

Is your supply chain ready for anything?

The Resilient Supply Chain Benchmark

In an era of turbulence marked by more frequent and intense supply chain disruptions, companies can better position themselves by investing in supply chain resilience. A balance between operational and strategic resilience underlies the Resilient Supply Chain Benchmark, which was developed by The Economist Intelligence Unit with the support of the Association for Supply Chain Management (ASCM).

The supply chain's ability to bounce back and recover to a normal state of affairs

Operational supply chain resilience

Strategic supply chain resilience

The supply chain's ability to bounce forward and adapt to a new normal

The benchmark covers companies in three sectors



Consumer electronics



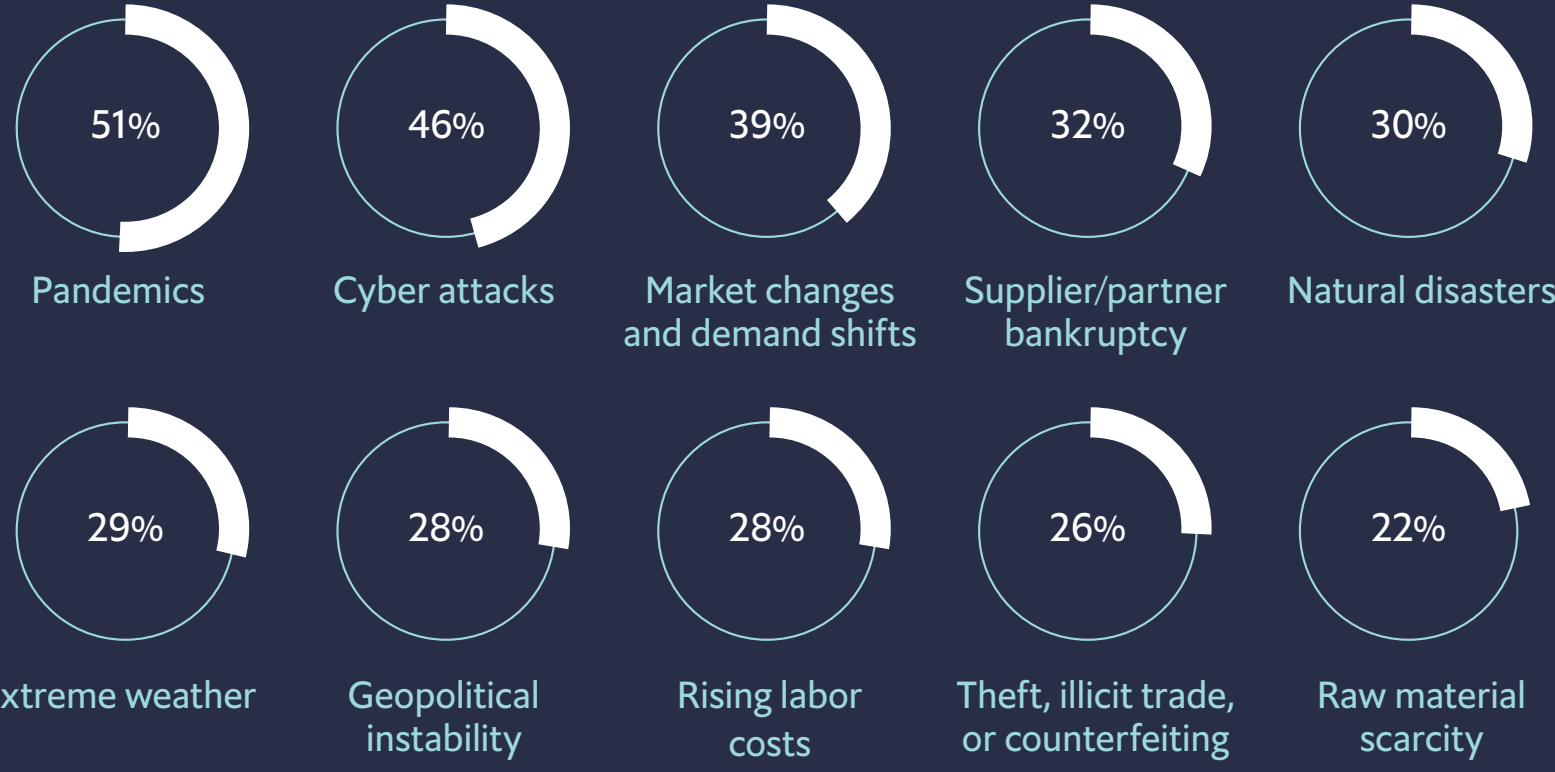
Pharmaceutical



Retail

Today's complex threat matrix: Risks most likely to cause severe supply chain disruptions over the next 12 months (%)

Respondents were asked to select up to three.



Covid-19 has brought the reality of doing business in a high-risk world into sharper focus, with businesses, the public and investors all gaining unprecedented awareness of supply chain disruptions. When asked to name **three main objectives of their supply chain strategy** over the coming year, benchmarked companies ranked increasing supply chain resilience as one of their top objectives, behind only increasing sales growth and increasing customer satisfaction and experience.

- 1 Increasing sales growth
- 2 Increasing customer satisfaction and experience
- 3 Increasing supply chain resilience

A winning play: Medium and large consumer electronics companies lead the way

Business continuity plans or playbooks should be blueprints for coordinating a real-time response in the event of a supply chain disruption.

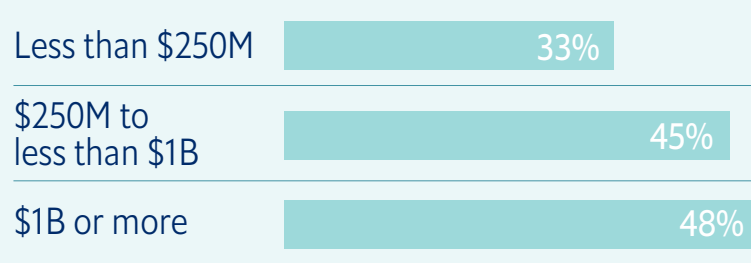
Retail

Only 45% of benchmarked retail companies have plans in place that identify triggers and outline steps to be taken in the event of a disruption.



Larger retail companies are more likely to have plans that meet these criteria, but their scores still lag averages in other sectors.

Annual revenues

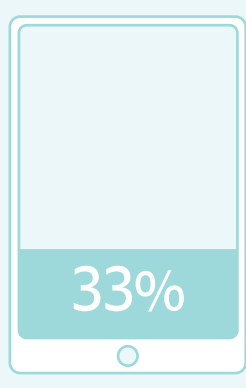


Consumer electronics

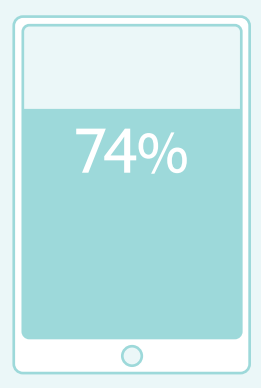
By contrast, 74% of benchmarked consumer electronics firms with annual revenues greater than \$250M responded that their plans had triggers and outlined steps to be taken in the event of a disruption.

Benchmarked consumer electronics firms with less than \$250M in annual revenues weren't as well prepared, with only 33% stating that they have plans that meet these criteria.

Annual revenue less than \$250M



Annual revenue more than \$250M

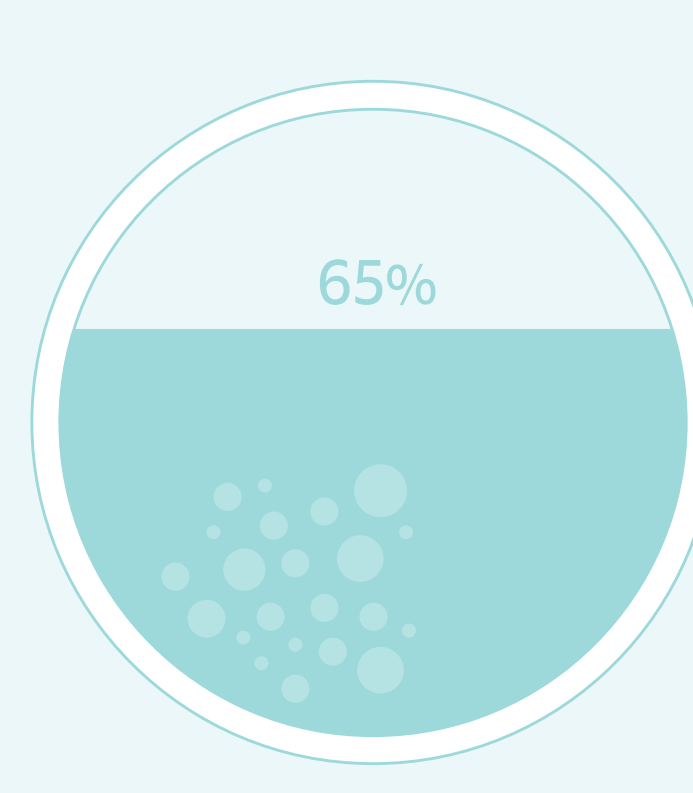


Planning Checklist

- Identify triggers
- Assign roles and responsibilities across multiple functions
- Outline key steps to be taken when a disruption hits

Pharmaceutical

A majority (65%) of pharmaceutical companies stated they had plans that identified triggers and outlined steps to be taken in the event of a crisis, with companies of all sizes performing evenly.



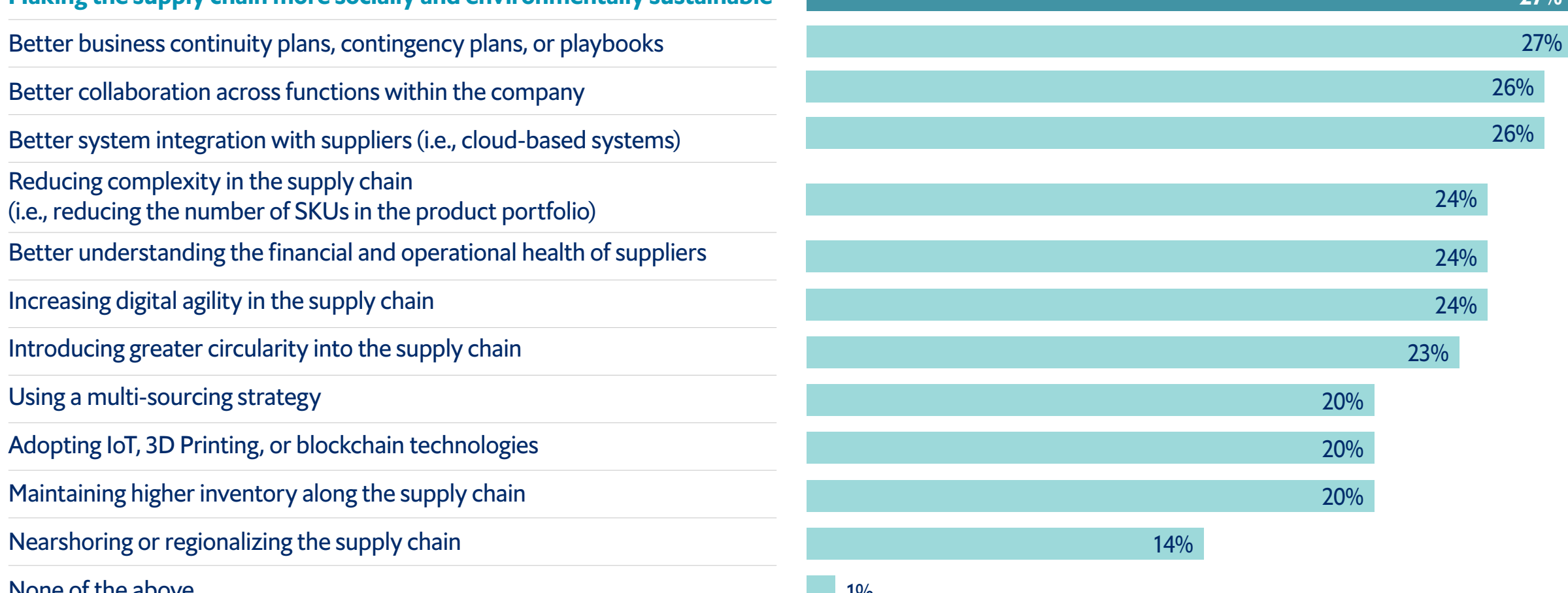
Charting the journey to greater supply chain resilience

There is an increasing convergence between supply chain resilience and supply chain sustainability. Reflecting this shift, making the supply chain more socially and environmentally sustainable is the number one way that benchmarked companies plan to build resilience over the next 3 to 5 years.

How benchmarked companies plan to build supply chain resilience over the next 3-5 years (%)

Respondents were asked to select up to three.

Making the supply chain more socially and environmentally sustainable

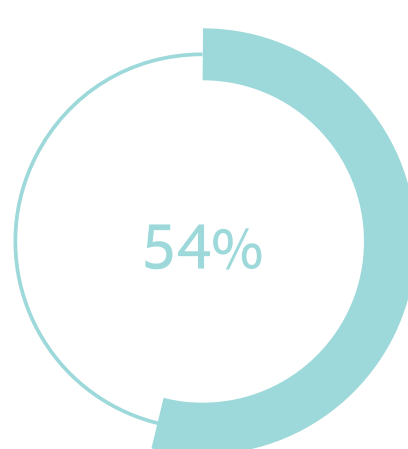


Climate change mitigation: Reducing (scope 3) carbon emissions

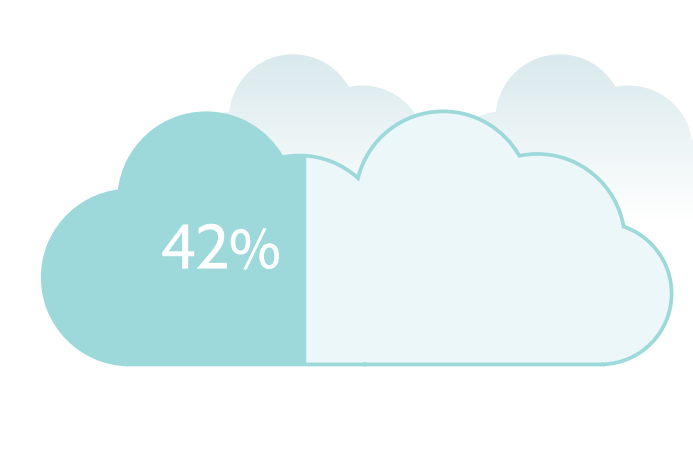
On average, 60% of a company's carbon risk lies in its supply chain.¹



Just over half of benchmarked companies (54%) have assessed how carbon pricing (e.g. a carbon tax, or a cap-and-trade system) will affect their company and its supply chain.



Less than half (42%) of benchmarked companies have set targets to reduce supply chain-related (scope 3) carbon emissions.



Prepare for disruption

The Resilient Supply Chain Benchmark reveals a number of gaps and opportunities for improvement that if addressed could position companies to better withstand the dangers of our turbulent times, including:

- Improving end-to-end visibility by integrating partners into key activities and systems
- Proactive collaboration to improve the credibility of sustainability and emissions initiatives
- Building long-term relationships with supply chain partners
- Stronger engagement between supply chain managers and executive leadership

Is your supply chain ready for anything?

Read the report, "Ready for Anything? Turbulence and the Resilience Imperative," and use the Resilient Supply Chain Benchmark to assess your company's supply chain capabilities against industry peers, so you can better prepare for the next disruption whenever it comes.

1. <https://www.economist.com/special-report/2020/09/17/costs-of-carbon>