Global Supply Chain Risks

Overview

- **Total sources processed:** 10
- **Avg. source length:** 1195 words
- **Avg. links per source:** 2 links

Sources

- Managing Risk in the Global Supply Chain ([longitudes.ups.com](http://longitudes.ups.com))
- How to manage risk in a global supply chain • How to manage risk in a global supply chain – Ivey Business Journal ([iveybusinessjournal.com](http://iveybusinessjournal.com))
- Supply Chain Risk Management ([fmglobal.com](http://fmglobal.com))
- Managing Risk in the Global Supply Chain ([scmr.com](http://scmr.com))
- Top 10 global supply chain risks ([supplychaindigital.com](http://supplychaindigital.com))
- Supply Chain Risk Mitigation Strategies: 4 Key Areas to Monitor ([flashglobal.com](http://flashglobal.com))
- Global Supply Chain Risk Report ([complianceweek.com](http://complianceweek.com))
- Global supply chain risk grows ([supplychaindigital.com](http://supplychaindigital.com))
- Global Supply Chain Risk Improved for Fourth Straight Quarter ([dnb.com](http://dnb.com))
- Top Five Supply Chain Risk Factors ([industryweek.com](http://industryweek.com))

Topics

**Topic categories:** Logistics and Transportation Industry - Disasters - International News - Environment - Automotive Industry

**Concepts:**
Supply Chain
Risk Management
Natural Disasters
Risk Management Plan
Regulatory And Environmental Compliance
Formal, Documented Process
Global Sourcing
Supply Chain Management
Risk Index
Competitive Advantage
Third Party
Crucial Factor
Oil Prices
International Trade
Previous Quarter

**Entities:**
North America
Asia
Western Europe
Central Europe
Eastern Europe
Latin America
United States
Central Asia
North Africa
Middle East
South Africa
Syria
Nigeria
Germany
South Korea
Highlights for top topics

Risk Management

- While all risks cannot be completely eliminated, selecting an expert service supply chain solutions provider can be a critical component of a comprehensive risk management plan. Moreover, enlisting an expert partner can enhance an organization’s ability to proactively focus on the probability of uncertain events, while using risk mitigation methods to minimize disruptions after they occur. (flashglobal.com)

- When natural disasters such as hurricanes and earthquakes strike, one disruption causes disruptions along the entire supply chain. Thus, a comprehensive risk management strategy must incorporate steps to identify, analyze and implement risk mitigation tactics that address potential disruptions across multiple countries. (flashglobal.com)

Natural Disasters

- There have been no major natural disasters that had any discernible impact on Dun & Bradstreet’s proprietary risk scores or economic forecasts since the cyclone season in Australasia and then Asia wound down in 2017. In Q1 2018, an earthquake in Taiwan exposed weaknesses in pre-1997 building codes as several high-rises collapsed from the shocks, but there was no disruption to industrial production. However, droughts continued in Sri Lanka and South Korea. (dnb.com)

- Supply Chain Risk Rating of concern on a scale of 1-10 (10 indicating most concern) Quality 5.8 Inventory 5.4 natural disasters 5.2 Economics 5.1 Transit Loss 5.0 New Product Delay 4.9 Cyber Security 4.7 Intellectual Property 4.5 Political Instability 4.3 Customs 4.1 Terrorism 3.8 (scmr.com)

Asia

- Elsewhere in Asia, logistical routes have come under pressure. Super typhoon Meranti has caused disruption to flights, ports, rail schedules and power supplies in Taiwan. Winds of 150km/h have forced the temporary closure of two nuclear power stations but the country’s robust building code has mitigated against long-term disruptions. In South Korea, meanwhile, the world’s 7th largest shipping company, Hanjin Shipping, went bankrupt in August, reducing global shipping capacity by 3% and leaving a cargo as large as $14bn unable to dock. The bankruptcy is likely to have wide-ranging impact on trans-Pacific and Asia-Europe supply chains. (supplychaindigital.com)
Asia Pacific has bucked the trend this quarter with supply chain risk decreasing marginally from 3.424 in Q2 2016 to 3.415 in Q3. Australian suppliers, in particular have benefited from rising coal and iron ore prices together with an increase in national defence spending. In the short-term, Australian businesses are showing improved payment performance, but the country’s reliance on temperamental Chinese demand continues to pose risks. (supplierchaindigital.com)

Western Europe

The uncertainty around the post-Brexit relationship between the UK and the European Union has had a negative impact on trade and business sentiment in the UK and across the region. In the UK, the resulting currency volatility is having an immediate effect on British businesses with suppliers starting to push up prices in reaction to the weaker British pound. A brief stand-off between Tesco and Unilever looks to be only the first of many challenging negotiations for British procurement teams. (supplierchaindigital.com)

Statistics

Supplier Loss and Backup Plans: On average about 45% of the suppliers of the firms surveyed could continue to supply if they suffer a disaster in one location, meaning that over half (55%) could not continue supplying within a reasonable time frame. (scmr.com)

The survey said that nearly half (45%) of supplier spending for U.S. based companies is outside the United States, with 21% in Asia. (scmr.com)

At just one standard deviation, the range for sole sourcing among the firms surveyed was 13% to 63%. (scmr.com)

Facility Loss and Backup Plans: If a natural disaster or major equipment failure shuts down a company facility (a factory or a DC), about half of the firms surveyed (53%) have a backup plan that can be implemented fairly quickly. (scmr.com)

The bad news is that the other half (47%) do not have a backup plan for factories or DCs. (scmr.com)

About seven in ten companies (69%) have a documented response plan in place to attempt to salvage business with their customers if disaster strikes, either through product substitution, proactive communication, or with inventory. (scmr.com)
In this survey, 38% of suppliers are sole sourced. (scmr.com)

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Summaries

Managing Risk in the Global Supply Chain (longitudes.ups.com)

- Over the last decade, many companies faced supply chain challenges that have stretched their capabilities to the breaking point.
- To assess the state of supply chain risk management in the industry today, a research team at the University of Tennessee surveyed more than 150 supply chain executives from a wide range of companies, including retailers, manufacturers, and service providers.
- The scope and reach of the supply chain cries out for a formal, documented process to manage risk.

Managing Risk in the Global Supply Chain (scmr.com)

- Risk in the Global Supply Chain Risk is a fact of life for the supply chain professional due to innumerable forces subject to change or beyond control within the supply chain such as legal, security, regulatory and environmental compliance; weather and natural disasters; and terrorism.
- An effective risk management process for the supply chain can help companies avoid missed customer commitments, stock outs, reduced earnings, increased time-to-market cycles, and negative impacts to brand perception.
- This means that almost a third of companies do not have any disaster response plan in place for supply chain risk.
- Next in the list of risk concerns is the increased inventory due to a longer global supply chain.

Top 10 global supply chain risks (supplychaindigital.com)

- 10 | Interstate Conflict
- 9 | Extreme Weather Events
• 8 | Water Crises
• 7 | Catastrophes
• 6 | Governmental Collapse
• 5 | Failure of National Governance
• 4 | Underemployed or Unemployed Individuals
• 3 | Failure to Adapt to Climate Change
• 2 | Data Fraud and Digital Theft
• 1 | Cyber Attacks

Supply Chain Risk Mitigation Strategies: 4 Key Areas to Monitor (flashglobal.com)

• Comprehensive Management Strategies needed to Decrease the Kinks in the Supply Chain
• Compliance with Local Laws in Geographic Areas of Uncertainty to Decrease Lead Times
• The Categorization of Supply Chain Risk Strategies: Atomistic/Holistic & Qualitative/Quantitative
• Supply Chain Risk Mitigation Requires Talent, Expertise, Speed to Market & Attention to Detail

Global Supply Chain Risk Report (complianceweek.com)

• This Global Supply Chain Risk Report is a joint publication by Cranfield School of Management and Dun & Bradstreet.
• The report responds to a growing need for reliable information to support supply chain decisions, within an increasingly complex and dynamic business environment.
• The report is broken down into two sections: Sectoral Risk Analysis: a comparison by industry sector of four key metrics: Supplier Criticality, Supplier Financial Risk, Global Sourcing Risk, and Foreign Exchange Risk.

Global supply chain risk grows (supplychaindigital.com)

• The risk in global supply chains is on the rise, according to the Chartered Institute of Procurement & Supply (CIPS) Risk Index.
• The figure is the highest since 2013 and has been driven by increases in supply chain risk in Western and Central Europe, Eastern Europe, the Middle East, Latin
America and Sub-Saharan Africa.

- The index is produced for CIPS by Dun & Bradstreet economists, who track the impact of economic and political developments on the stability of global supply chains.

- The upward trend in supply chain risk is in part driven by a disintegration of the political consensus over globalisation, with the World Trade Organisation reporting an average of 22 new trade restrictive measures a month in its latest report.

- An agreement between Turkey and the EU to manage the flow of migrants from the Middle East has seen some temporary border controls within the common market repealed this quarter, reducing supply chain disruptions.

Links

industryweek.com


upscapital.com


geert-hofstede.com


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- https://online.kettering.edu/news/2016/06/14/impact-political-instability- global-sourcing

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