

10 questions about managing geographical risks

Checklist for Supply Chain Risk Management

Geographical risk events are currently top-of-mind among purchasing and supply chain managers as a consequence of the COVID-19 pandemic. While risks like quality control issues and mechanical failures are generally easier to predict, geographical risk events are much more difficult to anticipate. As a result, measuring and managing this array of risks is a complex task.

Range of risks

The coronavirus pandemic is just one of the many risk factors that can impact supply chains worldwide. Other recent examples are Brexit, the US-China trade war, natural disasters such as floods, hurricanes and earthquakes, and of course SARS in the public health context. As supply chains are ever-more complex and interconnected on a global level, they are potentially also more fragile, since they are increasingly impacted by events at both a global and a local level. As a result, the risk and volatility factors are growing.

Digital tools can play a key role in enabling supply chain managers to remodel their supply chains when disruption occurs and, by doing so, to reduce the negative impact of the disruption.

Supply chain software vendor Tesisquare and Supply Chain Movement have created this checklist to provide an overview of the points to consider when managing geographical risks within your supply chain. Answer these 10 questions to assess the maturity of your supply chain risk management.



Checklist for managing geographical risks:

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. My company has made geographical data mandatory in the supplier master data. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. We oblige our suppliers to provide information about sub-tier countries of origin using dedicated online forms that must be regularly reviewed and updated. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To minimize the risk of production delays, we have designed an internally accessible online scorecard for our supplier qualification process which includes a geopolitical risk rating. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. We have online access to smart maps and dashboards – integrated with live operational data – that provide the appropriate information to enhance agility and data-driven decisions. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Our company has identified the factors that influence our geographical risk rating and mapped the source of potential disruptions. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. We have defined how to integrate the data flow coming into our legacy system from an external information database to configure our own geographical risk rating system. | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. We have set the thresholds for the geographical risk rating and identified which types of events should trigger automated alerts. | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Our company has an alert and workflow system to stay up to date on factors that impact the geographical risk rating. | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. We are testing advanced analytics techniques based on machine learning algorithms to improve our forecasting capabilities. | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. We use geographical risk information to anticipate shifts in demand levels and our customer base in order to balance our supply and production processes. | <input type="checkbox"/> | <input type="checkbox"/> |

RESULTS

0-3 questions answered with No:

Your company's supply chain risk management is quite mature. You seem able to manage the geographical risks in the supply chain effectively, but there may still be some room for further improvement.

4-6 questions answered with No:

Your company's supply chain risk management is moderate, so you could still make several improvements – such as by enhancing the communication with all your suppliers with a real-time data hub.

7-10 questions answered with No:

Your company's supply chain risk management is rather immature. You should invest in a real-time data hub to gain an overview of all your suppliers and the services they provide.