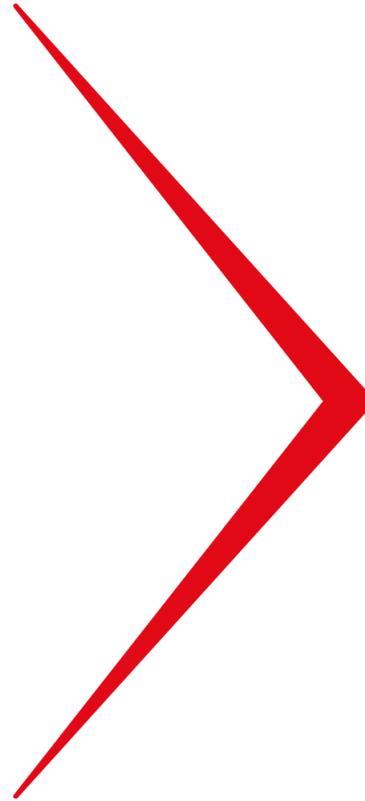


Business & Management



***Covid-19 minimising
impacts on your
supply chain and
financial performance***

1 APRIL 2020

The webinar will begin shortly...

Business & Management Faculty



Benefits of faculty membership include:

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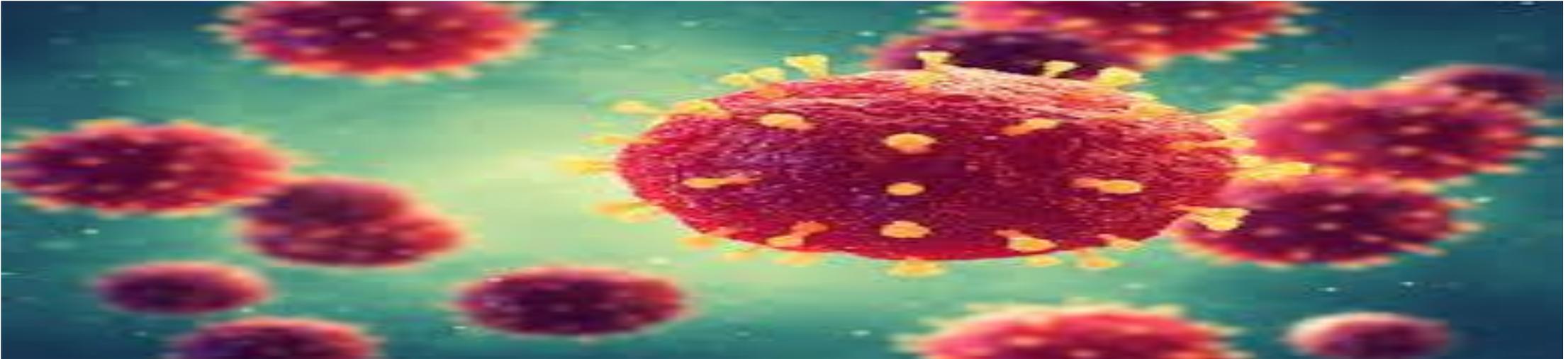
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60 minute webinar: Covid-19 minimising impacts on your supply chain and financial performance



Nick Wildgoose

Covid-19 minimising impacts on your supply chain and financial performance.



Nick Wildgoose, CEO Supplien Consulting
1 April 2020

Introduction

- The current evolving situation and its implications from a supply chain perspective
- What you can do now to protect your organisation in terms of ongoing impact on business performance
- How can you be better prepared for the next supply chain business performance impact – Climate change, geopolitical issues, reputational impacts.

Covid-19 Triple Challenge

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Your Covid-19 Picture?

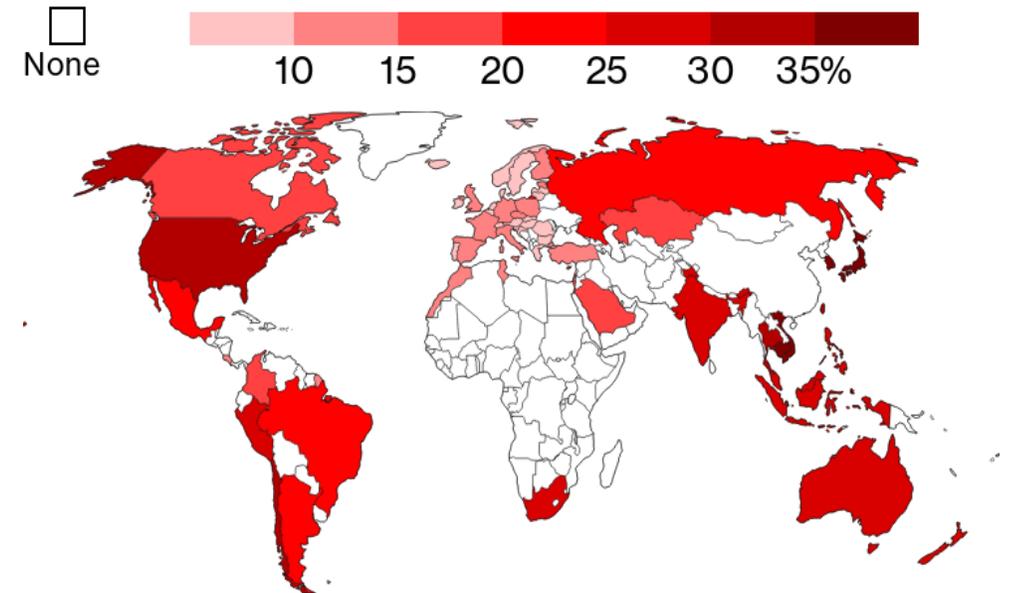
- How are your most profitable products impacted:
 - Inventory
 - Status of your direct suppliers
 - Impact on lower tier suppliers
 - Reshaping of supply chains
 - Refresh on financial status
 - Force Majeure
- Without your key suppliers or customers you will not have a business

China & the Global Supply Chain Impact

- % of Global GDP: 4% to 16% since SARS 2003, 30% of manufacturing
- 51,000 companies with Tier 1 suppliers in China
- Retail, electronics, pharma and automotive sectors
- China produces up to 80/90% of active drug ingredients

How Coronavirus Can Infect Global Supply Chains

Share of all imports of intermediate products coming from China



Source: OECD TiVA, Bloomberg Economics

Bloomberg

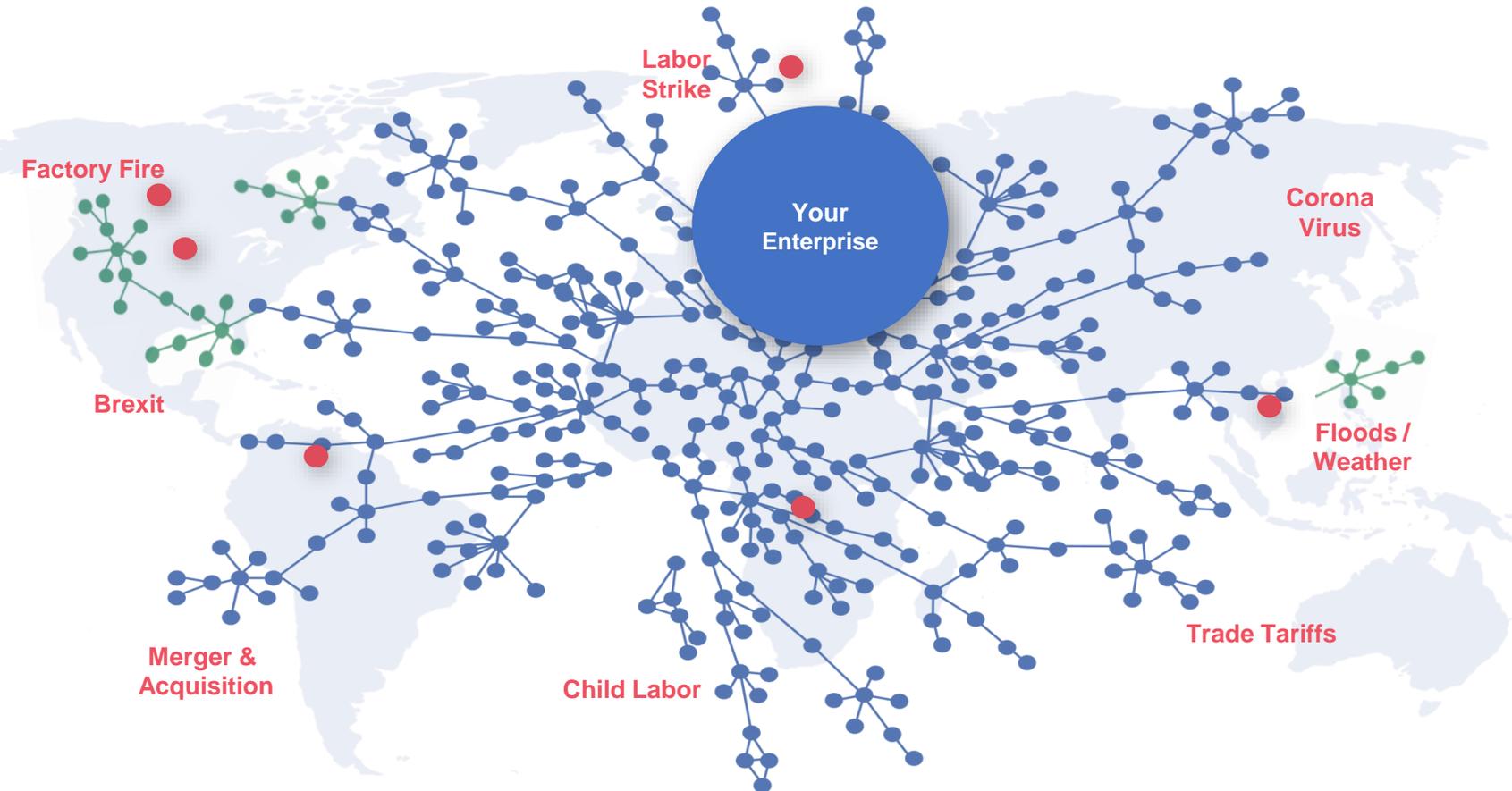
Sources: CNBC, Citi, Amenity Analytics, D&B, Oxford Economics, UNWTO, IATA

What does the Global Picture look like?



Supply Chains Are Increasingly Complex, Global & Vulnerable

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Risk tend to increase in the lower tiers of the supply chain , but they are less well understood.

Small Business Key Steps

- Assess your demand and financial position
- Contact your critical suppliers to understand current situation, can you help each other
- Encourage transparency and support for each other
 - Small Supplier entity
 - Large Supplier entity
- Look for alternative options and start to assess

Immediate Actions

- Do your procurement team understand your supplier preferencing?

Supplier Portfolio Analysis

Value

LOW

HIGH

<p>Supply Market Complexity</p> <p>Hi</p>	<p>Bottleneck</p> <p>Bottleneck items where the cost is not great but we are tied to a particular specification or supplier</p>	<p>Strategic</p> <p>Critical high value items where we need to apply proper techniques and the appropriate tools</p>
	<p>Lo</p>	<p>Non-critical</p> <p>"Minimise the effort" items where managing the spend using sophisticated approaches is not worth the time or the effort</p>

Customer Positioning

Supplier Positioning Matrix:

	Low Value	High Value
High Attractiveness of Account	Develop & Nurture	Protect
Low Attractiveness of Account	Nuisance	Exploit

Contractual Issues

- Event of Default – will a failure to fulfil obligations result in an Event of Default?
- Force Majeure and frustration – will the effects of Covid-19, or any response to it, be caught by a Force Majeure provision or frustrate your contract?
- Notification obligations
- Mitigation
- Guarantees/indemnities/performance bonds/liquidated damages

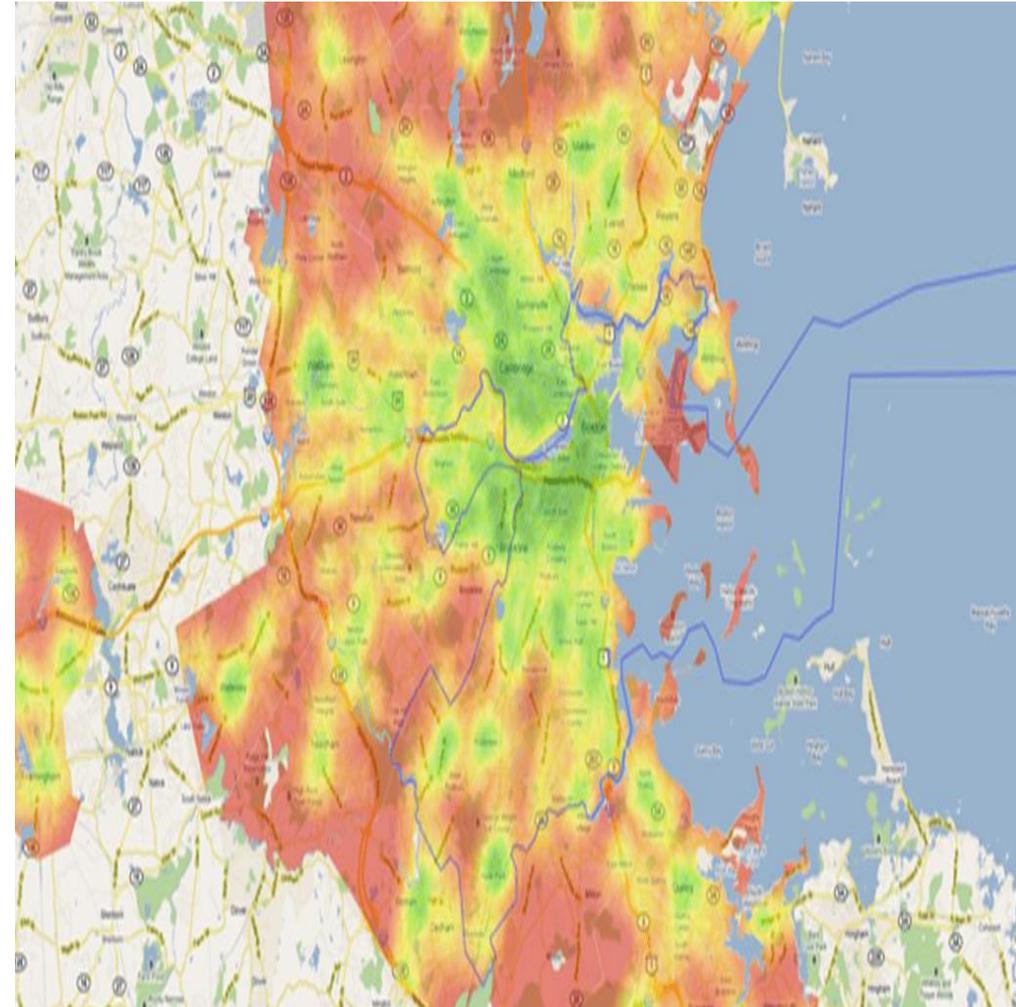
Immediate Actions

- Financial exposures – Supplier insolvencies or Overtrading
- Does procurement/operations have adequate resources, data and solutions support to potentially reconfigure supply chain?

Immediate Actions

Ensure your procurement/operations team:

- Prioritise your high-risk supply sources by value
- Analyse your supply chain beyond your tier one suppliers
- Review the business approach to inventory/demand forecasts
- Calculate your stock pinch points



Immediate Actions

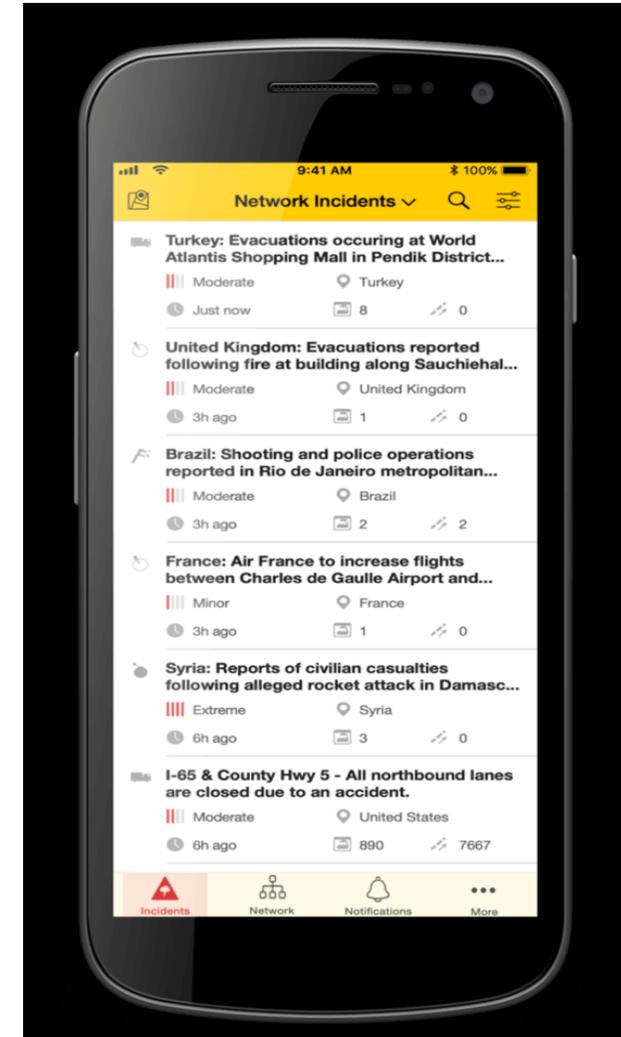
Ensure your procurement/operations team:

- Keep communication channels open with your key suppliers and customers.
- Seek out alternative sources of supply and transportation routes.
- Factor in increased transit times to alternative ports- to meet customer dates

Likely Supply Chain Risk Challenges

- Understand the key interdependencies
- Have the right skills, data and solutions
- Ensure cross functional approach

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Source: DHL Resilience360

Longer Term

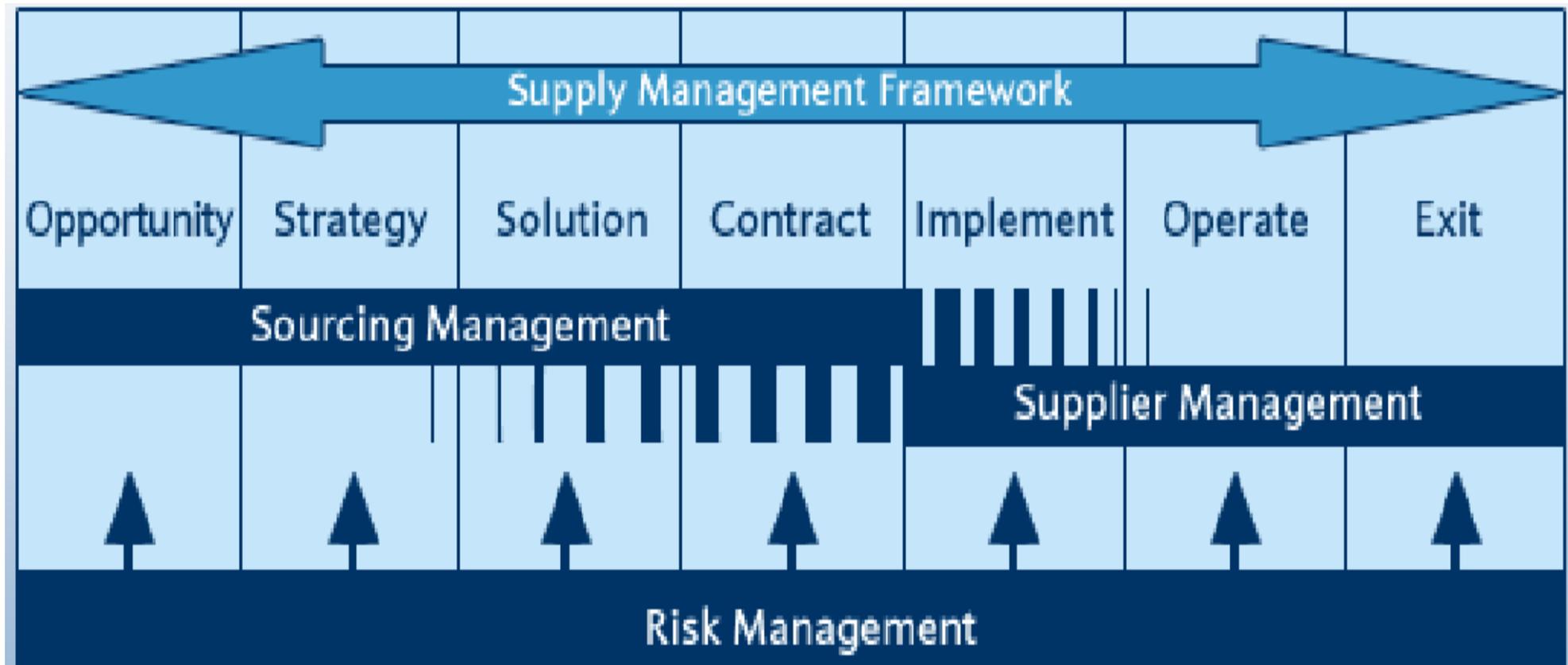
Longer Term Actions

- Carry out lessons-learned debriefings to highlight critical areas of supply
- Spread your sourcing across multiple suppliers in different geographies
 - Including developing more local sources of supply.
- Review contract terms to mitigate future risks. E.g. force majeure clauses

Part of an integrated organisation wide supply chain resilience program

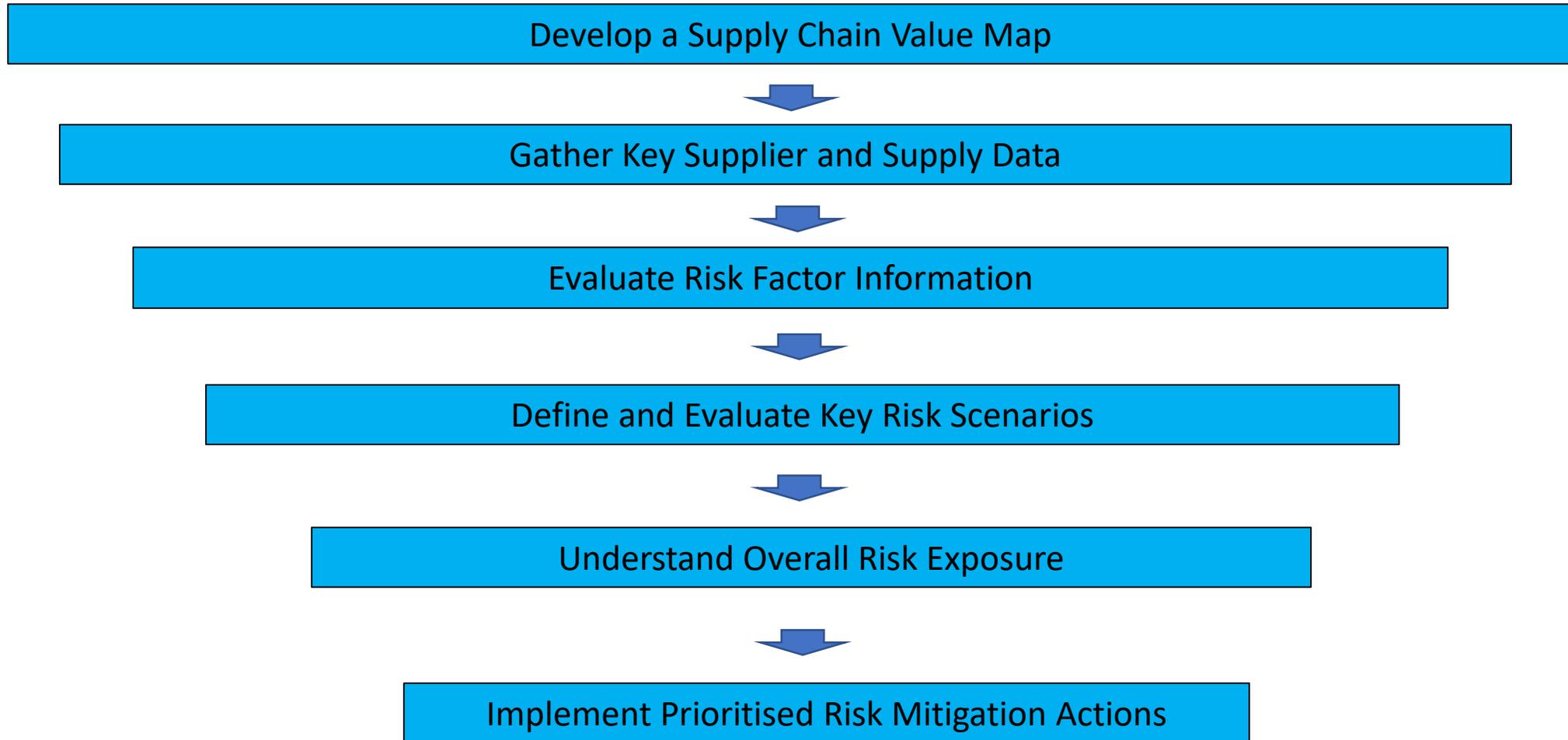
Ensure Risk Management is embedded in your process

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Risk Assessment Journey

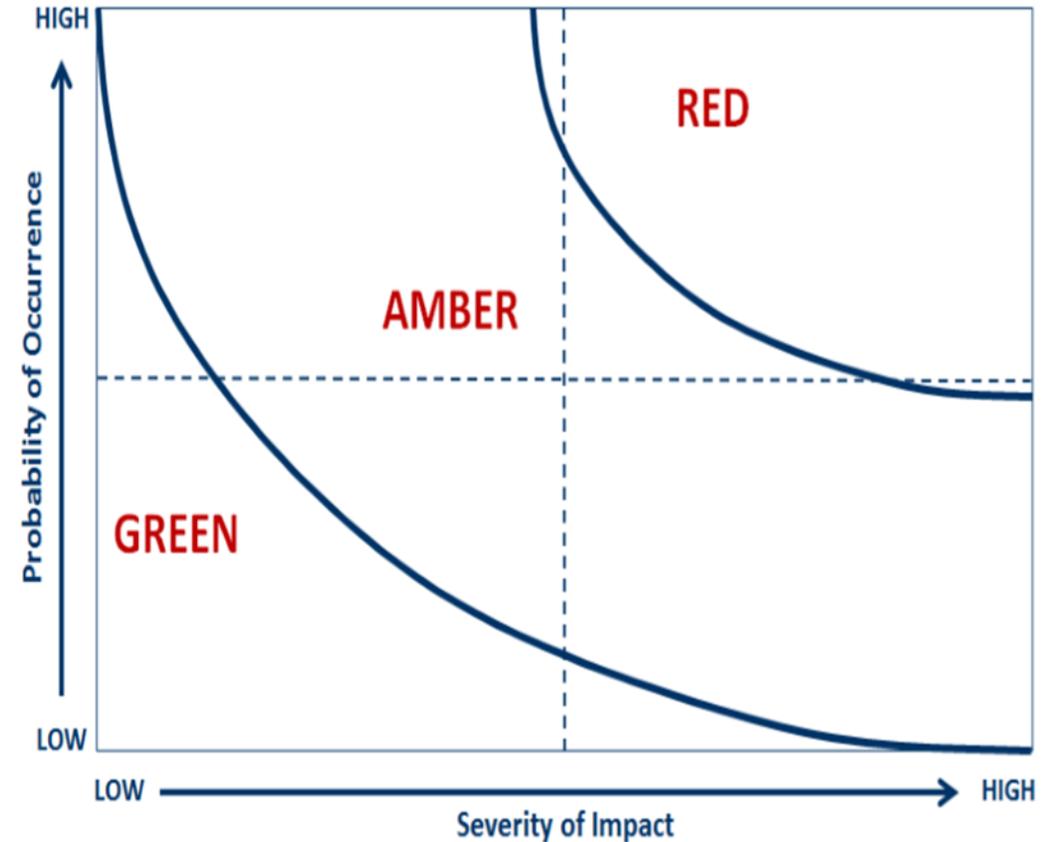
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Risk Assessment

- Information/financial flows
- Assets and infrastructure
- Supply chain network
- PESTLE risks

Risk Impact Grid



Summary

- Supply chains/suppliers are key to survival
- As a senior member of the finance team you are the conductor of the resilience approach
 - Ensure performance objectives are aligned
- Need to be proactive being reactive is not good enough

What Next?

- Understand the financial and demand situation you will face as we move out of Covid-19 lockdown
- Ensure open lines of communication with critical suppliers
- Try to develop contingent plans around alternatives appreciating how important you might be to relevant suppliers
 - Use of technology/data solutions

Contact Details:

Nick Wildgoose BA(HONS) FCA FCIPS

CEO Supplien Consulting

Email: nick.wildgoose@supplien.com

Useful supply chain Coronavirus Update:

<https://www.resilience360.dhl.com/coronavirus-supply-chain-resource-center/>

Legal Issues:

<https://www.allenoverly.com/en-gb/global/news-and-insights/publications/covid-19-novel-coronavirus-10-key-points-for-effective-contingency-planning>

Supply Chain Risk Training: <https://www.theirm.org/scrm>

Ongoing Supply Chain Risks

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Manufacturing sites on the cyber security front line



Climate activism heats up/ Carbon Footprint



Trade policy shifts reshape global cargo flows



Environmental regulations get new teeth



Economic sanctions on the rise



Try an alternative route



Social equality protestors target critical transport infrastructure



Pandemic Threats



Corporate Social Responsibility Pressures



Scrap heap challenges for ports and manufacturers

ROI For Supply Chain Risk Management

- Avoid lost sales
- Avoid Production Outage/supplier failure
- Reduce premium freight/cargo loss
- Reputational loss
- Inventory optimisation

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60 minute webinars – 10.00am

What happens when everything generates data?
22 April

How to network your way to success
13 May

Economic update
3 June

Better people management
8 July

Strategic thinking for senior professionals
30 September

Leading resilient teams
7 October

Practical Excel tips
7 December

20 minute webinars – 12.30pm

Top tips for securing board level support for counter fraud
18 May

Simple techniques to improve communication
22 June

The net present value of happiness
23 September

Common online frauds and how to avoid them
14 October

Evening events – 6.30pm

Creating clarity and impact in your reports and talks
10 September

Navigating 'office politics' positively
5 November

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THANK YOU FOR ATTENDING

Contact the Business & Management Faculty

icaew.com/bam

✉ bam@icaew.com ☎ +44 (0)20 7920 8508

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