



SUPPLY CHAIN RISK MANAGEMENT >>

CAN YOU AFFORD TO TAKE THE RISK?

Supply chain vulnerability is often poorly understood and managed. This is partly because risks are obscured as organisations are indirectly exposed to a complex range of sub-supplier arrangements. Organisations need to understand their exposure and subsequently adopt a risk adjusted approach to supply chain management to avoid unforeseen supply disruptions.

The issue

In the past fifteen years there has been a sustained period of growth resulting in the development of global supply chains to take advantage of new markets and cost opportunities. As we all begin to feel the impact of a global economic downturn, the fall in demand has begun to expose the vulnerabilities in these globalised supply chains. In this economic climate, where maximising revenue and cash flow is key, addressing supply chain vulnerabilities is a top priority for business leaders.

Due to rapid expansion into new markets and supply bases, global extended supply chains have become increasingly prevalent across all sectors. These supply chains developed through acquisition, merger, relocation and market entry but in the good times, the need to move to robust supply chain operating models was not a priority.

As demand and supply becomes more volatile, the weaknesses in these supply chains will be exposed but many organisations do not have the capability to fully understand the implications upon their supply chain performance. Consequently, even seemingly minor unpredictable events on the supply chain can seriously disrupt business, resulting in significant costs to the organisation.

Optimised business performance demands an ongoing analysis of risks spanning the increasingly complex network of suppliers, manufacturers, distributors, retailers, and customers.

Our solution

Atos Consulting offers a holistic approach that combines our expertise in supply chain with our risk capability to carry out a supply chain-focused, objective risk assessment.

We help clients to accurately map key supply chain members and determine their criticality and associated vulnerabilities.

We work closely with managers to conduct a gap analysis based on their existing arrangements to identify the potential exposure and financial impact.

We build proactive, mitigating action plans to achieve an optimal 'future state' risk profile. At a strategic level these plans may impact the supply chain design and structure, sourcing strategy and crucially the relationships with critical supply chain members. Key to ongoing governance, we establish an effective, tailored and sustainable risk management process. The process facilitates on-going monitoring and control allowing management to confidently demonstrate robust governance to key stakeholders.

The benefits

The key benefits of our solution include:

- > An effective risk adjusted approach to supply chain management
- > Identification of key areas of exposure on the global supply chain
- > A realistic supply chain risk mitigation action plan
- > Greater ability to respond effectively to unpredictable events in the extended supply chain.

Our approach

Combining our risk and supply chain capabilities, our approach is based on a structured process that incorporates best practice from Cranfield University research.

1. Value mapping the supply chain

The extended supply chain elements are mapped out to build an understanding of the key dependencies. This includes a criticality assessment to prioritise key internal and external elements of the chain.

2. Risk identification

Identification of relevant risks is carried out on the prioritised elements of the supply chain. The identification is carried out against five elements of risk: demand, supply, environment, process and control. This is achieved through facilitated workshops with key managers, the outcome of which is recorded on a risk identification template.

3. Risk assessment

A comprehensive assessment and quantification of the risks is performed. Risk scores are determined collectively based on risk descriptions and pre-defined impact criteria to produce a risk score.

The information is consolidated in a risk assessment scorecard which clearly defines the risks, the findings of the assessment including the respective criticality and the associated cost. The outcome is an evaluated and prioritised list of supply chain risks.

4. Action planning

We help the organisation develop an optimal 'future state' risk profile. This involves determining an organisations risk appetite and agreeing the level of acceptable risk. Following a review of existing mitigation plans, an action plan is defined resulting in a costed set of mitigation actions. We also develop a detailed plan to achieve the 'future state'. The results are presented in the form of a business case to support management in the investment decision making process.

5. Monitoring and control

Risk assessment must be a core process rather than a one-off activity. We support the organisation to develop robust risk standards and an on-going audit process. We create a measurement and reporting process that can be linked to pre-defined parameters that trigger alerts.

Why Choose Atos Consulting?

Atos Consulting offers deep domain expertise in vertical markets, bringing to bear an understanding of industry-specific business processes and operating models.

We combine strong expertise in risk management with our experience in supply chain. Our risk professionals are HMG Security Cleared and are accredited to the CESG Listed Advisory Scheme.

Our unique approach is based on integrating the perspectives of people, processes and technology change. We emphasise changing individual behaviour as much as we do technology, governance and process.

Atos Consulting is the business consulting arm of Atos Origin, an international information technology services company.

Next steps

For more information please call +44 (0)20 7830 1944, or email ukconsulting@atosorigin.com