Life beyond Covid-19 - Supply Chain Agility

CIPS Bahrain Branch
Presented by GP Puri
Creating Supply Chain Resilience - Post Covid-19

Issues that emerged…

- Material Shortages
- Logistics Challenges
- Communication & Collaboration
- Worker Shortages
- Cash Flow Issues
- Erratic Demand

"Manageable Surprises" are difficult to anticipate but manageable in terms of impact

"Black Swans" are hard to anticipate & severe in terms of impact

"Brewing Storms" can be anticipate & will have high impact once they materialize

"Business Challenges" are typically low impact risks that can be both anticipated & managed quite easily
Various types of Risks that exist...........

What single risk matters most to survey respondents?

- Supply continuity 11%
- Forecasting and inventory 11%
- Information and data security 6%
- Pricing 9%
- Product Quality 13%
- Regulatory Compliance 22%
- Safety 4%
- Reputation 11%
- Supplier financial 13%

What are the top risks by industry?
(in order of importance)

**Consumer Products**
1. Supply continuity
2. Forecasting and inventory
3. Product quality

**Energy**
1. Forecasting and inventory
2. Reputation
3. Pricing

**Financial Services/Insurance**
1. Regulatory compliance
2. Information and data security
3. Reputation

**Manufacturing/Industrials**
1. Supplier financial
2. Product quality
3. Regulatory compliance
Supply Chain Risk Management in a Time of Crisis

Have you performed Risk Assessment across all Supply Chain Tiers. Do you know your Tier2/3 Suppliers

Have you performed an operational Risk Assessment & considered the impact of disruptions in critical Business functions

Do you have visibility & access into critical Supply Chain data to properly assess the potential damage & create immediate plans
Supply Chain Risk Management in a Time of Crisis

- Have you evaluated strategies for alternative sources of supply including impact of lead times, tariffs cost, etc.
- Have you activated product redesign/re-engineering, material certification resources.
- Have you conducted scenario planning to understand the operational implications, both financial & non-financial, of various scenarios.
- Do you have emergency inventory management plans in place?
Creating Supply Chain Resilience - Post Covid-19

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<th>Identify most relevant Supply Chain Risks</th>
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<td>- Understand the business impact of Supply Chain disruptions both Up stream, internal &amp; Downstream across various Supplier groups &amp; product lines</td>
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<td>- Engage all stakeholders to assess possible failures &amp; root causes</td>
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<td>- Use quantitative modelling that evaluates Supply Chain risks based on conditional probabilities</td>
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<th>Prioritize Risks for Targeted Attention</th>
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<td>- Brainstorm possible scenarios &amp; assess based on the level of exposure &amp; magnitude of impact</td>
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<td>- Use scenario modelling, RCA &amp; correlation to test the impact zones across different manufacturing, delivery &amp; quality aspects of your Supply Chain</td>
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<td>- Build &amp; catalog data on disruptions with qualitative &amp; quantitative analysis based on scenarios for reference</td>
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<th>Develop Response Strategies for prioritized Risk</th>
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<td>- Quantify trade offs between investing in prevention vs taking the risk</td>
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<tr>
<td>- Develop &amp; iterate on your resiliency plan</td>
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<td>- Maintain disaster recovery plan with clear initiation triggers &amp; guidelines</td>
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<th>Build a Supply Chain Risk Management Governance Framework</th>
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<td>- Link the Supply Chain processes &amp; key Risk triggers to a Business Continuity Plan</td>
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<td>- Align resources with the most critical resiliency plan that also protects your working capital</td>
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<td>- Resiliency Planning &amp; Business Continuity plan should be periodically refreshed &amp; tested</td>
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Companies that will adapt to changing ways, improve Supply Chain visibility, manage risks, Deploy Digital Tools will stand to gain.....

1. Understand your Tier1/Tier2 Supply Chain & your Customer’s Supply Chain
2. Communicate with your Suppliers & understand their Risks & Contingency Plans
3. Communicate with your Customers & understand their Risks & Contingency Plans
4. Synchronize with emergency Demand/Supply Fluctuations
5. Plan for change in Demand patterns due to relapse in C-19 or rebound in Demand once it subsides
6. Look for alternative Suppliers/Supply lanes, Inventory plans to diversify your Supply Chain
7. Foresee & adapt to Channel changes….Digital channels/Communications are becoming more prominent

Block Chain can help improve visibility & reduce redundancies in Supply Chain
SRM will be key going forward.....

Change from Buyer’s Market to Seller’s Market

Investment in SRM is like Insurance in the times of Crisis

Advanced Supplier Relationships will help in.....

- Improved Forecasts & Scheduling
- Improved On-time & in full delivery
- Reduced Stock outs
- Allocation of Best resources & expend greater efforts
- Provide Support beyond Contractual obligations
- Access to latest innovation & technology
- Lower Total Cost of Ownership
- Increase in Productivity & Efficiencies

Will ensure your Strategic Suppliers Collaborate with your Supply Chain Risk & Resiliency Management capabilities

Be the “Customer of Choice” for your Suppliers instead of creating Preferred Suppliers
Accelerate end to end Digitalization.....Industry 4.0

Creates a more Agile Customer Focused Organization enhancing.....
Customer Experience, Productivity & Efficiency, Flexibility & Speed to Market

Role of Industry 4.0 before C-19 was focused on
- Competitive advantage, Cost reduction, productivity, efficiency, sustainability & innovation

Role of Industry 4.0 post C-19 will be to:
- Help make sure that companies survive
- Shorten the recovery phase & help return businesses to normal operations ASAP
- Provide the platform to develop new, more resilient businesses in the medium to long term

Some of the Digital capabilities to consider...
- Real-time visibility into the availability of raw materials, finished goods, WIP, people and assets and in addition use of IoT to have clear visibility of in-transit goods
- Use of artificial intelligence and machine learning for Analytics to continually reassess and re-plan activities
- Bots/Robotic process automation (RPA) to support non-value add labor-intensive activities
- The use of mobile technology and augmented / virtual reality could assist skill shortages. Together with digital twins and remote support from OEMs, would improve the availability of assets.
- Use of self driven vehicles and drones to reduce the reliance on people