

RESILIENT SUPPLY CHAIN: MANAGING

VIDEO TRANSCRIPT

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Resiliency, relevance, responsibility...if I take first resilience, it's obviously the buzzword of the day.

In the last week and a half in the S&P earning calls the CEOs used the word 'supply chain disruption' 3,000 times.

So, this is obviously a CEO agenda topic. In this context, about 18 months ago we designed together with MIT a stress test for supply chain.

So, it's a stress test, a standard to test the vulnerabilities in your supply chain.

So, the way we do this, we digitally model the multi-tier supplier base.

We then apply a number of disastrous scenarios to that supply chain and then we identify the key vulnerabilities that exist in the supply chains of our clients.

And there's a lot of learnings when you do this.

Actually, I see a lot of them being related to the choice of business partners, the locations of your supply chain, where there is a critical item of risk.

And there's a bit of an advice here, like, all of us when we do investments, we spread the risk.

But we've forgotten some of this in supply chain.

So, actually what you should do is to analyze your critical items, your critical SKUs and just make sure that none of them have more than 25% of the same supplier, more than 25% running through the same port, more than 25% of the same routes in the world.

So, as you're re-installing these supply chains, you're rebuilding them, my advice is also to fundamentally apply ESG, United Nations' Sustainable Development Goals.

Build that in to your rebuild of supply chain, because actually it's such a small incremental cost and it will make you future-ready, rather than trying to do all these investments later on.