



HOW TO BUILD A RESILIENT SUPPLY CHAIN IN DIFFICULT TIMES



Many companies have suffered severe disruptions from the coronavirus pandemic, showing just how unprepared some supply chains can be in challenging climates. It's clear that risk management, supply chain resilience, flexibility, and safety policies will be among top priorities and trends for businesses moving forward.

UNDERSTANDING SUPPLY CHAIN RESILIENCY

A company's ability to survive market disruptions and events is the cornerstone of any successful business strategy, but many companies only realize this when disaster strikes. Risk management isn't normally top of mind for most business leaders, and is often trumped by day-to-day priorities.

Today, there are more supply chain threats than ever before. It's not a matter of if a disruption occurs, it is a matter of when. Whether it is a natural disaster, an unexpected economic downturn, or a virus outbreak, history has proven disruptions are unavoidable.

Some companies are equipped to handle these incidents much more successfully than others. This is because they have a strong, advanced risk management strategy in place before disaster strikes. Making your supply chain more resilient can help strengthen your business and make it through a critical time.

TO IMPLEMENT BEST PRACTICES FOR RISK MANAGEMENT, ASK YOURSELF:

What threats does my organization face?

What consequences would those risks have?

What is the likelihood the risk would happen?

If the risk is probable, how do I develop a plan of avoidance?

A resilient supply chain requires two critical components: the **capacity for resistance** and the **capacity for recovery**.

Resistance is the supply chain's ability to reduce the impact of disruption, and *recovery* is the supply chain's ability to quickly resume normal operations after a disruption.

RESILIENCE IN THE SUPPLY CHAIN:

KEY FACTORS

1 Identify:
what risk is most likely to compromise the organization's supply chain (internal and external)?

2 Analyze:
evaluate risks and determine potential outcomes and effects

3 Respond:
define the next steps to protect and secure the supply chain

HOW DO YOU BUILD A RESILIENT SUPPLY CHAIN?

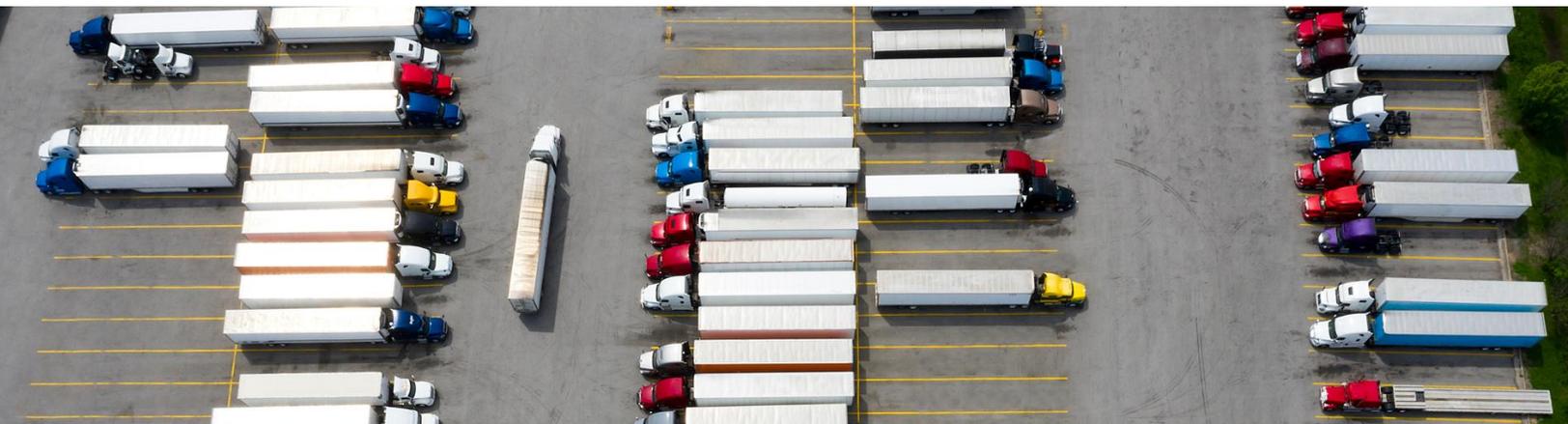
In a business environment, resiliency is a company's ability to recover and get back to normal operations, including recovery time. By adopting certain practices, your company can reduce the time needed to bounce back from serious disruptions and minimize damages.

CIRCULAR SUPPLY CHAINS AND VISIBILITY

Moving from linear, sequential supply chain models has been a trend in recent years. Circular supply chains encourage sellers and manufacturers to take discarded materials and resell them, using raw and refurbished materials for long term economic benefits. Having a transparent, well-integrated supply chain keeps your company in line with all the current processes happening and allows your company to define problematic areas at an early stage. Visibility and simultaneous monitoring also speed up responses toward disruptive processes, therefore eliminating potential damage.

CROSS-MOBILITY AND STANDARDIZATION

Another useful practice for risk management is adapting standard procedures and layouts for operations and product manufacturing. Implementing identical techniques at each of your company's facilities and adjusting inventory to having semi-ready products makes your supply chain more flexible. This way, you can easily move production to another facility or transport materials and workers among warehouses and factories, because core processes are essentially the same everywhere.





EXTEND YOUR NETWORK OF SUPPLIERS

Another useful practice for risk management is adapting standard procedures and layouts for operations and product manufacturing. Implementing identical techniques at each of your company's facilities and adjusting inventory to having semi-ready products makes your supply chain more flexible. This way, you can easily move production to another facility or transport materials and workers among warehouses and factories, because core processes are essentially the same everywhere.

COMMUNICATION AND EMPOWERMENT

Corporate culture plays a crucial role in creating a resilient supply chain. The more informed your employees are on process updates happening throughout your organization, the more it helps you during a disruption. Companies with rigid centralized structures and shallow communication spend lots of time informing employees when it's already too late, fixing their mistakes, and hindering the critical responses to disruption. Businesses where workers are aligned with the event flow, empowered to make decisions, and act are more prone to faster and more efficient recovery after a disruption.

ANALYZING PREVIOUS DISRUPTIONS

Learning from past disruptions is the best way to minimize the risk future ones have on your business. Analyzing past struggles and coping mechanisms can highlight both weak spots and useful practices. Large disruptions are not the only things that companies can learn from. Small hiccups happen every day, and while they may not grind business to a halt, taking steps to prevent them is a step towards greater stability overall.

REACHING RESILIENCY WITH A 3PL

As a third-party logistics provider, PLS is strongly positioned to weather any storm or market challenge, and can help your organization better plan, work through, and recover from the unpredictable events businesses face. With a large network of carriers and our in-house industry experts, PLS is a leader in business logistics and strategy.

If your organization could use a helping hand on the road to resiliency, or you're interested in learning more about how PLS can make your business work smarter, contact our sales team today for more information at sales@plslogistics.com.

