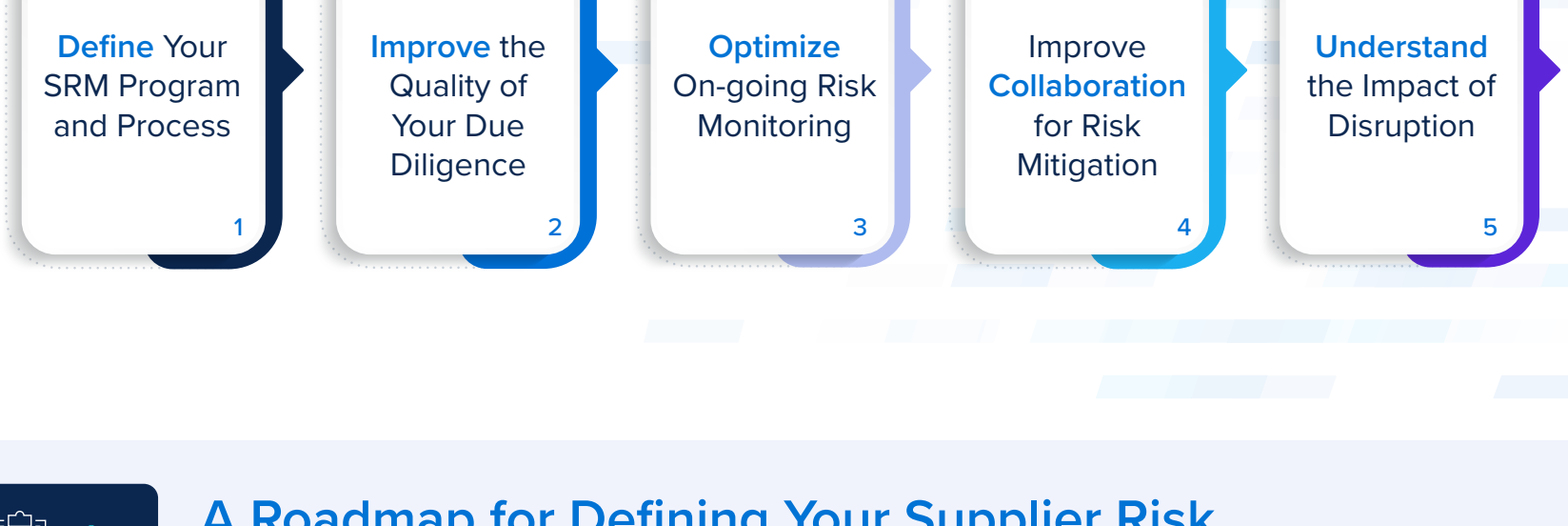


# 5 Essentials for Successful Supplier Risk Management



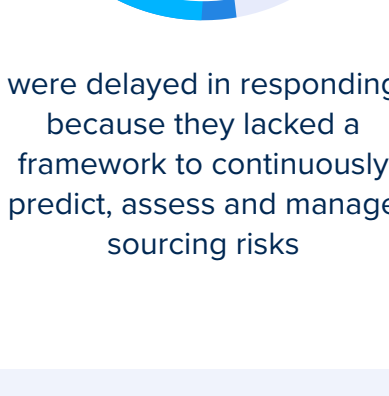
## 1 A Roadmap for Defining Your Supplier Risk Management (SRM) Program



### Preparation is one of your best defenses against supply chain disruption



of companies experienced a supplier risk event in the past five years



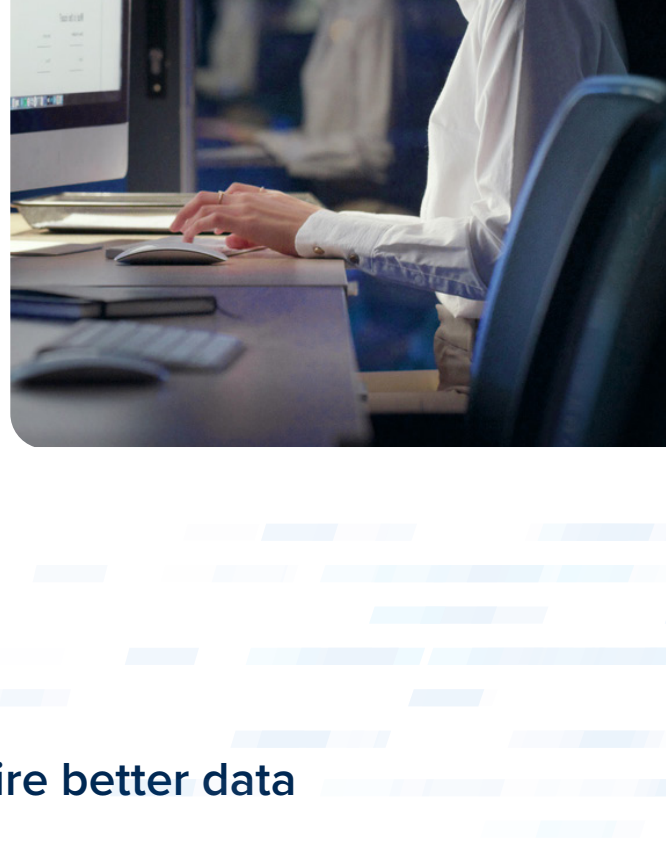
were delayed in responding because they lacked a framework to continuously predict, assess and manage sourcing risks



of companies have a formal enterprise-wide risk appetite statement in place

## 2 Best Practices for Improving Due Diligence and Supplier Evaluations

- Data Quality:** Improve accuracy with third-party verified data instead of relying on self-reported survey data.
- Efficiency:** Improve efficiency with a one platform that's your single source of truth across all risk and compliance categories.
- Scalability:** Utilize tools that simplify large scale supplier evaluations and monitoring like dashboards and easily scannable risk scores.
- Usability:** Share data across teams in your organization for better collaboration.



Smarter supplier decisions require better data  
of companies are experiencing better decision-making based on risk insights from risk management technologies.

Source - PWC's 2023 US Risk Perspectives Survey

## 3 Best practices for on-going risk monitoring

Finding the right balance is critical. You need enough information to identify significant risk signals, but too many irrelevant alerts can be overwhelming.

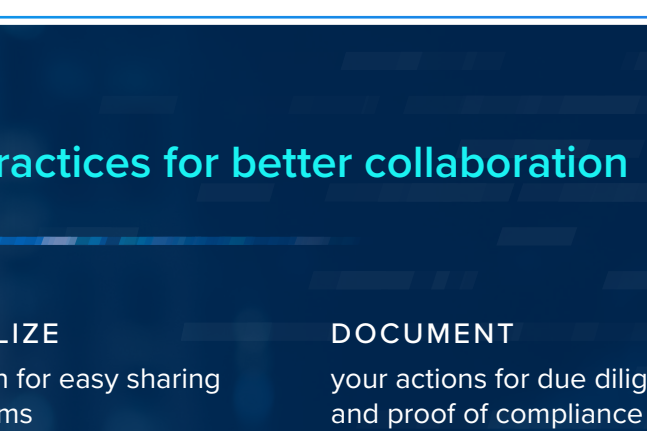
- Identify and prioritize your most strategic suppliers
- Define different data needs for tier 1, 2, 3 suppliers
- Establish a regular cadence for supplier reviews
- Set up an alert system for real-time monitoring
- Configure alerts for the needs of specific audiences to eliminate noise
- Focus on ease of use and don't over complicate

## 4 Improve collaboration for more effective risk mitigation



of business leaders say a lack of transparency between their finance and procurement functions and their suppliers represents a risk to their business.

Source - by Harvard Business Review Analytic Services



26% estimated improved transparency in their financial and procurement functions could generate cost savings of 11% to 20%

### Best practices for better collaboration

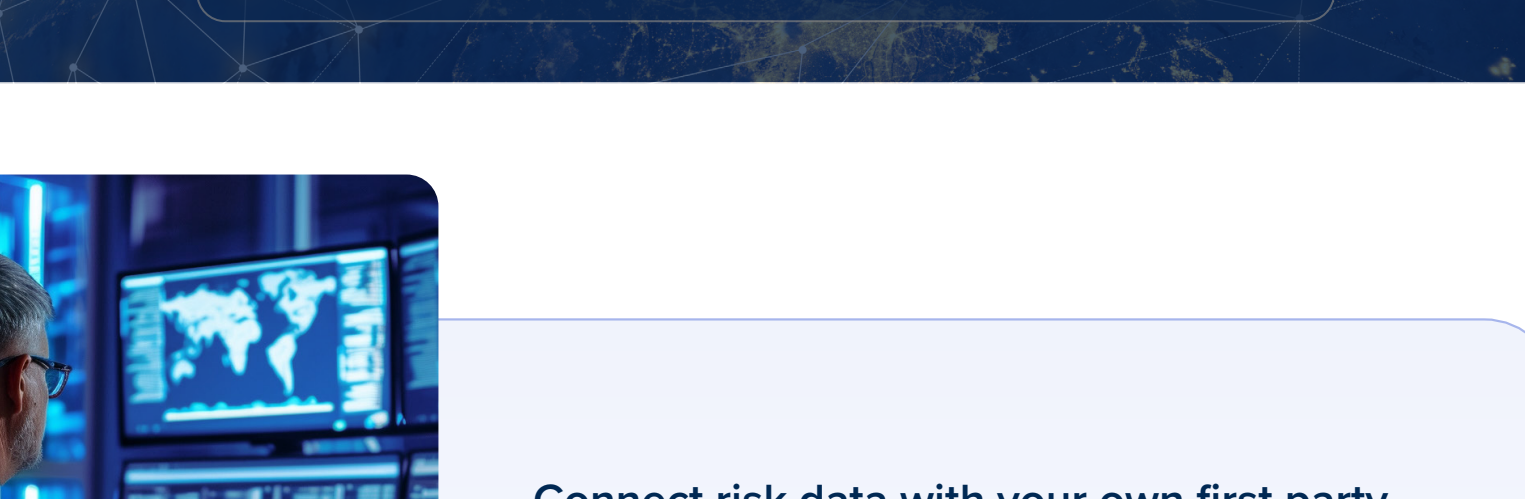
- CENTRALIZE:** information for easy sharing across teams
- ESTABLISH:** an escalation process for faster decisions
- CREATE:** risk mitigation templates for each specific risk and compliance category
- DOCUMENT:** your actions for due diligence and proof of compliance
- REFERENCE:** historical information for additional context

## 5 Understand the impact of disruption

### Map your multi-tier supplier network to reveal vulnerabilities and critical points of failure.

This allows for a proactive assessment of the impact of disruptions, enabling a quicker response and mitigation strategies to minimize financial and operational damage.

#### How to map your supplier network



Find a supply chain risk management solutions with n-tier mapping functionality to simplify the process.



### Connect risk data with your own first party data to quantify disruption

By connecting your internal information such as product line, location, orders, and revenue, you can determine the impact on important KPIs.

- Increased Costs:** **Cost of Goods Sold (COGS):** Before and after the disruption. **Additional Logistics Costs:** Such as expedited shipping or alternative sourcing. **Inventory Holding Costs:** Due to delayed time to market.
- Decreased Revenue:** **Sales Data:** Compare sales figures before, during, and after the disruption. **Order Cancellations:** The number and value of canceled orders. **Backlog Data:** Delayed orders and their potential revenue impact.
- Reduced Profitability:** **Operating Expenses:** Any additional operating expenses incurred due to the disruption. **Gross Profit Margins:** Before and after the disruption.

### Improving efficiency through technology will become more important than ever for procurement

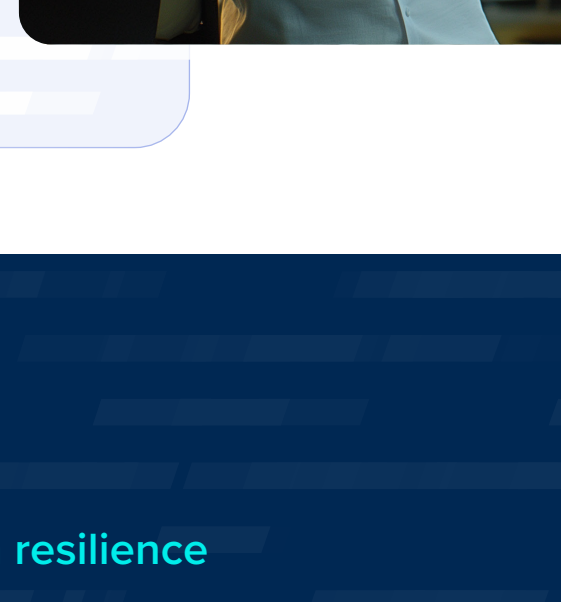
- Procurement teams will be stretched to their limits. **8%** increase in the procurement workload is predicted for 2024.
- 14% of procurement leaders have adequate talent to meet future needs of their function.
- Better supplier risk management solutions will be essential to success. **50%** of procurement functions are run on static spreadsheets.
- 98%** of decision-makers are planning investments in insights tools, automation, and AI for their procurement operations.

Invest in a supplier risk management solution for increased efficiency and productivity

Sources - Gartner Survey June 2023, The Hackett Group's 2024 Key Issues Study, 2019 Cognitive Sourcing Study from LevaData, Amazon Business's "2024 State of Procurement Report"

## Check List for Selecting a Supplier Risk Management Solution

- Easy to use platform
- Reliable, third-party verified data
- Comprehensive view across all risk categories
- Configurable alerts
- Ability to scale and easily track new suppliers
- Built-in collaboration tools and workflows
- Ability to meet your supplier regulatory and compliance requirements



- Make Smarter Supplier Decisions:** Reliable, 360 visibility into multi-tier supplier networks
- Protect Against Disruption:** On-going configurable risk monitoring and prioritized impact analysis
- Optimize Supply Chain Strategies:** Simplified, trackable, cross functional collaboration and alignment