



Moving towards a resilient supply chain

Position your supply chain to be your strength

Private and confidential

March 2023





Current landscape

Business resilience, particularly concerning **supply chain resilience**, has become key across organisations, and is imperative to build strong foundational operating structures.

The supply chain is now the foundation of business, industry, and government(s) alike. Therefore, an organisation can become vulnerable to serious consequences during a disruption that can prevent access to vital services and hamper business continuity.

At **Deloitte**, we understand the difficulties associated with maintaining the supply chain's availability. We provide tailored solutions to support a business, improve its supply chain resilience posture, make effective decisions, and deliver efficiency across the value chain. Furthermore, a real dedication to resilience may result in long-term advantages. We can assist you in incorporating supply chain resilience into the fundamental components and building blocks of your supply chain. To incorporate this, we consider the main philosophies of supply chain resilience.

Philosophies of a resilient supply chain



Emerging risks

To enable just-in-time delivery of thousands of Stock Keeping Units (SKUs) across geographies, firms rely on their established supply chain. If any link in the chain is affected, it could hamper the firm's ability to supply its products to its customers, thus affecting profitability and reputation.

A supply chain is prone to numerous **external threats** that can severely affect an organisation's ability to maintain the continuity of its supply chain. These threats to the supply chain can result in an inability to deliver critical services. Some of these threats include the following:



Geo Political

Onset of a geo-political crisis ranging across critical operational areas (such as wars, embargoes, and government collapse).

War | Embargo | Govt. Collapse

For example

The Russia-Ukraine war resulted in stagflation-related concerns.



Economic

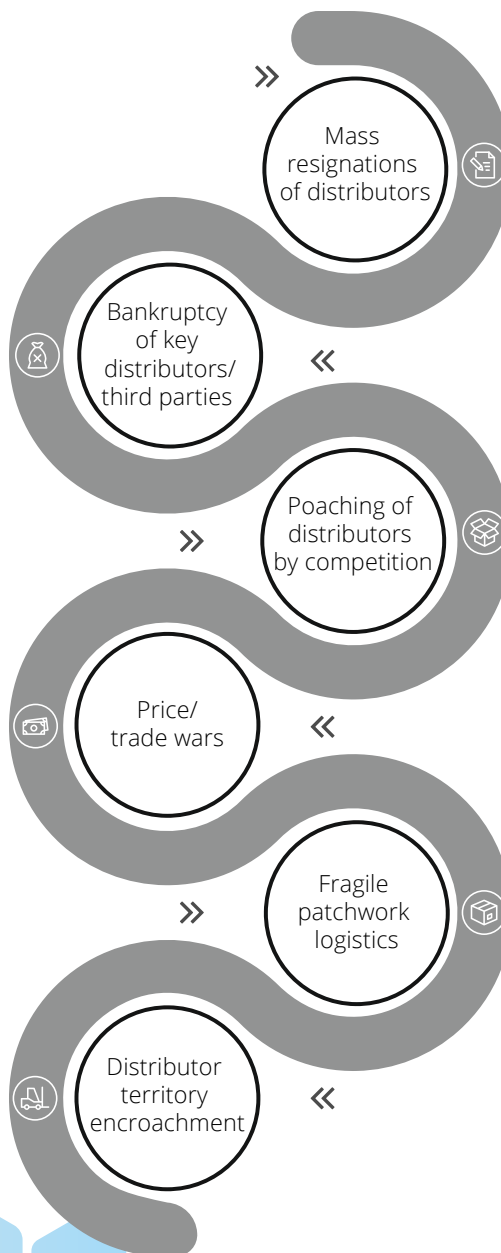
Economic or regulatory changes necessitate compliance, which could be local and/or global.

Depression | National Debt | Regulations

For example

The Onset of GST and demonetisation affected the supply chain.

High dependency on vendors
Any disruption in the vendor/distributor ecosystem can adversely affect the ability to sustain its supply chain. For example:



Technology

Changing technologies and customer expectations.

E-Commerce | Digital Transformations | Cyber Attacks

For example

New channels for customer reach can affect an existing supply chain.



Disasters/ Pandemics

Onset of natural disasters or pandemics in a specific geography or at a global level.

Earthquakes | Floods | Diseases | Fire

For example

The COVID-19 lockdown resulted in the curtailment of manufacturing and distribution.

Creating resiliency

Supply chain resilience is an organisation's ability to ensure that the durability of its supply chain is always greater than the impact a threat may have upon a supply chain process.

The durability of a supply chain depends on the degree of availability of key components of the supply chain. This includes a vendor, service effectiveness of the vendor, technology enablement, and channel efficiency.

A negative impact on a supply chain can affect an organisation's ability to fulfil its obligations across three main parameters, i.e., financial, reputational, and operational.

We can assist organisations in enhancing their supply chain durability in the following ways:

Assess the current durability of the supply chain.



Identify and quantify the probable impact of a crisis on a supply chain.



Enhance the durability of the supply chain to withstand its impact



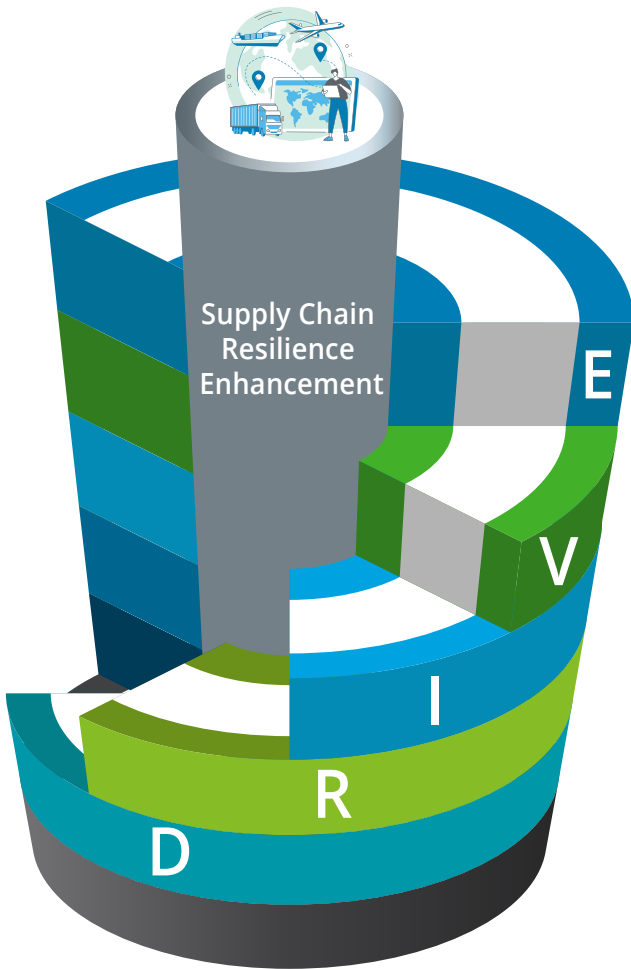
Advise an organisation on how to restore its supply chain following a crisis.



Our five pillars

To achieve a resilient and durable supply chain, an organisation needs to shift its perspective from an 'operational mindset' to a 'risk mindset'. The supply chain must be lean, agile, and flexible. A proactive resilience-by-design philosophy needs to be adopted while operating a supply chain.

Deloitte has developed the following five-step approach to **'DRIVE'** you towards a resilient supply chain:



Encapsulation

Ensure rapid encapsulation of any modifications that may happen to the ecosystem in terms of stakeholders, threats, risks, and customer expectations.



Visibility

Ensure visibility of the end-to-end supply chain during business-as-usual and use analytics to generate insights for threat identification and risk mitigation.



Interlock

Develop interlocks between components of the supply chain to ensure rigid linkages and reduced dependencies on points of failure.



Redesign

Redesign processes, policies, and procedures governing the supply chain to help incorporate resilience into the core structure of the supply chain (i.e., resilience-by-design).



Discovery

Discovery of the extent of the supply chain and its components, to develop an operating model map that can provide a holistic view and highlight the interdependencies among components.



Need to create resiliency

As real events transpire into threats, the impact of threats materialising has an immediate disruption on the supply chain. The strength established while creating and maintaining the supply chain determines how resilient it is. If the impact exceeds the strength, we are in a crisis necessitating extreme measures to recover.

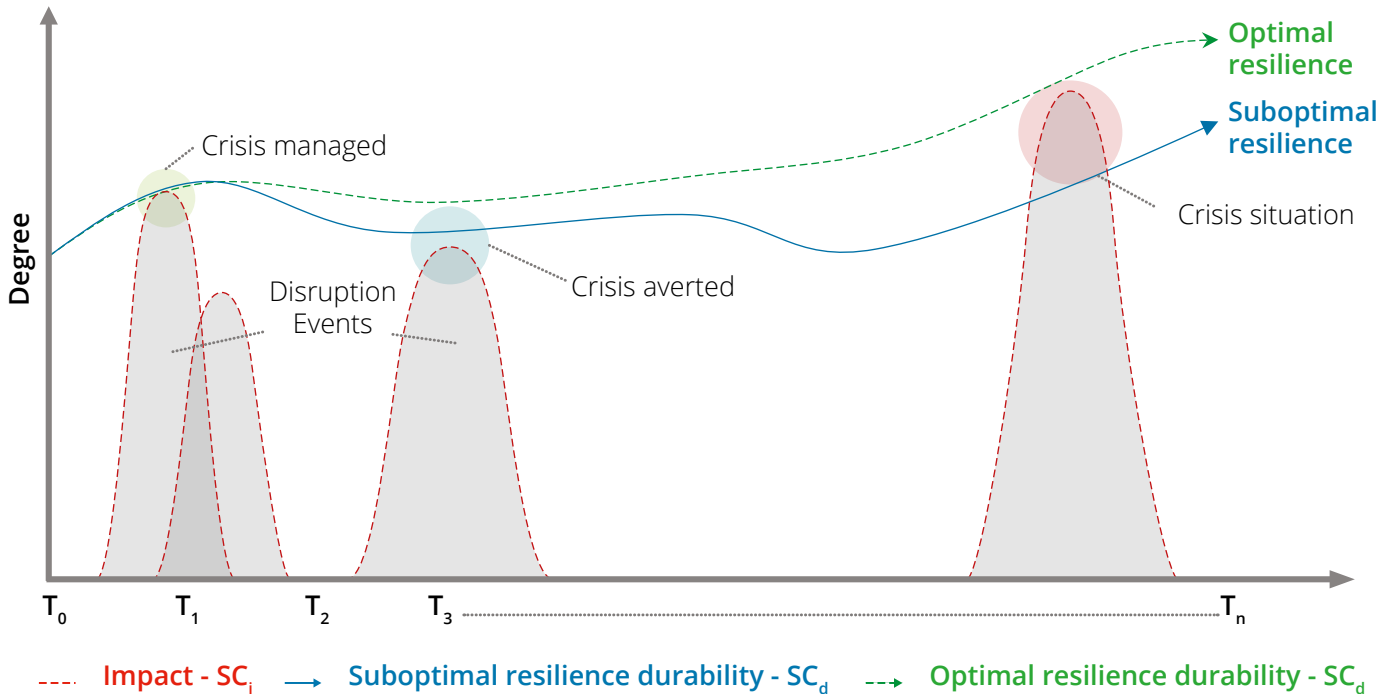


Figure 1: Interplay of durability and impact on a supply chain

To develop a resilient supply chain (operating at an optimal level), looking at each component, including channels, partners, and supply chain operations mechanism, is imperative. Key principles to be considered to improve the supply chain ecosystem's resilience (while preserving the key tenets of a resilient supply chain) are agility, flexibility, redundancy, efficiency, and collaboration.

Supply chain channels need to encompass the following aspects:

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Internal and external channels for customer reach
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Vendors and third parties comprising the supply chain
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Logistics and transit mechanisms
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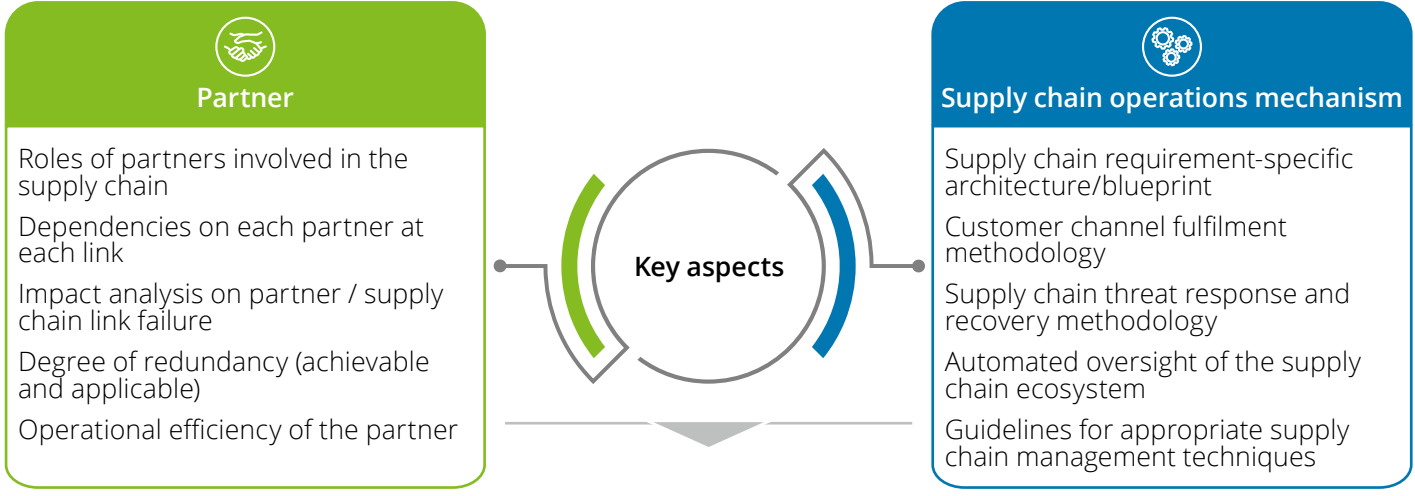
Geographies and geo-political ecosystems

How can we help?

Considering the above requirements of a supply chain mechanism, supply chain resilience enhancement can be driven based on the following activities:



The channels are built on the foundation of the partner/third parties and the mechanism that enables the supply chain to operate. The partner and the mechanism are tightly coupled, necessitating a holistic view of supply chain resilience. Key aspects include the following



Overview of resilient supply chain activities

Establish

- Define policies and procedures for a resilient supply chain
- Develop an overview of all channels, partners, and logistics
- Map processes, channels, partners across geographies
- Embed response mechanisms fundamentals into supply chain operations

Utilise

- Adhere to defined resilience mechanisms
- Utilise technology to enable insight into the supply chain – logistics, partners, geographies, etc.

Monitoring

- Supply chain management oversight KPIs
- Real-time analysis, insight generation, and reporting

We assist organisations with supply chain enhancement initiatives. Some key outcomes of these initiatives include the following:



End-to-end supply chain operating model map

Supply chain resilience policies, procedures, and processes

Threat and risk library with response strategies

Supply chain component architecture / blueprint

Insight generation parameters list

Success measurement techniques

Strategy and roadmap for resilient supply chain implementation

Playbook for supply chain crisis response mechanisms and rectification





Connect with us

As a recognised leader in crisis and resilience, we assist clients globally in developing trust, resilience, and security, and enable growth and inspire great outcomes. We have a rich global experience in business continuity and crisis management, which provides tested frameworks and recommendations for supply chain resilience. In addition, we have created industry-leading resources, assets, and technologies to assist us with supply chain identification and an operating model design. In this way, we can provide our clients with top-notch supply chain resilience enhancement services and help them on their resilience journey.

For more information, do connect with our Crisis and Resilience team.



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