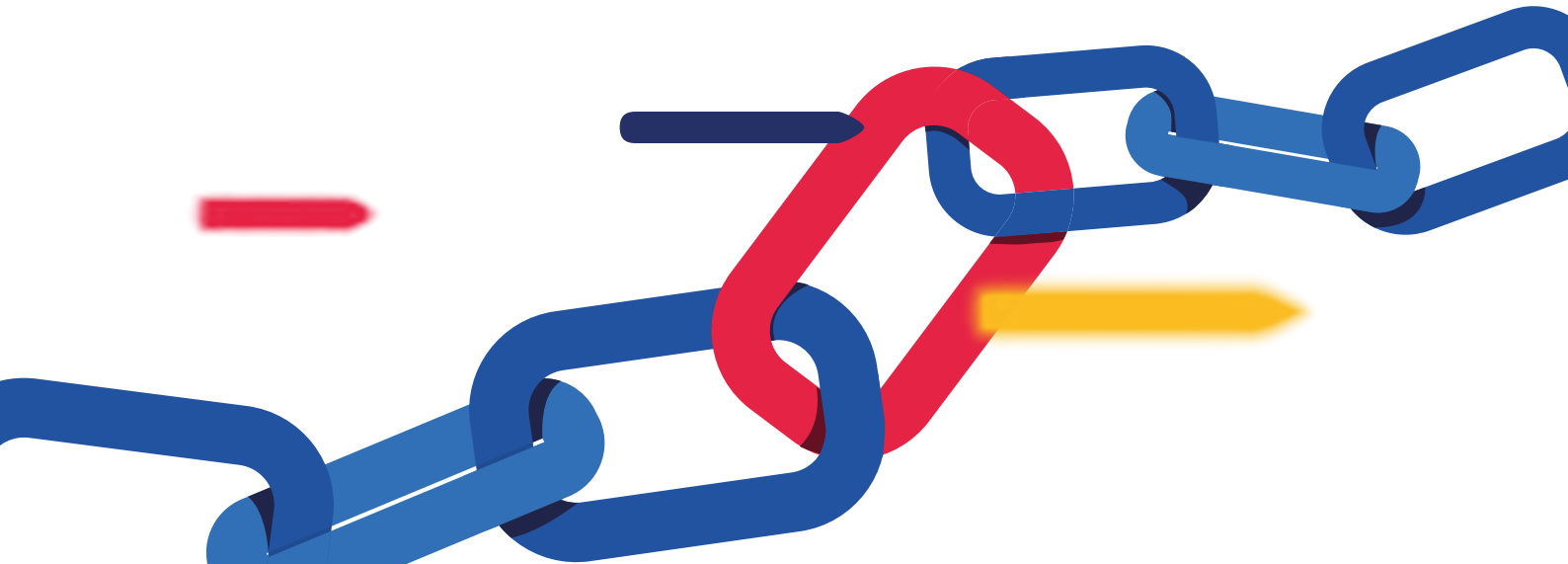


Are you sourcing for resilience?

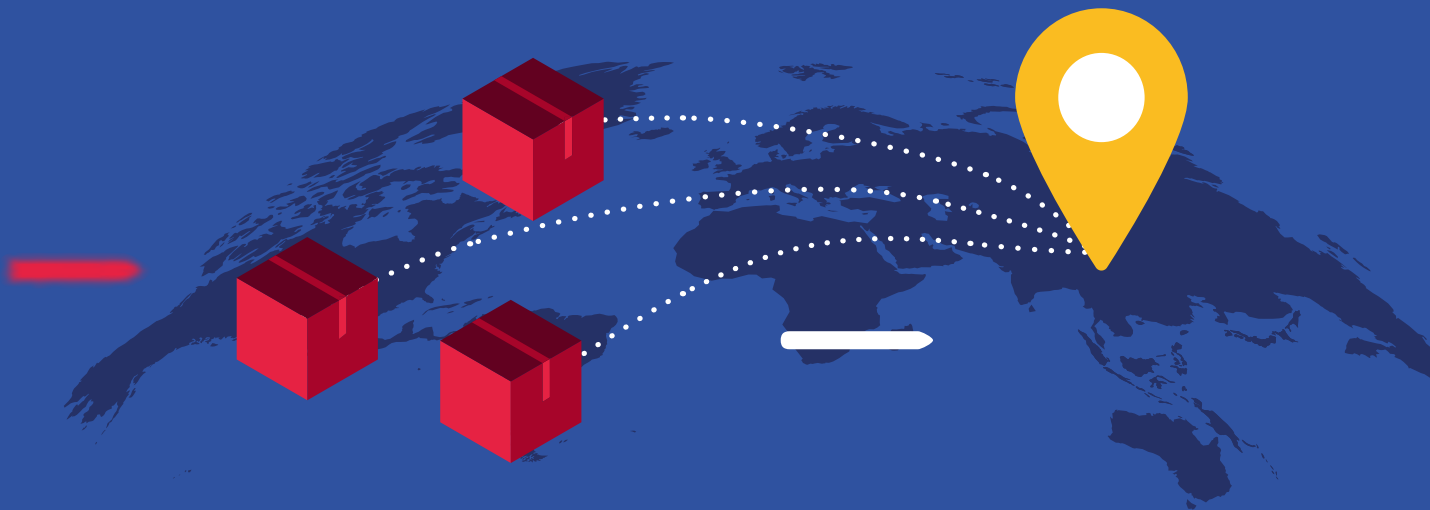
A **checklist** for procurement functions and boards to improve
the resilience of your supply chain ►



Background

► 2009 was a noteworthy year in many respects, including Barack Obama becoming US president and the H1N1 swine flu pandemic, but importantly for our industry it was also the year that China first became the world's largest exporter of manufactured goods—a title it has held ever since.

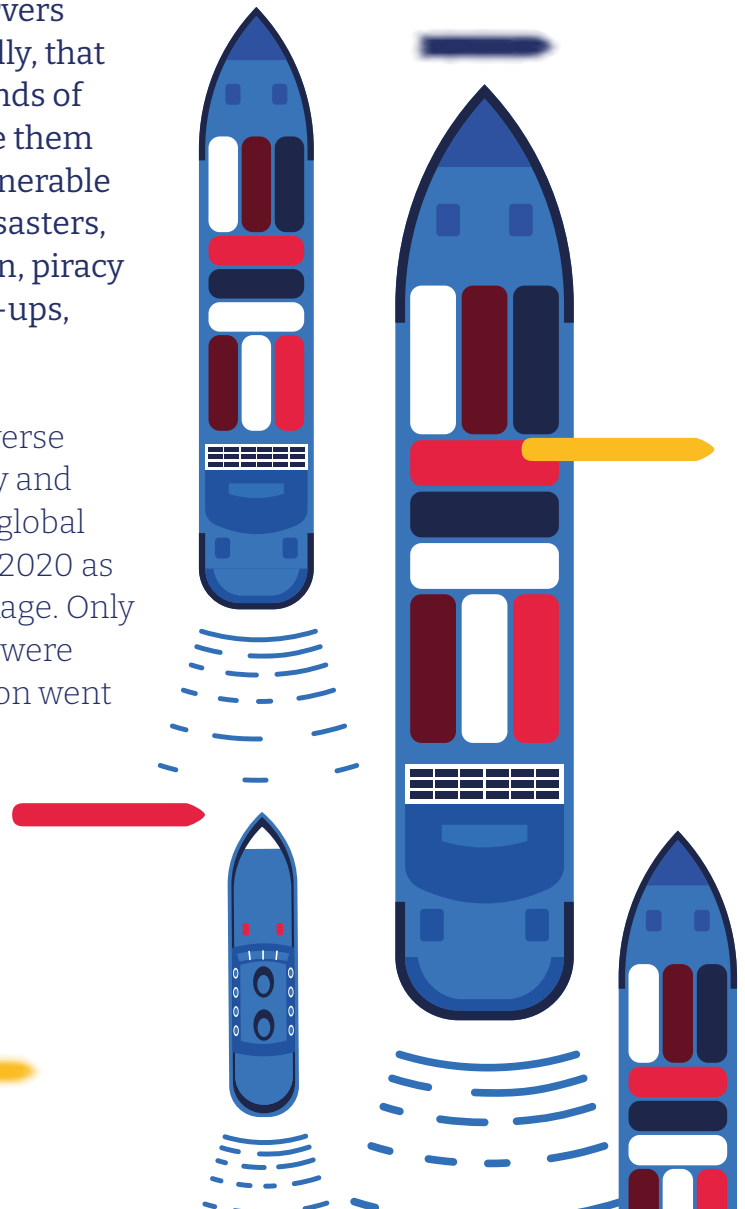
The consequence of that is that significant numbers of countries are net importers from China, often to the point of quite sizable trade imbalances. And it's not just China that we're importing from: the whole of Asia has arguably become the world's workshop. Japan, Vietnam, Thailand, Singapore, India, Taiwan, Pakistan, Bangladesh, Sri Lanka are all major exporters of manufactured goods.



The downside of distance

► Yet there's a drawback to this that some observers are calling 'the downside of distance'. Specifically, that lengthy supply chains which terminate thousands of miles away on the other side of the world, make them more fragile. These supply chains are more vulnerable to disruption and can be affected by; natural disasters, logistics infrastructure failures, port congestion, piracy and theft, trade wars, tariffs, and customs hold-ups, political instability and war.

In fact, businesses are discovering that the universe of possible sources of supply chain vulnerability and interruption is constantly expanding. Consider global pandemics and the supply chain chaos in early 2020 as borders closed and the six day Suez Canal blockage. Only one ship actually got stuck, but hundreds more were delayed and the resulting supply chain disruption went on for weeks.



Building resilience

► Despite recent pressures, businesses continue to be caught out by their lack of supply chain resilience. It's not just the wide range of possible causes of disruption that affect them, but also a lack of knowledge about their supply chains. They might know where their own suppliers are located, but they often don't know where their suppliers' suppliers are located – nor where the suppliers of those suppliers are located.

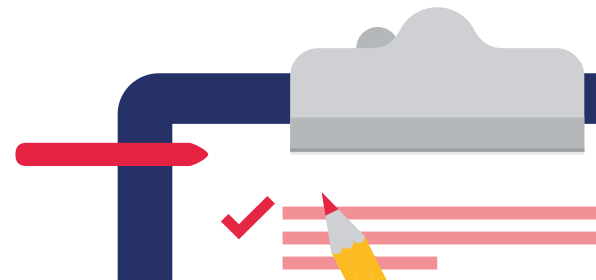
Without this basic knowledge, building resilience is difficult. So we've created a helpful checklist on the next tab to help your organization create resilience.



Resilience checklist

► Here is our supply chain resilience checklist to help guide your organization:

- ☒ **Where** are your suppliers' factories located?
- ☒ **Are there any obviously apparent risks** attached to those locations?
- ☒ **What contingency plans exist** for if the business couldn't source from those locations any longer?
- ☒ **For strategic and business-critical items**, how much visibility is there into tier -2, -3, and -4 suppliers?
- ☒ **Is the business heavily exposed to one or more suppliers?** Or one or more particular countries or geographic regions?
- ☒ **How reliant is the business on free trade**, and tariff-free and quota-free trading?
- ☒ **Does the business 'war-game' and 'stress-test'** its supply chain and sourcing practices?
- ☒ **Could subscribing to one of the various supply chain intelligence services** considerably reduce risk in terms of shipping routes, port hazards, and long-distance truck routes?



Find out more

► This is only a starting point but should give you lots of ideas of improvements you can make. While much of it is aimed at procurement functions, some of the resulting decisions and strategies will probably require board-level buy-in and ultimately will have an impact on the wider supply chain. With procurement and supply chain teams working together to improve resilience, great strides can be made almost immediately.

For more insights into how to go further in building supply chain resilience, download **Sourcing for Resilience, written by supply chain management expert Professor Omera Khan.** It could be the most resilience-building thing that you'll do today.





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