

Global Supply Chain

The global supply chain has been experiencing a bumpy ride since the pandemic started. A year passed, supply chain disruption is still an issue that many U.S. companies desperately want to solve. According to a report released by Accenture, 94% of Fortune 1000 companies witness supply chain disruption from COVID-19. Seventy five percent of companies have negative or strongly negative impacts on their businesses. Fifty five percent of companies plan to downgrade their growth outlook (or have done so).

With the COVID resurgence in Asia, the supply chain issue, unfortunately, is here to stay. China shut down its Ningbo port- the world's third largest container port and a vital gateway, due to its zero-tolerance COVID-19 policy. Meanwhile, Vietnam has been in an extended lockdown and curfew since July that results in the pause of productions for products like, textile/ garment, electronic components, etc. Data from the Vietnam Textile and Apparel Association (VITAS) shows that almost 1-3 of the nation's apparel factories are currently shuttered.

Over the past decades, the focus around supply chain optimization has been placed primarily on cost efficiency. That is the reason why many industries across the world have embraced the lean manufacturing model while multiple experts have been warning for years about the fragility in the system as many companies oversee the long-term sustainability. This pandemic happens to be what exposed the weakness in the modern supply chain; hopefully, it will also be an opportunity that help accelerates the changes in the future.

Many global manufacturers started utilizing technologies to control and value chain. Going fully digital can increase efficiency and transparency, however, the cost associated with a project like that is not a feasible plan for every business.

Here are something you can do as an SME business owner to protect yourself from future disruptions.

- Conduct a vulnerability assessment. Document your materials, examine your current process, and evaluate what is required for you to support operations with a balance between customer service, operational resiliency, and cost-efficiency.
- Build up safe inventory level.
- Review your current supplier networks. Understand your supply chain network; avoid relying on a single source, especially for critical components and raw materials.
- Design a program to identify backup vendors, consider sourcing from different countries.
- Create an emergency plan.

Changes in the environment, global economy, and geopolitical uncertainty all make supply chain disruptions inevitable in the future. However, by spending time to review the current

process, evaluate all the risks, and develop an action plan ahead, you can minimize the impacts if any future disruption occurs.