

## *Supply Chain Risk Management: Our Point-of-View*

### *SCRM*

Anticipating and managing risks in an organization's supply chain is becoming more complex every day. With increasing natural disasters and global instability firms need better, more timely information at their fingertips to know and anticipate which events may affect the security and operations of their organizations. By helping grow our clients' understanding of how to manage their Supply Chain Risks in a more holistic manner we can add intrinsic value to their bottom lines and increase the value proposition of our services to these businesses.

**StoneCross Group (SCG)** has taken a thought-leadership position on the topic of helping firms develop and manage an effective, more formalized Supply Chain Risk Management (SCRM) program which encompasses enhanced compliance management as a by-product. This approach has allowed us to open doors with a number of firms whereby there is emerging interest in this area of operational discipline. We have also educated ourselves considerably on the various tools available in the market place which are being used to assist in creating these programs.

The vast majority of larger firms today manage their supply chain risk and compliance areas in a somewhat haphazard and reactionary fashion. Having little to compare this approach with, most firms have never given a great deal of thought to a more formalized, structured process such as **SCG** can introduce. In summary, the following bullet points highlight a few of the benefits from a SCRM program built upon today's global incident tracking toolset offerings:

➤ **Global Incident Tracking/Alerts Management:**

Firms wishing to learn of supply chain risks resulting from particular incidents (or events), as they define them, can have such information at their fingertips with standard service offerings in the market today. This "early warning" capability can be targeted for locations which might impact their own company resources or those of their suppliers or customers. Constant monitoring of "scrubbed data" coming from geopolitical, weather, natural disasters or manmade events allows firms to more quickly access potential risk in order to determine what may be impacted.

➤ **Crisis Management – Supply Chain Resiliency:**

Building upon the information from incident tracking mentioned above (plus other compliance tracking componentry) consulting guidance can be given to craft a step-by-step process for a company to develop and implement a Crisis Management playbook. The crisis management feature provides a web-based centralized dashboard for team members to collaborate, manage and track tasks during a disaster. The crisis plans can track activity, files such as documentation, video and pictures, user tasks and time to recovery. This feature can be used for customized crisis plan design and deployment as the incidents tracked are automatically correlated to business – supplier - customer locations and provide an easy workflow to activate the crisis playbooks.

➤ **Location-Facility Incident Research:**

As firms plan new locations for the sourcing/supplying of goods or services within their supply chain, there is considerable value from researching an Incident Database for “What-if” scenario modeling. Companies and insurers need to have the capability to conduct realistic disaster scenarios to anticipate types of risk and impact. Understanding the risks in particular locations can help reduce costs in emergencies and develop proactive mitigation plans.

As an example, suppose you are in the position to insure a retail chain of 20 new locations - how can you automatically track the location based risks of those 20 locations in the past month or past 6 months? Are there unknown risks such as constant flooding around a particular area you do not know about or power outages every week in one particular city or shooting within a ¼ mile radius of some of those retail locations? Different locations can have a variety of risks that can change frequently or to which there is no easy visibility to. These considerations can also be useful regarding the sourcing of goods and the inherent risks in some supplier locations globally. Many a firm has been caught by surprise in this regard, whether it had to do with the cost of insurance or the ability to sustain the supplier/customer arrangement.

➤ **Compliance Assessment Management:**

All large firms have to create, distribute, and review compliance assessment surveys on an on-going basis. Sometimes these are industry standard regulatory compliance assessments and other times they are custom compliance question sets. The dissemination and tracking of such documents can be dis-jointed at best. Today there are SaaS offerings which can combine other elements of supply chain risk management with the compliance piece as a sub-component. This simplifies the establishing of a centralized repository for regulatory requirements and documents such as ISO, C-TPAT, OSHA, HIPAA Security, PCI DSS, and more. By interleaving these disciplines there is less risk of something important being overlooked – a very real possibility in an ever increasing, highly-regulated global environment.

➤ **Mobile Tracking – HR Protection**

Mobility devices have changed the way many firms do business today – and the same holds true for the “personalized” tracking of global disasters, pre-defined incidents and other variables. The mobile version of such event tracking, and the easy access via a centralized database, can lead to a number of key benefits which impact a variety of business concerns including Human Resources and Security via such capabilities as:

- GPS tracking locates the user and tracks surrounding incidents as defined by the user
- Ability to research on a specific city and find incident activity for specified previous days
- Setup alert notifications are pushed to the user’s mobile device based on location
- Visibility into specific incident data for a city or location
- Audio/visual up load

➤ **Incremental Revenue – Data Mining**

Increasingly, firms are devising creative new ways of mining specific, industry segmented data which has the potential of driving new revenue or revenue sources otherwise difficult to generate.

Take for instance a business in the security segment. One would expect that the monitoring of various crime or property damage factors – such as a trending in certain geographies – might prove to be a useful sales forecast input. We have noticed more firms capitalizing on the predictive nature of advance event tracking data as opposed to only using the capability in a reactive manner.

**Summary**

***Enterprise Risk*** - whether playing out in the realm of compliance, security or operations – is here to stay and growing in complexity for a variety of reasons. Creating a formalize program for identifying, monitoring and proactively managing such risks, while capitalizing on new revenue opportunities where possible, is simply a good business strategy.