Return, Recover and Rebuild: Managing Risk and Resiliency in your Supply Chain

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“Crisis never reverts to normal, but rather begets the next normal.”
We are in a VUCA environment...

**Volatile**
- Increased frequency and severity of disruptions
- Not a matter of “IF” ⇒ But “When”

**Uncertain**
- Becoming increasingly difficult to predict what will happen
- Predictability of Forecast and Planning are wrong
- Question is “how much”

**Complex**
- Supply Chains have more connections and independencies leading to:
  - Elongation: long lead times
  - Fragmentation: multiple nodes, inputs and transactions
  - Fragility: small events can have devastating effects

**Ambiguous**
- Becoming more and more difficult to predict what is happening
- Supply Chains are drowning in data but starved for relevant information

**Vision**
**Understanding**
**Clarity**
**Adaptability**
What is happening right now in the Supply Chain?

- Uncertainty
- Disruption
- E-Commerce Shift
- Building Resiliency

**Respond**
Managing continuity in the near term

**Recover**
Adapting to the "new normal" (short-term)

**Thrive**
Excelling in the "new normal" (long-term)

Bykit Point
Supply Chain Advisors
2020 revealed weaknesses in all Supply Chains

DISRUPTIONS of operations | supply chain vary based upon SEVERITY, FREQUENCY and LEAD TIME, but HAPPEN with REGULARITY - 2020 PwC Study
What has been the Impact . . . Thus Far?

Supply Chains have been disrupted everywhere . . .

- Raw Material outages and shortages
- Stranded inventory, drastic over/under stock positions
- Demand Drop-Off / Demand Spikes
- New / Shifted demand across channels (E-Com, On Premise)
- Supplier Viability Concerns

Supply Chain Disruptions are Costly . . .

Shock Exposure $\times$ Likelihood = Value Chain Risk (Disruptions)

Pressure will increase to manage supply chain costs . . .

- COGS contributes 40 to 70 percent of a Business’ cost base
- Pandemic has disrupted end to end value chains
- Businesses must not ONLY act now ⇒ plan for future disruptions

Companies will build Resilience by Improving Supply Chain Management with Transparency, minimizing Exposure to disruptions, and building their capacity to respond
2021 Supply Chain Thrusts

Manage Risk
Technology Adoption
Strong Relationships
Scenario Planning
ID New Sources
SIOP Discipline

Redundancy
Operational Flexibility

End to End Visibility
- Organization Readiness
- Transparency
- Real Time Data

Operational Buffers
- Inventory Buffers
- Flexible capacity
- Diverse Footprint

Supply Options
- Alternative Sources
- Multi Locations | Facilities

Robust Distribution
- Transport alternatives
- E Commerce Capable
- Local W/H

Product Standard
- Common Components
- SKU Rationalize

Partner Network
- Supplier Audits
- Aligned Roles
- Accountable
Supply Chain Vulnerability Drivers

Typical Focus

- Predictable Demand Planning
- Supply Network Complexity and Regional Concentration
- Network exposed to Trade and Tariff Disruptions

Full Picture Focus

- Physical Flow and Logistics Network
- Capability, Capacity and Stability
- How much Financial Flexibility does the supply chain have for INCREASED Costs | Sustained Disruption?
- Product Substitutions
- Flexible Design due to component availability
- Product impact due to regulatory changes
- Ability to proactively identify and mitigate supply chain disruptions
Stress Test Supply Chain Risk Factors

Concentration
- Density of Spend with suppliers and concentrated geography

Supplier Interconnect
- Interconnectivity among suppliers

Supply Chain Depth
- Extent and level of depth (multi tiers)

Dependency
- Sub Tier Supplier dependency on extended supply chain

Substitutability
- Single Source | Sole Source dependency

Visibility
- Ability to trace | monitor Material and Information Flow

Surveyed (Typical) Manufacturers Risk:
Formalize SIOP Processes and Drive Accountability

Data | Performance Collection
- Decipher the Data
- Automate and Standardize

Demand Plan
- Customer Facing
- Demand Driven

Supply Plan
- Run Scenario Models
- Know Impact in Changes

Delineate Constraints
- Reconcile
- Constraint Visibility

Deliver Consensus Plan – Make a Plan
- Balanced
- Aligned & Committed

Execute a Plan
- Accountability
- Measure Performance

Do it Again
- Discipline
- Learn & Get Better

Accelerate Information Collection
Collaborate “real time” with Supply Network
Balance Demand | Supply within Lead Times
“Run the Business” with Relationship Management

CALL TO ACTION

- Collaborative, Rapid Problem Solving with Customers and Suppliers (Supply, Demand, Operational Excellence)
- Increased Frequency of Purposeful Communications \( \Rightarrow \) Transparency and Visibility
- Connectivity - Managing the “White” Space (Efficient / Effective / Learning)
- Quick Response Capacity & Flexibility
- Materials and Inventory Positioning in Right Locations in the supply chain

Make a Plan, Execute a Plan
With a high sense of urgency, organizations are investing in supply chain people, processes (digitalization) and resiliency.
About WMEP and Byrkit Point Supply Chain Advisors . . .

Byrkit Point Supply Chain Advisors is a provider of advisory services in supply chain risk assessment & management, continuity of supply stabilization, strategic sourcing, and global materials management.

WMEP is a specialized, not-for-profit organization providing targeted consulting services to small and medium manufacturers within Wisconsin.

See how WMEP and Byrkit Point Supply Chain Advisors can help you build resilience in uncertain times:

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