

SUPPLY CHAIN RESILIENCE

WHAT IS RESILIENCE?

RESILIENCE IS THE CAPACITY TO SURVIVE, ADAPT, AND GROW IN THE FACE OF UNFORESEEN CHANGES, EVEN DURING CATASTROPHIC INCIDENTS.

Supply chain disruptions come in many forms:



WEATHER EVENTS



AUTOMATION FAILURES



CHANGES IN GEOPOLITICAL POLICIES



ECONOMIC CONDITIONS

PLANNING

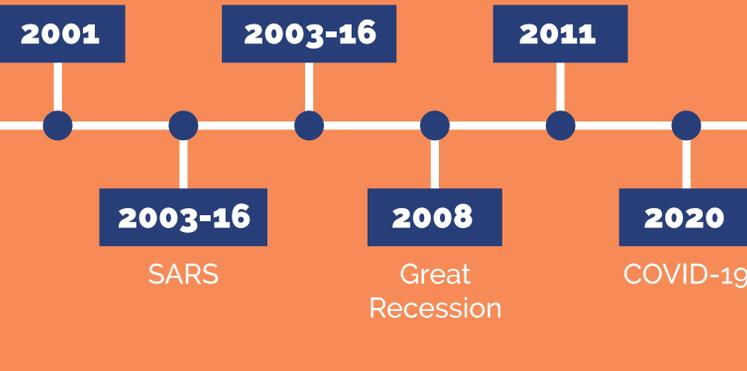
TOP 7

Supply chain disruptions since 2010 that are events we can now plan for:

1. Unplanned IT or telecommunications outage
2. Adverse weather
3. Interruption to transportation distribution system
4. Third-party logistics failure
5. Loss of talent or skills
6. Cyberattack and data breach
7. New laws and regulations

BLACK SWAN EVENTS

AN UNPREDICTABLE EVENT THAT IS BEYOND WHAT IS NORMALLY EXPECTED OF A SITUATION AND HAS THE POTENTIAL FOR SEVERE CONSEQUENCES



REACTIONS TO

SUPPLY CHAIN DISRUPTIONS:



72% of businesses are looking to reduce their operating costs*



47% of businesses are reconfiguring assortment to accommodate supply chain fluctuations*



51% of businesses say the most helpful technology in this disruption is Order Management*

BUSINESSES ARE ALSO:



Creating a list of suppliers and their current status to provide accurate updated information to customers



Keeping supply chains operational by manufacturing alternative products



Adjusting costs based on economic impact

RESPONSE PLANNING

HOW TO RESPOND QUICKLY TO SUPPLY CHAIN DISRUPTIONS:

Share information with trading partners and customers to enable collaboration in an effort to manage inventory and the overall supply chain.



SHORT-TERM PLANNING:

VS

LONG-TERM PLANNING:

- War Room: a place where company experts collaborate to plan business strategy
- Tier 1 supplier collaboration
- Tier 2 supplier visibility
- Identify alternative sources of supply
- Rethink inventory policy
- Secure capacity
- Consider global viewpoint

- Break down functional silos
- Enhance end-to-end visibility
- Develop collaborative relationships
- Work toward a responsive, agile, and optimized supply chain
- Implement reconfiguration to reduce impact of supply chain disruption

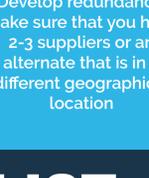
BUILD A RESILIENT SUPPLY CHAIN:



Detect early signs of a disruption in shift production and distribute to alternative sources



orough training, internal discussions and practice



Develop redundancy: make sure that you have 2-3 suppliers or an alternate that is in a different geographical location

ACTION CHECKLIST

TO BOLSTER SUPPLY CHAIN RESILIENCE:

1. Establish an emergency management team
 - ✓ Create a central decision-making team who can establish and execute best practices for the supply chain ecosystem, employees, operations, and the customer.
2. Develop communications and decision protocols
 - ✓ Develop and ensure consistent communication to all suppliers and stakeholders and share with customers and internal teams.
3. Assess internal supply chain and related risks
 - ✓ Create a map of your supply chain partners. Identify locations of headquarters, as well as affected manufacturing plants and/or distribution centers.
 - ✓ Create a map of transportation and logistics partners along with alternatives.
 - ✓ Prioritize criticality of every key supplier and identify potential alternate sources should one become compromised.
 - ✓ Track and improve supplier performance including quality of product over time (ensure no degradation), accurate and timely delivery of product, supplier financial health and steps to assist key suppliers upon which the companies rely.
 - ✓ Increase visibility into inventory levels, in-house as well as within each supplier.
 - ✓ Prioritize customers served by aforementioned suppliers (some customers purchase higher-revenue or higher-grossing items).
 - ✓ Increase visibility into order management and updated shipping information.
4. Determine a process for managing limited supply
 - ✓ Develop decision criteria prior to a shortage or abundant supply to keep your supply chain moving.
 - ✓ Determine which areas of the business can sustain a degradation of quality by sourcing other type materials.
 - ✓ Determine which pricing strategies might be available in the event of short supply.
5. Keep tabs on finances
 - ✓ Delay capital investments and move to operational expenses.
 - ✓ Increase days payable (to suppliers) to maintain cash positions for as long as possible while reducing days receivable and inventory-related costs.
6. Planning for recovery
 - ✓ Consider people and uncover new opportunities for reorganization and diversification.

*2020 TrueCommerce Webinar Survey