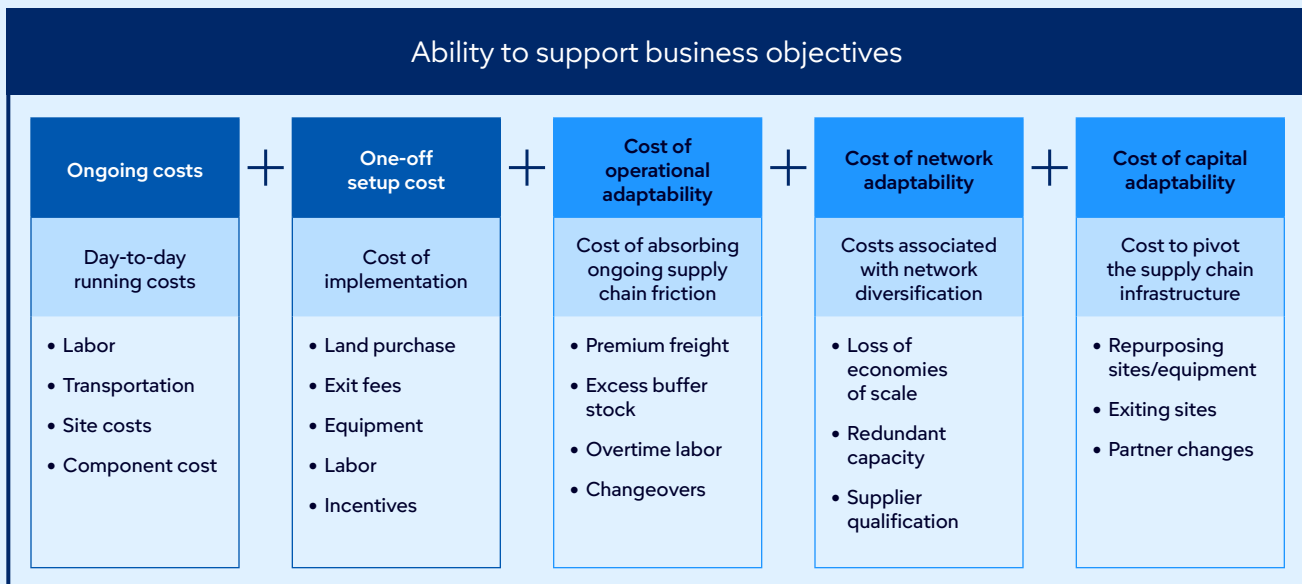
Turbulence refers to the ongoing, reasonably expected instability that creates friction, slowing and interrupting the flow of goods. It's caused by import/export delays, low forecast accuracy and labor shortages, all of which drive up operating costs.

Traditional network investment models lack the mechanisms needed to measure the true costs of turbulence-related friction, letting turbulence silently erode margins in a rigid network.

Network investment models that incorporate adaptability, on the other hand, enable CSCOs to understand the impact of uncertainties and make more timely, cost-effective decisions.

Start with calculating day-to-day running costs and the cost of implementation as normal then determine the cost of operational, network and capital adaptability (see Figure 1).

### Elements of the business case for network investments



Source: Gartner

## Strategy No. 2: Define exit criteria for all major network investments.

Every network strategy has a half-life — a period after which its value begins to decay as operating conditions shift. Ongoing volatility means half-lives are shrinking, so it's urgent that CSCOs break out of linear governance models — or else find themselves trapped in a sunk-cost scenario.


Shift the organization's mindset from viewing the network as fixed to viewing it as a series of flexible options that can be exercised as conditions evolve. This means that before implementation begins the organization identifies specific exit points at which it will reverse, stop or repurpose investments. Clarify that stopping a project does not equate to declaring defeat — it's about protecting capital and ensuring strategic agility.

Source: 2026 Gartner Supply Chain Network Decision Making Survey

This document is based on [“Supply Chain Executive Report: Build a Supply Chain Network That Withstands Turbulence.”](#)  
Clients may access the full Supply Chain Executive Report on the client portal.

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