

In case of disruptions, supply chain organizations must see the high-uncertainty environment as a prompt to rethink their supply chain strategies and operations, to build greater resilience.

Impacts



Steps

- Redefining sourcing strategy.**
Exploring onshoring opportunities and developing local suppliers — or the local footprints of international suppliers. Modifying contract structures to protect against short- and medium-term risks.
- Revisiting footprint.**
Optimizing manufacturing and logistics footprints. Using digital technologies and advanced analytics tools to exploit of data, and identify the trade-offs involved and making decisions that optimize end-to-end costs.
- Reviewing inventory strategy.**
Adjusting inventory strategies for the short term to **ensure business continuity and to maintain service levels**. In the medium term, reassessing safety-stock levels might also be required.
- Preparing for drastic changes in demand.**
Reinforcing forecasting capabilities so to **predict and manage the impact of changes in demand**. Increasing flexibility through greater use of outsourcing to deal with volatile demand.
- Adjusting product portfolio.**
There also can be the need to **adjust product development strategies** when driven by regulatory changes or by shifting consumer needs.
- Strengthening capabilities and talent.**
In order to be a more agile and flexible organization, **forecasting and analytical capabilities, as well as capabilities to react quickly to market-shifts** are necessary now more than ever.

Example: Brexit poses major uncertainty for supply chains—and this could persist for a decade or more.