



Supply Chain Risk Management



tolerance
cognitive
strategies
bias
resilience
management
risk
appetite
culture
perspectives



Mitigating the Risk of the Coronavirus

Gregory L. Schlegel CPIM, CSP, Jonah

Founder, The Supply Chain Risk Management Consortium

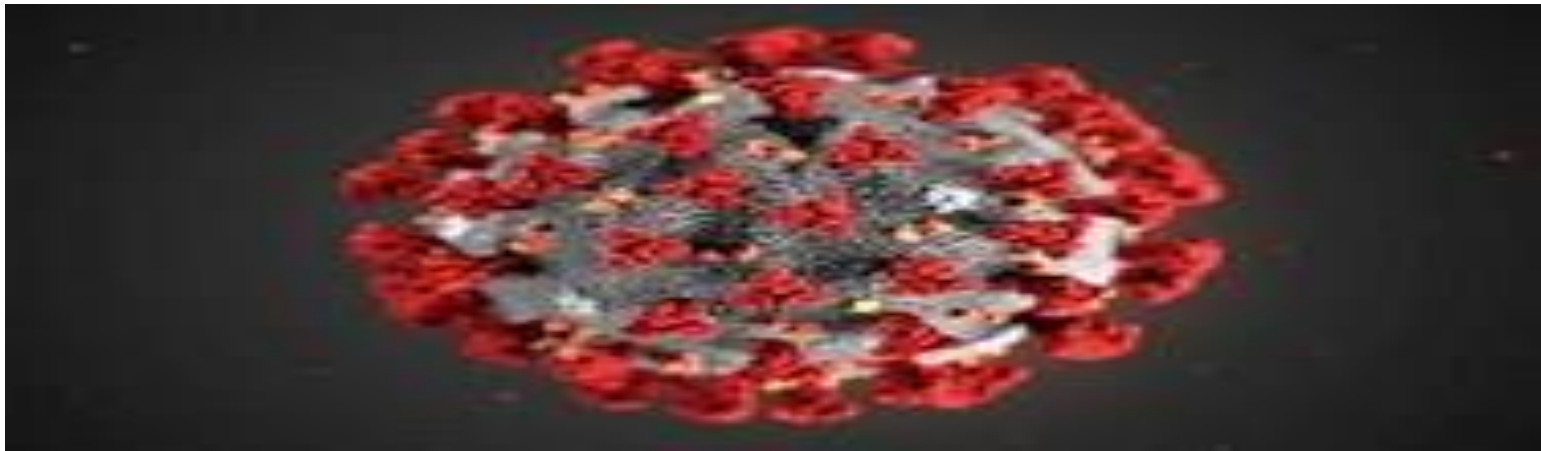
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NDIA Webinar, April 2, 2020

SUPPLY CHAIN RISK MANAGEMENT
CONSORTIUM™

Dialogue on Coronavirus Risk Mitigation

- The SCRM Consortium's Point of View on Risk
- WHY Mitigating Risk is HARD
- Basic Supply Chain Risk Mitigation Tactics
- Mitigating Risks due to the Coronavirus
 - *WHAT to do NOW.....Survive*
 - *WHAT to do LATER....Thrive*



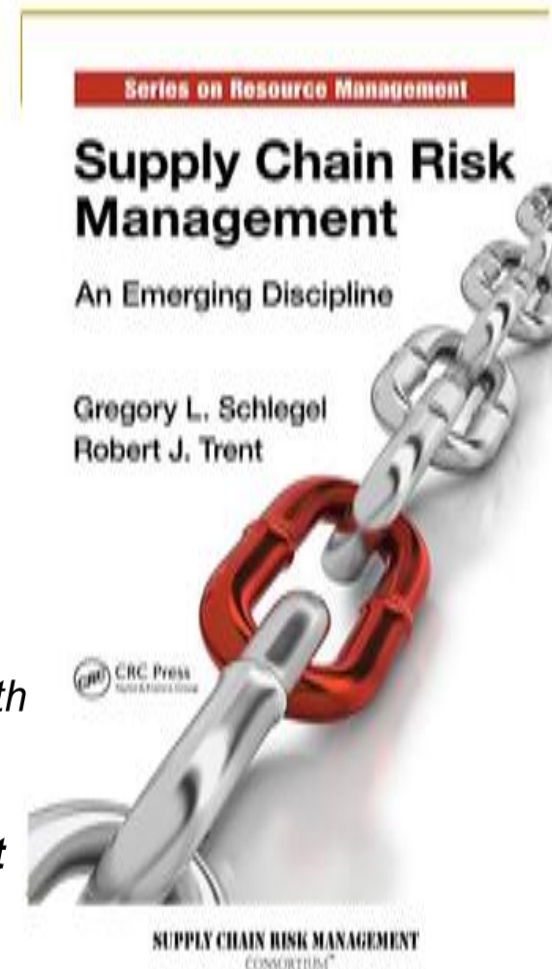
Supply Chain Risk Management

THE WHY.....

“A resilient enterprise has the capacity to overcome disruptions and continually transform itself to meet the changing needs and expectations of its customers, shareholders and other stakeholders.”

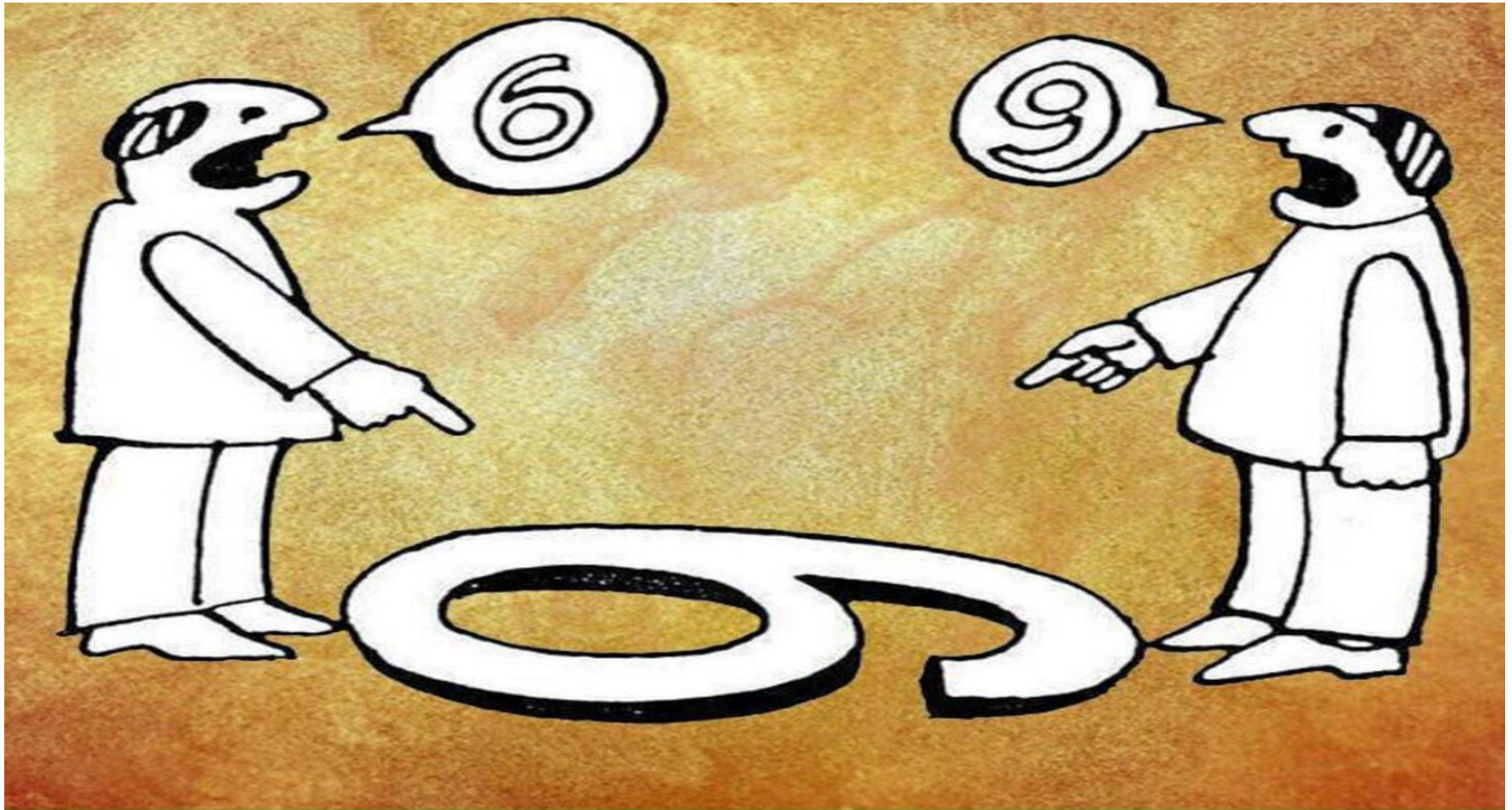
THE WHAT & THE HOW.....

Supply Chain Risk Management (SCRM).... *“It is the implementation of strategies to manage every day and exceptional risks along the supply chain through continuous risk assessment with the objective of reducing vulnerability and ensuring continuity. **One way to view SCRM is to think of it as the intersection of supply chain management and risk management.**”-----Dr Robert J. Trent & Gregory L. Schlegel, Lehigh University*



WHY is Mitigating Risk Hard?

Because of This---Risk Perspectives



And, Because of Risk Appetite

- The risk profession has defined risk appetite as--- “***the aggregate level and types of risk a board of directors and management are willing to assume to achieve its strategic objectives and business plan, consistent with applicable capital, liquidity, and other regulatory requirements.***”
- NET-NET.....
 - ***Risk Appetite IS---→ CULTURE!***

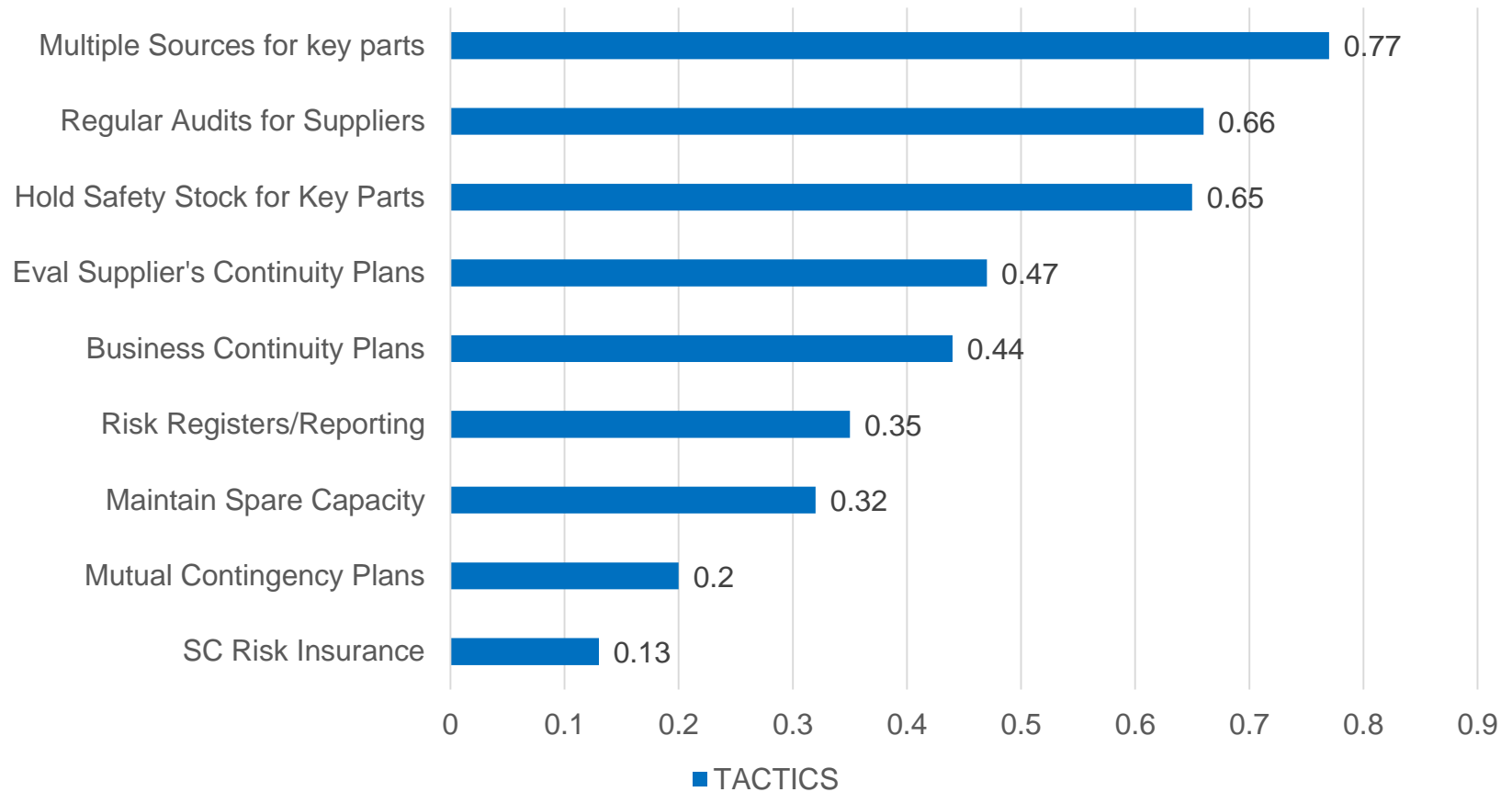
McKinsey Risk Report 2017

A photograph of Peter Drucker, an elderly man with glasses, wearing a blue suit and a white shirt. He is sitting with his hands clasped in front of him, looking slightly to the right of the camera. The background is a plain, light-colored wall.

**‘Culture eats
strategy for
breakfast’
- Peter Drucker**

Risk Mitigation Tactics

TACTICS most often utilized by exemplar companies



Adapted from SCMWorld Study 2012

SC Risk Mitigation for Coronavirus

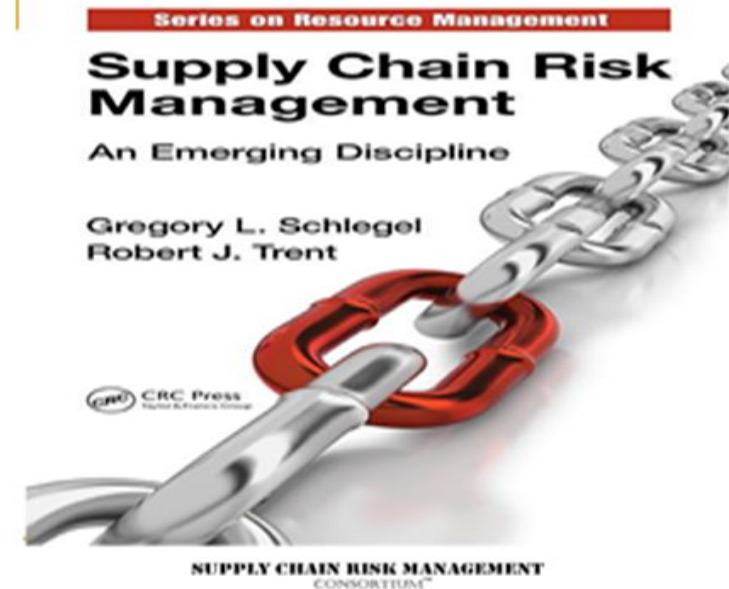
■ WHAT to do NOW: (next 10-15 weeks)

- Ensure the safety of your staff & partners
- Communicate, Communicate, Communicate
- Identify key suppliers/partners in affected areas
- Understand their status & keep in close contact
- Attempt to secure alternative sources of supply
- Prioritize critical materials & expedite, daily
- Secure alternate logistics capabilities
- Watch your cashflow, Altman Z-Score & CCC

■ WHAT to do LATER: (2nd half 2020)

- Map your entire supply chain
- Exercise risk assessment for all your Supply Chain risks, past & future
- Plot those risks across you supply chain
- Continue to monitor the risks.....subscribe to a Risk alert solution
- Run “What-if” scenarios using a **Digital Twin** of your supply chain, so you can witness how your supply chain will react to risk stimuli
- Build out Risk Response Plans for HIGH VaR’s, Value-at-Risk Scenarios
- Explore the use of Supply Chain Disruption Insurance
- Get educated—there are best practices, books, workshops/online Certificate courses

- <https://edukazi.com/p/supply-chain-risk-and-resilience-level-1111>





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