

## SUPPLY CHAIN RISK MANAGEMENT



As the world economy changes with increasing velocity, global supply chains grow correspondingly more complex and vulnerable. While rapid advancements in automation, single sourcing, cloud computing, and off-shoring in emerging economies have provided competitive efficiencies for organizations, these advantages are threatened by a growing array of risks—from cyber-warfare campaigns, opportune terrorism, and global pandemics to traditional risks arising from natural disasters and economic disruptions. In this volatile business environment, a deep understanding of supply chain ecosystems and the organizational resiliency to respond quickly to threats and their impact is critical to business success.

Taking a data-driven, financial approach that measures both risk and its mitigation, Marsh Risk Consulting's (MRC) global Supply Chain Risk Management (SCRM) Practice provides unique, proprietary solutions that can help organizations ensure that the right plans, processes, and procedures are in place to remain competitive and overcome adverse events.

### SERVICE HIGHLIGHTS

MRC's SCRM Practice offers solutions tailored to each client's specific supply chain risk management needs. We help assess risks and design and implement value-based solutions in relation to your business drivers and priorities. By increasing the transparency of critical dependencies and resources within your supply chain, we enable your organization to make better, risk-informed decisions to minimize the impact of a shock and expedite trade recovery, optimize supply chain resiliency, and exploit opportunities. Our solutions help ensure that:

- the supplier and distribution relationships you rely on will still be there when you need them;
- your supply chain risk management strategies are risk intelligent, agile, and resilient; and
- you can maximize your risk management investments.

### SUPPLY CHAIN RISK MANAGEMENT PROGRAM

Using detailed data, analytics, and mapping, our Supply Chain Risk Management Program: evaluates

#### Who it's for

Any organization worldwide with:

- Long, complex, and/or global supply chains
- A dependency on third-party relationships whether in purchasing, manufacturing, services, or logistics
- A need to address corporate governance compliance and regulatory requirements
- A desire to master supply chain risks and interdependencies through a program to protect operations

#### What you get

- A 360-degree view of your end-to-end supply chain identifying customer, supplier, and operational risks as well as the financial impact of failures
- An analytical framework and process for setting and implementing supply chain risk management and investment priorities based on value/business objectives, risk indicators, and key metrics
- The ability to assess and quantify supply chain risk by clearly understanding the financial, strategic, and operational strengths and vulnerabilities of key suppliers and buyers
- A more resilient and agile supply chain, translating into increased market share, brand loyalty, and enhanced shareholder value in the face of a disruption

exposures throughout your organization's extended supply chain; identifies, measures, and prioritizes interdependent risks and single points of failure; and develops a customized risk mitigation and transfer approach based on your business objectives.

Examining your organization's supply chain through a value-driven lens, we prioritize and segment key products and services for risk identification. To help minimize volatility and position your organization for sustained growth, we identify and measure the impacts of disruptions across the extended supply chain by focusing on the products and services that are aligned with your organization's core value drivers.

SCRM's experts provide end-to-end detailed mapping of product, cash, and information flows. We can then take an even deeper dive into the resiliency of critical internal and external resources such as people, technology, physical assets, and relationships that generate value for the organization.

### Supply Chain Resiliency Business Analytics

SCRM can help optimize the delicate balance of efficiency and resiliency by providing the intelligence and analytics to effectively allocate risk resources within your organization. Working with MRC's business analytics experts, we identify correlations and mitigation options for single points of failure and resiliency gaps. These options are quantified and modeled to the return on risk investment (RORI) for both strategic and tactical decisions. Our analysis can show decision makers whether inventory consolidation benefits far exceed the carrying costs of an additional distribution center, for example.

### Resiliency Integration

SCRM can seamlessly assist with the integration of the risk financing and mitigation solutions that provide the greatest RORI. Further, MRC has world-class expertise in business continuity, reputational risk and crisis management, product risk, human capital, disaster recovery, property risk consulting, and forensic accounting and claims services to expedite the execution of the identified enhancements of your supply chain. These same resources can be called upon to assist with recovery following an actual supply chain disruption.

Additionally, our detailed analysis can serve as the risk diagnostic prerequisite required by insurance companies. Marsh can help you develop appropriate risk financing options and market approaches, whether for risk transfer via insurance or alternative risk financing such as catastrophe bonds or captives.

## SUPPLIER RESILIENCY EVALUATION

Because supply chains increasingly rely on third parties, when a disruption occurs, any delay in trade recovery can allow a competitor's more resilient supply chain to grab market share. Clearly understanding the financial, strategic, governance, behavioral, ethical, and operational strengths and vulnerabilities of key suppliers and buyers can give your organization a competitive advantage.

SCRM's Supplier Resiliency Evaluation assists in developing a review process of your multi-tiered critical suppliers' resiliency programs which includes:

- a supplier assessment through surveys and on-site evaluations;
- a process for analyzing, filtering, and scoring supplier responses; and
- a reporting process, which will drive risk mitigation activities.

Our comprehensive approach provides greater insight into suppliers' risks to enable the creation of defensive and offensive strategies, lower supplier risks and costs, and increase supplier resiliency for faster detection and response to critical risks.

## SUPPLY CHAIN RISK SURVEILLANCE

Having a real-time supply chain risk surveillance system gives your organization the capability to prepare for and respond to actual or anticipated supply chain risks faster. SCRM's Supply Chain Risk Surveillance leverages information obtained during risk management program development by monitoring and validating the effectiveness of your resiliency strategies.

We then identify and integrate risk surveillance tools into operations and train key employees on processes and procedures to ensure your resources are effectively allocated to achieve an adaptive, resilient supply chain. By continuously monitoring geopolitical threats and tracking risk profile changes over time, volatility risks are minimized so your organization's reputation is protected.

For more information on these and other solutions from Marsh Risk Consulting, visit [marshriskconsulting.com](http://marshriskconsulting.com) or contact your local MRC or Marsh representative.



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