



Paper Towel Worries

Dear Dr. Per Cap:

Do you think it's smart to stock up on paper towels and toilet tissue in case we have another shortage like when Covid-19 hit this spring?

Signed, Thinking Ahead

Dear Thinking

That depends on if we see a second wave of coronavirus this fall and how serious it gets.

But first let's talk about what caused the shortages that cleared the bulky paper product aisle at Walmart faster than the family restroom after grandpa takes a double dose of Ex-Lax. Moreover, why are so many stores still understocked, unable to catch up after last spring's paper towel shortages?

It starts with how most businesses operate today using a strategy called "just-in-time inventory" which allows them to produce or stock only enough goods to sell quickly. Rather than producing and storing surplus goods for future sales, just-in-time inventory allows businesses to run lean thus saving money and increasing profits. However, there's a downside to this approach that gave us a rude awakening earlier this year when stores ordered between five and ten times their normal weekly amount of paper towels. During an emergency when people stockpile there are shortages.

The good news is that toilet tissue supplies are pretty much back to normal so you can probably ease up on your quest to find a modern alternative to that old Sears catalog grandma kept in the outhouse. Ughh...I'm showing my age. However, paper towels are still running low with people cleaning more during these health and safety conscious times.

Unfortunately, fixing the shortage isn't as easy as telling paper towel companies, like Proctor and Gamble, to crank up production. Just-in-time means factories today aren't even designed to produce and package surplus goods. Factor in distribution centers that are quickly overrun plus stores with small loading docks that can't fit extra truck deliveries, and we're talking about an entire supply chain overwhelmed. Alleviating these challenges requires manufacturers and stores to radically redesign equipment and infrastructure along with longstanding ideas about how to run businesses.

So get used to living with limited supplies of paper towels on store shelves for a while. And if coronavirus comes roaring back I think we'll see a repeat of last spring.

But let me pose a crazy question. Do we really need disposable paper towels in the first place? Back in the day we all got along just fine with dish clothes, sponges, mops and other non-disposable cleaning products. Yeah, yeah I know the Sears catalog wasn't non-disposable but you know what I mean. In the grand scheme having enough paper towel should be one less issue to stress over.

Ask Dr. Per Cap is a program funded by First Nations Development Institute with assistance from the FINRA Investor Education Foundation. For more information, visit www.firstnations.org. To send a question to Dr. Per Cap, email askdrpercap@firstnations.org.