

## **Weakest Supply Chain Link - Find It Before It Finds You**

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With the current economic climate as it is, today's businesses are under more pressure than ever before to run as lean as possible. Lower stock covers, shorter lead times, and just in time deliveries have become the board's rallying calls. Whilst this improves margins and undoubtedly increases profitability the use of these strategies increases the exposure businesses have to interruptions in their supply chain.

Whilst the lay view of a supply chain is of large articulated trucks thundering across the country, the reality is that the links of the supply chain run much deeper within the organisation than this narrow perspective. When working efficiently supply chains allow bolts, bananas or blouses to be efficiently designed, ordered, made, shipped, and delivered, where and when they are expected.

To take an example of this within my own company the supply chain starts with the designers several seasons ahead of the current one.

This then translates into samples being manufactured, manufacturing orders created, production, shipping, warehousing, distribution and transportation to store. Any disturbance of this process can cause severe downstream delays or interruptions to the supply of finished goods. All affecting the bottom line profit.

The impact of an interruption varies along the supply chain. Delays in design could be made up if production lead times allow, but as I discussed earlier the pressures to deliver to market are such that these manufacturing timescales are already tightly controlled. Further into the chain, interruptions in shipping from manufacturing, or final distribution can lead to unavoidable large scale shortages and the dreaded and very publicly visible, empty shelves.

In recent history there have been several notable examples and near misses. An example is of a catastrophic fire rapidly consuming a high street retailer's main distribution centre in the crucial lead up to Christmas. TNT, its warehousing provider, to its credit acted swiftly and had a replacement site and systems up and running in short order.

This business then resorted to requesting extra stock from its suppliers and used giant Russian Antonov-225 aircraft to air freight stock to replace the items lost in the fire from as far afield as Shanghai, Hong Kong and Dhaka. The result being Christmas was not lost.

Whilst this on the face of it is an excellent example of supply chain continuity which averted a Christmas disaster it was interesting to note that three years later this company was still fighting for £50 million pounds of compensation.

So the moral of the story? For me it's get back to basics and follow that supply chain from one end to the other. Challenge every component to that "what if" scenario and use your forensic eye to weed out those crunch points that expose the business to unacceptable risk.



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