



Supply Chain resilience

This report sheds light on resilience in supply chains

Based on data from Deloitte's Supply Chain Panel



Key takeaways

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The importance of supply chain resilience

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Supply chain resilience in practice

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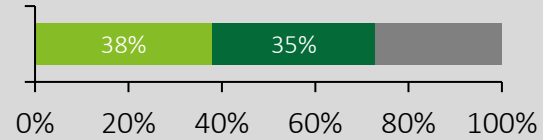
Key takeaways



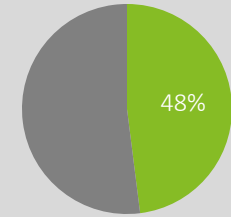
The focus is shifting from efficiency to resilience. The aim is now to be agile, flexible, collaborative, predictive, and network focused



3 of 4 respondents rate supply chain resilience as important in their company



73% of respondents either have or will implement dual or multi sourcing, coming from single sourcing

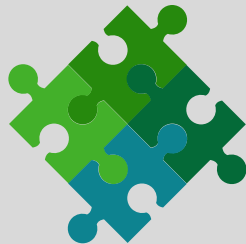


Most influencing enabler of supply chain resilience is increased cross functional collaboration.

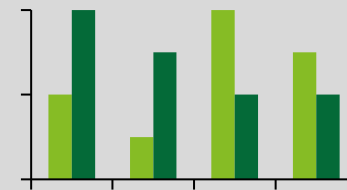
A previous study by Deloitte¹ supports this conclusion. It showed that 2 of 3 companies that removed silo structure before the pandemic were more resilient towards the disruptions of 2020



Risk mitigation must be aimed broadly, as not one internal obstacle is dominant



Survey identified 4 tips to enable successful resilience: Start small, Clear vision and strategy, Trust the data, and People management.



There appears a discrepancy between what is valued the most important enablers for resilience and what is implemented in companies



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Supply chain resilience in practice

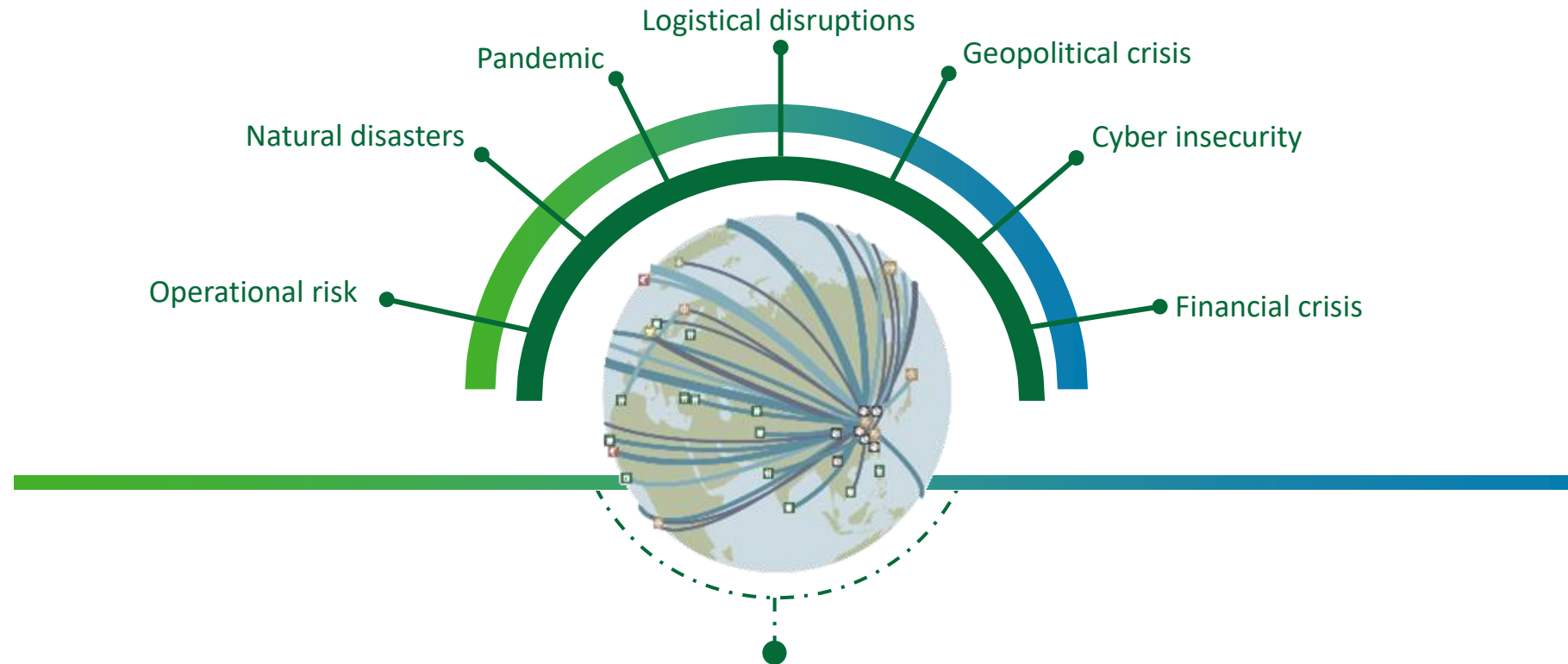
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Supply Chain resilience is the **ability to mitigate and/or bounce back** from unforeseen events



The world is changing | More uncertainty

Global disruptions and market trends are directly affecting operations which pressure the supply chain to respond differently - efficiency is no longer enough!



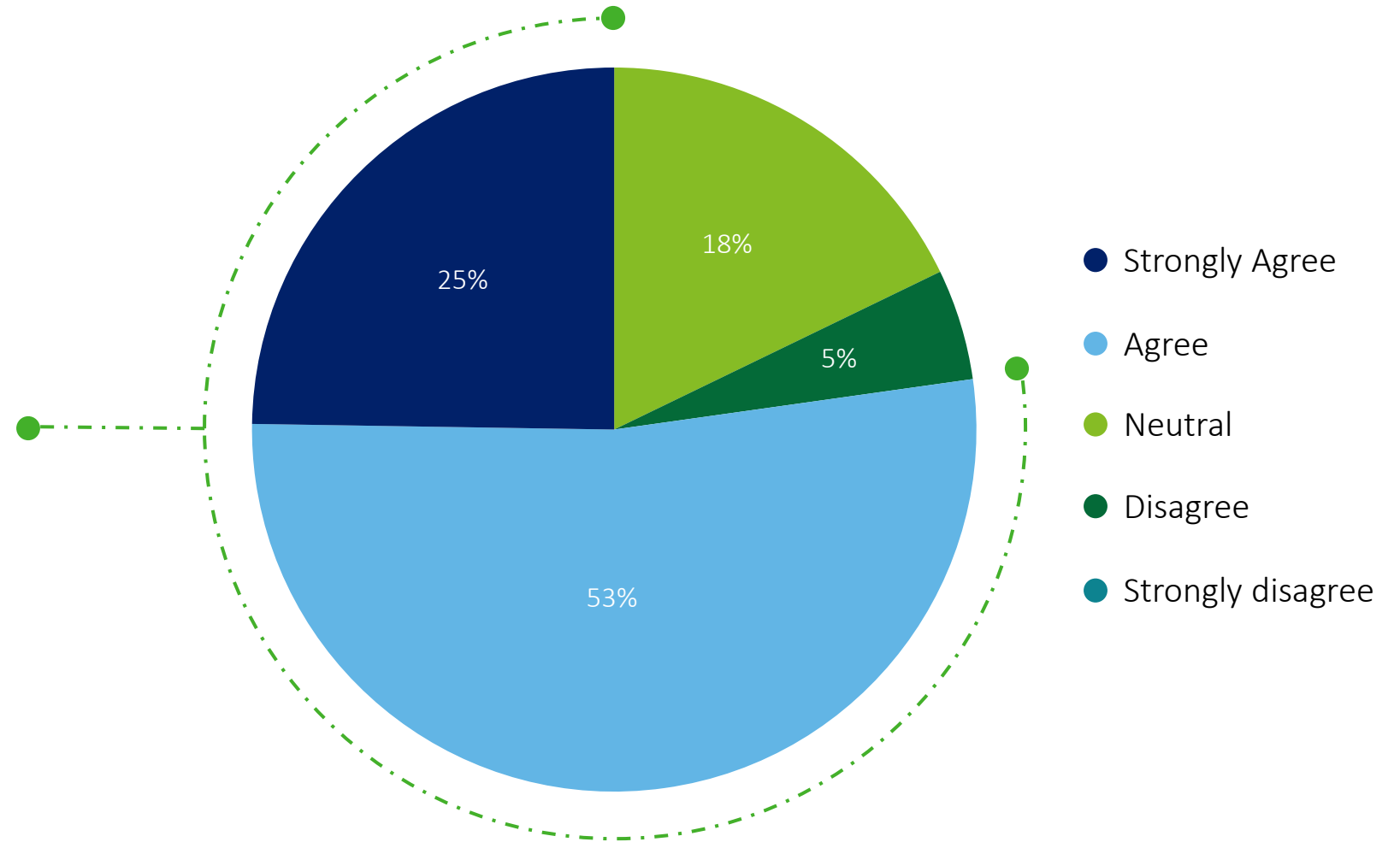
More than **1 of 4 companies** have reported more than 20 supply chain disruptions during 2020

This is more than 5 times the number in 2019²

The importance of resilience in companies

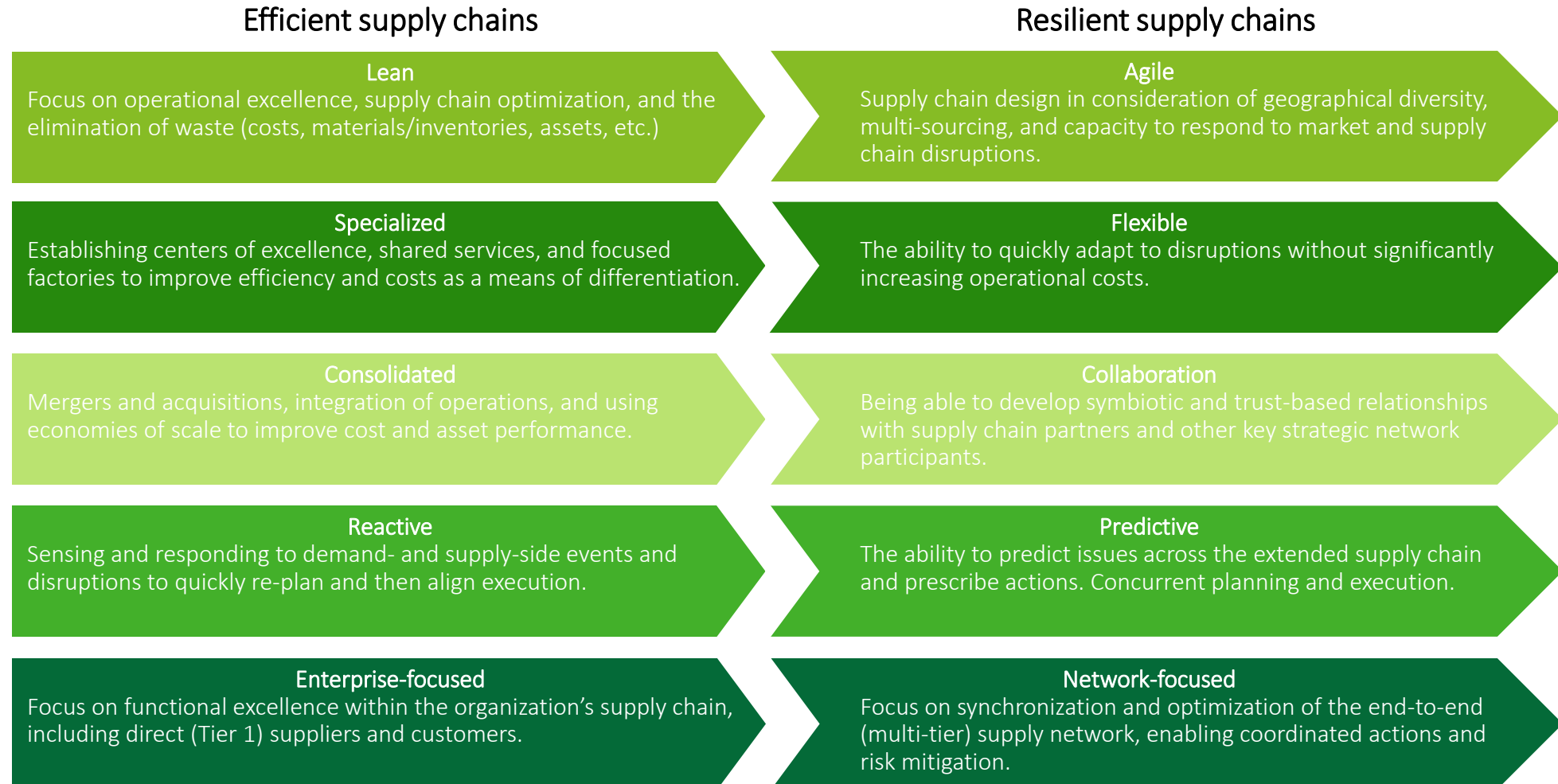
Survey respondents were asked to which extent they agree to the following statement:
“Supply Chain Resilience is a top priority in my company”

More than **3 of 4** respondents value resilience in their company as important.



The characteristics of a resilient supply chain

The resilient supply chain has different characteristics from the efficient supply chain





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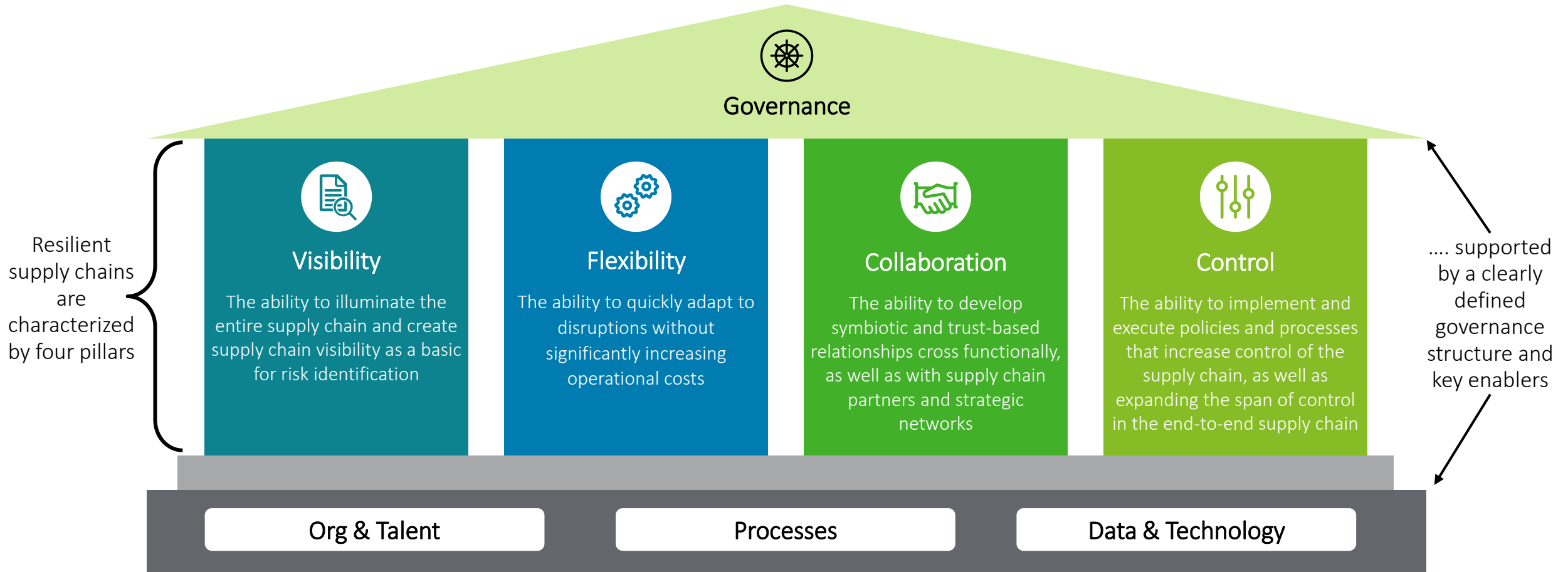


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The key components of a resilient operation

A resilient organization must be strong in 4 pillars, while ensuring strong supporting elements



The four pillars of resilience

The survey included 23 enablers of supply chain resilience, which are distributed across the 4 pillars of supply chain resilience



Visibility

- Digitization to enable transparency and automation
- Grow insights into suppliers' landscape by tier
- Improve insight in customer demand trends and changes
- Embed risk management in the end-to-end supply chain
- Implement control tower concept
- Strengthen demand planning and forecasting



Flexibility

- Dual and multi sourcing (previously single sourcing)
- Increase inventory buffers of raw materials, components, semi-finished and/or finished goods
- Increase capacity buffers in production, transportation, warehouse and/or distribution
- Increase use of local suppliers - near shoring
- Outsourcing operations that are not core capability or scalable
- Reduce cycle times in supply chain



Collaboration

- Increased cross functional collaboration
- Increase collaboration with supply chain partners
- Training of organization in resilience mindset and techniques
- Educate supply chain leaders in how to handle uncertain times
- Form a cross-functional resilience task force

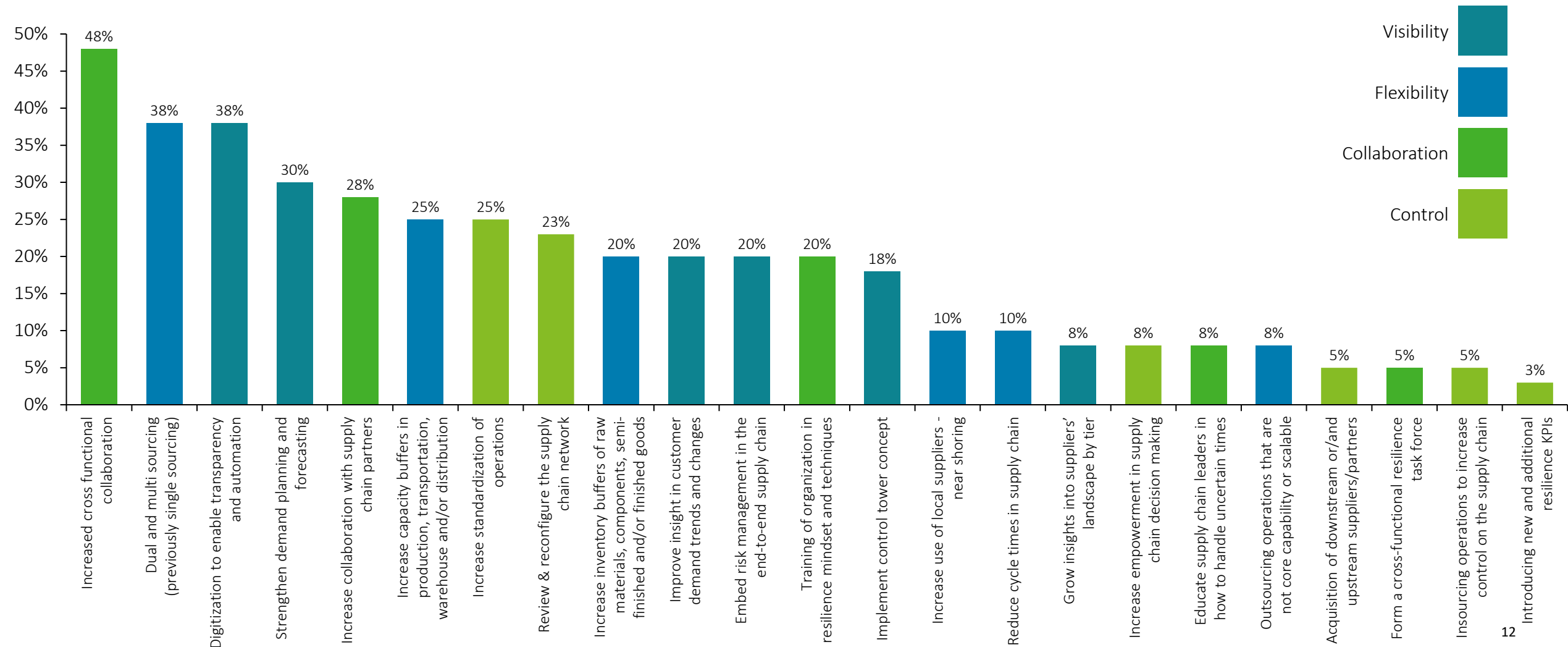


Control

- Increase empowerment in supply chain decision making
- Increase standardization of operations
- Introducing new and additional resilience KPIs
- Acquisition of downstream or/and upstream suppliers/partners
- Insourcing operations to increase control on the supply chain

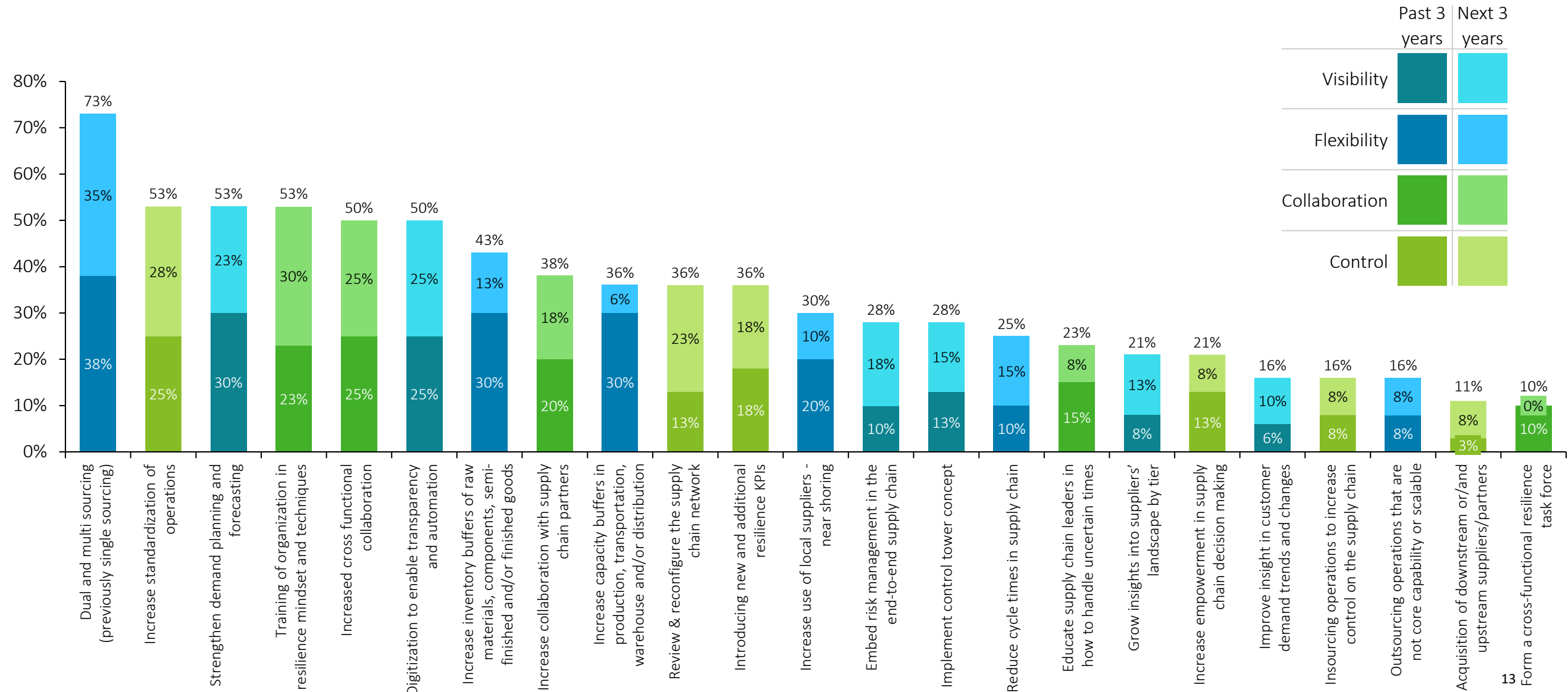
The most influencing enabler to improve supply chain resilience

Survey respondents were asked to pick their top five enablers of supply chain resilience improvement



Enablers implemented in the past 3 years and the next 3 years

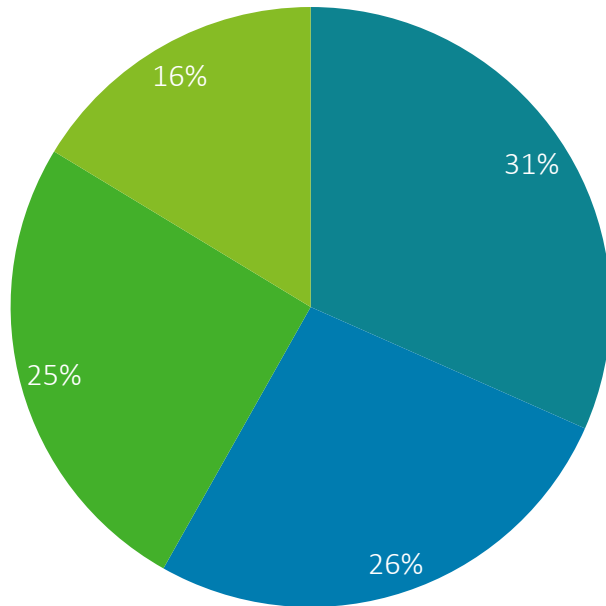
Survey respondents were asked two questions to assess which enablers they had already implemented in their company in the past 3 years and which enablers they plan to implement in the next 3 years



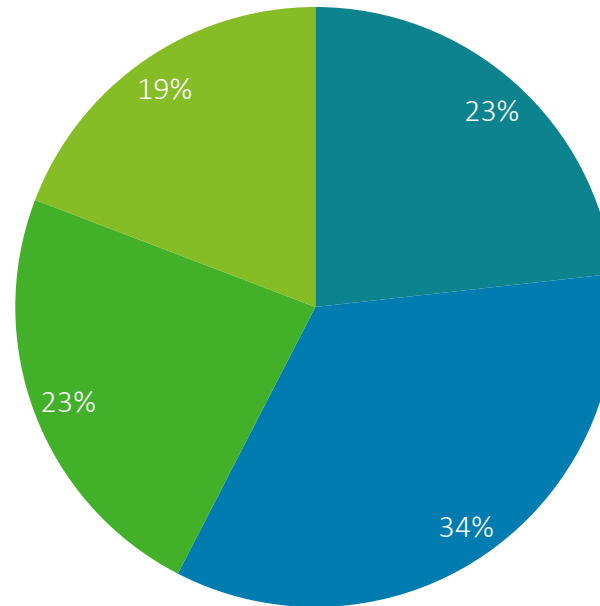
The enablers distributed across the 4 pillars of resilience

The 23 enablers are grouped into the 4 pillars of resilience. This slide depicts the distribution of selections of the enablers divided into the pillars, both for the question of importance of the enablers, the enablers that have been implemented in the past 3 years, and the enablers that are planned to be implemented in the next 3 years

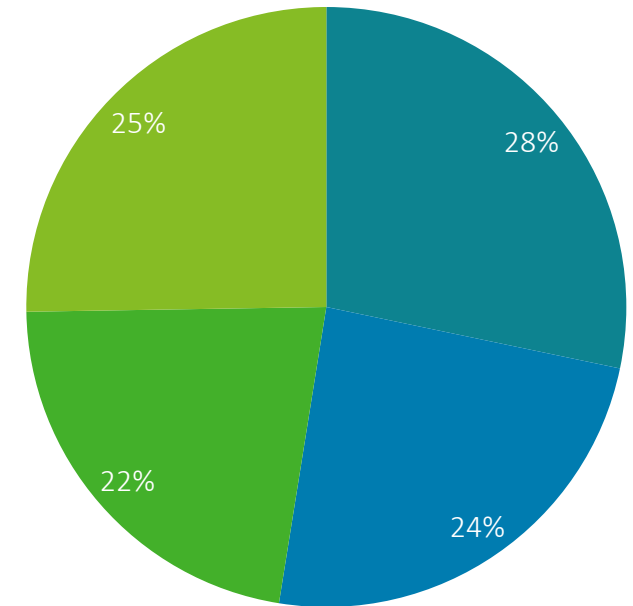
The influence of the pillars to improve supply chain resilience



The proportion of the pillars implemented in the past 3 years

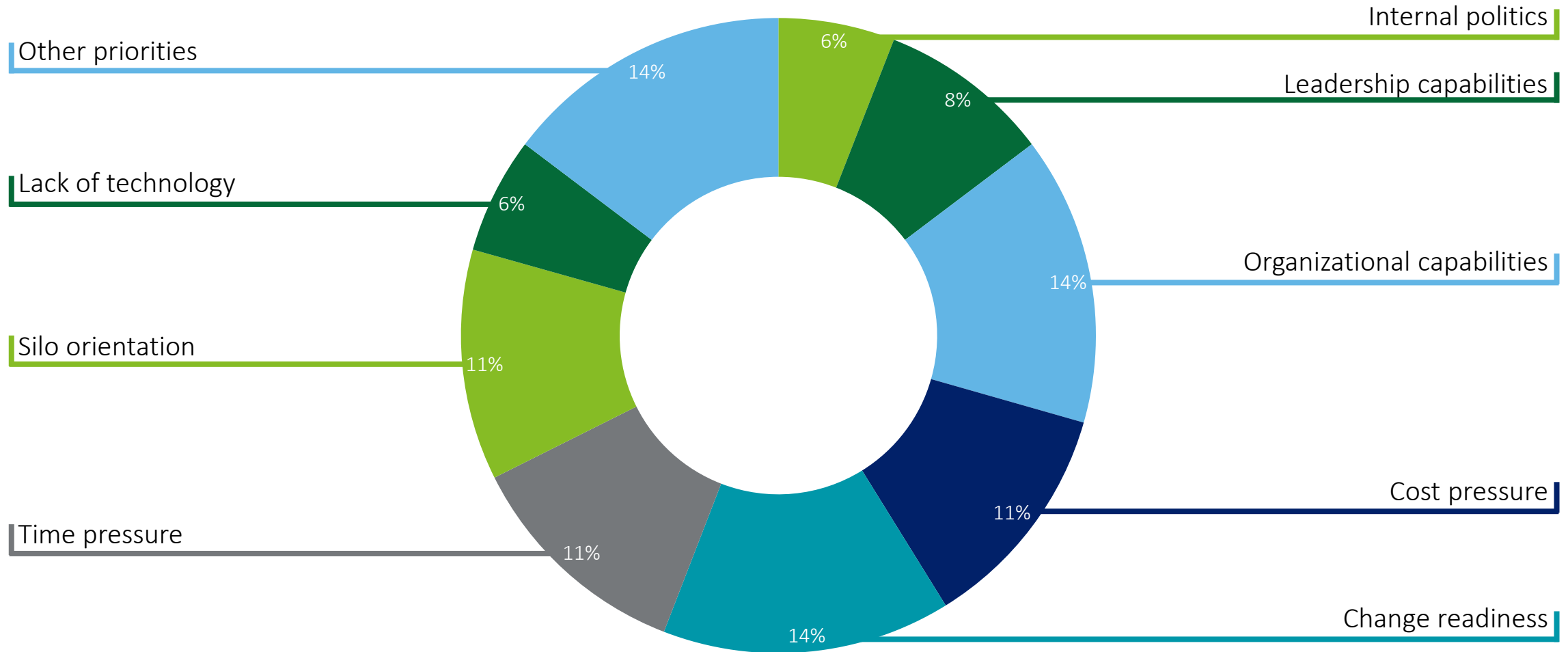


The proportion of the pillars that will be implemented in the next 3 years



The biggest internal obstacle to enabling/improving resilience

Survey participants were asked to evaluate which of the options they saw as the biggest obstacle to enabling and/or improving resilience





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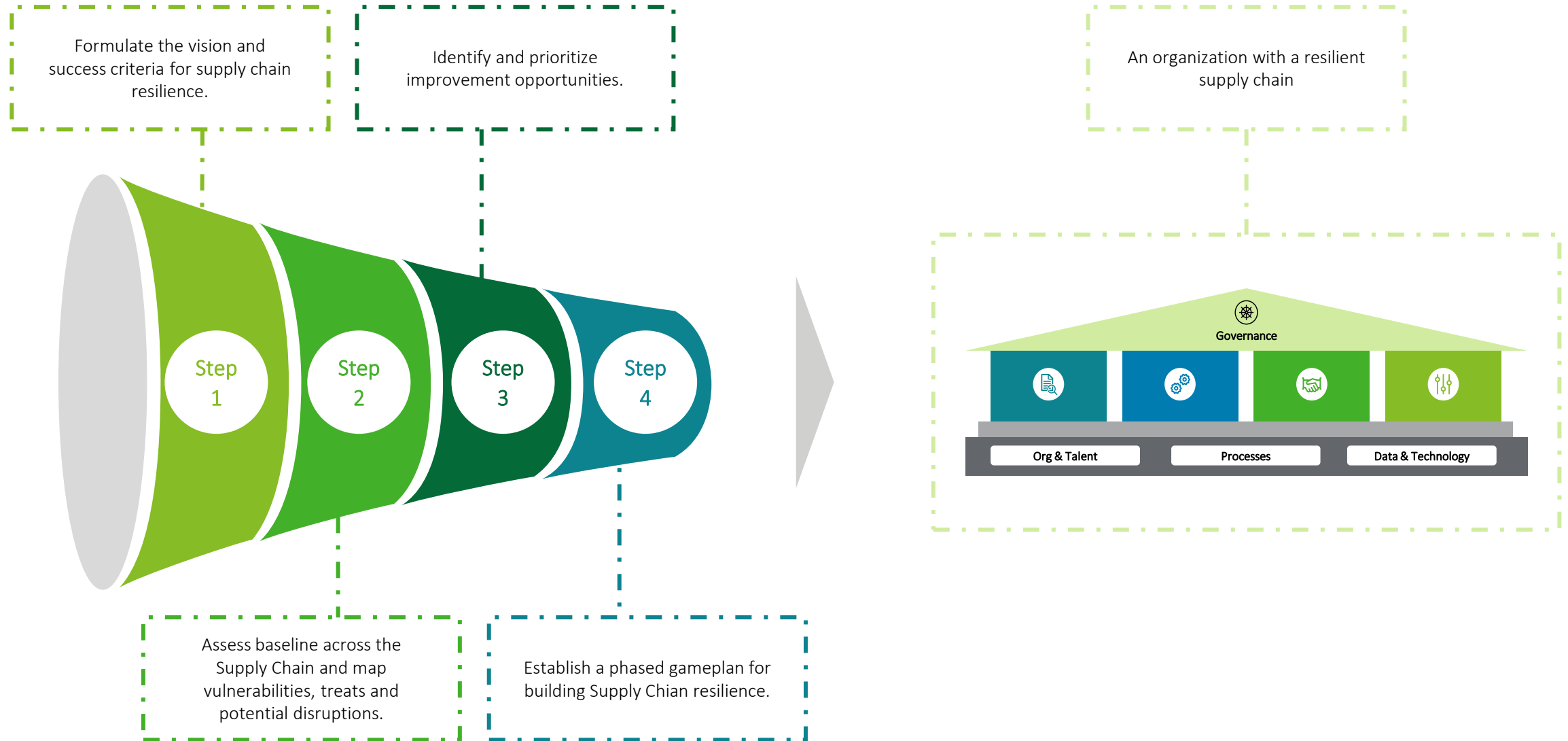


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No resilient supply chain looks to same – but the considerations to get there are similar for all

To reach a resilient supply chain, companies must go through 4 steps



Four tips to get started on your supply chain resilience journey

The survey participants were asked to give advice on how to start a journey of resilient supply chains. The answers centered around four enabling tips

Start small and expand from there

Evaluate the low hanging fruits and critical dangers to the core competencies. Make this the foundation of the resilience journey and add on from there



Set a clear vision and strategy

Ensure early and clear understanding of the vision and strategy for the resilience journey. Make sure to include strategic considerations outside the company boarders



Trust the data

Establish trustworthy data gathering processes and visualization. Let this data be the guiding principle instead of relying on experience and gut feeling



Prioritize people management

Ensure to gather a strong team, through training and inter-organizational collaboration. Provide full transparency for the organization to facilitate the change needed





This report is the work of Supply Chain & Network Operations, Deloitte Consulting, Deloitte Denmark.

The results are based on a survey distributed to participants of Deloitte's supply chain panel in November & December 2022.

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